

CAFR

Comprehensive Annual Financial Report

Fiscal Year 2017-2018

City of Santa Fe Springs, CA
July 1, 2017 to June 30, 2018

Comprehensive Annual Financial Report

City of Santa Fe Springs, CA
Year Ended June 30, 2018



City Council

Juanita Trujillo, Mayor
William K. Rounds, Mayor Pro-Tem
Joe Angel Zamora, Councilmember
Annette Rodriguez, Councilmember
John Mora, Councilmember

Planning Commission

Ralph Aranda
Francis Carbajal
Frank Ybarra
Ken Aranda
Gabriel Jimenez

Traffic Commission

Johana Coca
Bryan Collins
Felix Miranda
Nancy Romo
Linda Vallejo

Executive Management Team

Raymond R. Cruz, City Manager
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Travis Hickey, Dir. of Fin. and Admn. Svcs
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CITY OF SANTA FE SPRINGS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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"A great place to live, work, and play"

February 22, 2019

Honorable Mayor & City Council and
Residents of the City of Santa Fe Springs:

Introduction

It is our pleasure to submit for your information and consideration the Comprehensive Annual Financial Report (CAFR) of the City of Santa Fe Springs (City). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's Department of Finance and Administrative Services. It is our opinion that the data as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds; and that all disclosures necessary to enable the reader to gain a full understanding of the financial activities have been included.

The enclosed financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as recommended by the Governmental Accounting Standards Board (GASB) and include the report of the independent certified public accountants, Lance, Soll & Lunghard LLP. The complete report is divided into distinct sections:

- | | |
|---------------|---|
| Introduction- | Letter of transmittal, an organizational chart, and prior year award for financial reporting. |
| Financial - | Independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, accompanying notes to the financial statements, required supplementary information, and supplementary information. |
| | MD&A complements this letter of transmittal and should be read in conjunction with it. |
| Statistical - | Pertinent financial and non-financial data that present historical trends and other information about the City. |

Juanita Trujillo, Mayor • William K. Rounds, Mayor Pro Tem
City Council
Joe Angel Zamora • Annette Rodriguez • John Mora
City Manager
Raymond R. Cruz

**Introduction
(cont.)**

This report presents the financial status of the City and its component units, the Successor Agency to the Community Development Commission, Housing Successor Agency, the Public Financing Authority, and Water Utility Authority as a single reporting entity. Although these component units are legally separate from the City, the City maintains significant financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (A) the ability of the primary government to impose its will on the component unit, or (B) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. For detailed information regarding the City and its component units, please refer to Notes to the Financial Statements section in this report.

**Accounting
System and
Budgetary
Control**

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding:

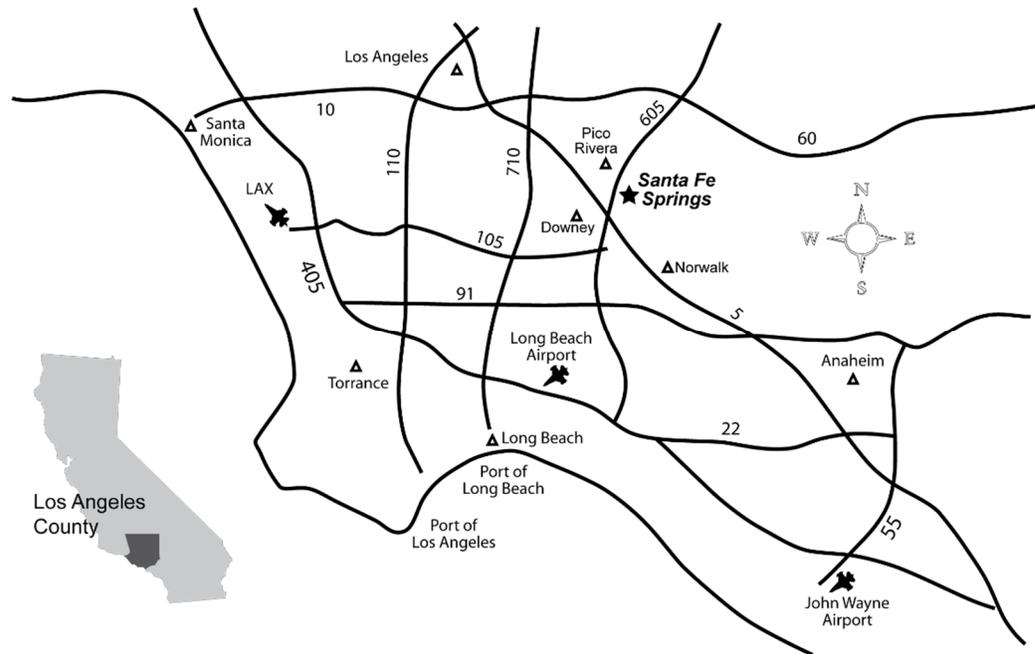
- (1) The safeguarding of assets against loss from unauthorized use or disposition; and
- (2) The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it and that the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The accounting system is maintained on a functional basis (activity/sub-activity) in order to reflect the services provided by the City.

The City maintains budgetary controls at the individual fund level to ensure compliance with the budget approved by the City Council. The budget includes estimated revenues and appropriations for the City's General Fund and certain Special Revenue Funds. Operating plans for the City's Water Utility Fund are also prepared as part of the budget.

Profile and Government Structure

The urban development of Santa Fe Springs began in the early 1950's as the result of a planned effort by a coalition of business community members and local residents. During the ensuing years, community pressures resulted in the incorporation of the City on May 15, 1957. The new City covered 4.9 square miles with a population of 11,787. The City of Santa Fe Springs now encompasses nine square miles, with about 84% of the land zoned for commercial and industrial use. The City's population is approximately 18,300; however, the daytime population is estimated at 95,000.



The City of Santa Fe Springs operates as a general law city under the council-manager form of government. Five City Council members are elected at-large for alternating four-year terms. The Mayor is selected annually from among the five members of the City Council. The City Council is responsible for the City's ordinances, operating resolutions, budget adoption and appointment of committee members. Overall, there are 11 standing committees, boards and commissions that provide input to the City Council. Among these are the Planning Commission and the Traffic Commission. The City Manager is responsible for administering the policies and directives approved by the City Council. The City Manager appoints the Executive Management Team, which is comprised of the Director of Finance & Administrative Services, Fire Chief, Director of Community Services, Director of Planning, Director of Police Services, and Director of Public Works.

Local Economic Outlook

The City of Santa Fe Springs is strategically located in southeast Los Angeles County with access to major seaports, airports and transportation corridors. With the vast majority of the City zoned for commercial and industrial use, Santa Fe Springs has historically experienced strong development and redevelopment activity in the community. Sales tax, and utility user's taxes (UTT) revenues are the largest sources in the General Fund.

The City's primary revenue source, sales and use taxes, rebounded slightly after a decline from the prior year. Property tax revenues also reported an increase. It was primarily the result of more residual taxes from the City of Santa Fe Springs Successor Agency. Overall, the City is still recovering structurally from the State's elimination of redevelopment. The absence of redevelopment tools will also have a lasting effect in greatly limiting the City's ability to address economic development and infrastructure needs.

In the meantime, the voter-approved addition of the UUT has taken on a more prominent and stabilizing role. It has helped diversify and significantly supplement the City's revenue stream going forward. The UUT revenue will continue assisting earmarked public safety programs and capital improvement project causes. During the fiscal year, UUT revenues reported a slight increase after dropping for two consecutive years. Given the various revenues volatility we must remain watchful of longer-term trending and implications for the City.

Vision, Mission, and Guiding Values

The City has a vision statement that affirms: "The City of Santa Fe Springs is a great place to live, work and play," with the following mission statement: "The City of Santa Fe Springs is committed to enhancing the quality of life of its residents and businesses by providing: a safe environment, a thriving business community, quality family, youth, and senior services, and sound financial management of the community's resources." The guiding values are as follows:

- Personal integrity, honesty, and ethics
- Public service
- Compassion
- Responsibility, accessibility, and accountability
- Dedication

Historically, the City has utilized a two-year operating budget during stable financial times and a six-year Capital Improvement Program (CIP) as some of the most significant planning tools to achieve the City's vision and identified missions. The unprecedented events of recent years necessitated more swift and short-term actions. In moving past the "Great Recession" and the elimination of redevelopment, the City has begun to re-establish some of the above long-range planning tools along with strategic goals that will better guide the City into the future. This includes, as approved by the State, the ability to spend capital funding from previously-issued tax allocation bonds.

**Accomplishments
& Outlook**

Public safety is the highest priority in the community. This is evidenced by the continued financial commitment provided to both Fire and Police Services. The Fire-Rescue and Police Services Departments continue to combine their manpower to provide the resources and tools to manage emergency and security issues that may arise in the community and region. The City continues to purchase specialized equipment with the use of grant funding. Departmentally, following are some of the highlights:

Department of Fire- Rescue

The Department of Fire- Rescue is comprised of 59 members working from four fire stations providing not only the traditional services of fire suppression, hazardous materials response, fire prevention and emergency medical services, but also a full-service Environmental Protection Division. The environmental protection and response components are considered model systems in the State of California. The City's status as a Certified Unified Program Agency (CUPA) makes Santa Fe Springs a "one stop shop" in administering all the hazardous materials, hazardous waste and tank programs in the City. The State has long held the City's CUPA as one of the most regarded programs in the State. The CUPA Division is working toward implementing the California Environmental Reporting System (CERS) allowing business residents to file their annual hazardous materials disclosures electronically. The Fire Prevention Division continues to provide many services, including code enforcement, plan checks, issuing permits, fire investigations, and public education events. Fire-Rescue suppression personnel have implemented a business-friendly fire inspection program with the goal of annually inspecting each business in the City to identify possible fire and life safety issues as well as update emergency contact information in the department's data base. The Department of Fire Rescue conducted over 1700 business and residential inspections and responded to over 4,000 emergency calls in FY 2017-18.

The Department of Fire Rescue currently staffs a State Regional Urban Search and Rescue Team (USAR) designated at the highest level as a "Heavy" rescue team by the Office of Emergency Services (OES). Fire-Rescue also staffs a Type I Hazardous Materials Response Team with all staff trained to the Haz-Mat "Specialist" level. The City is currently one of only thirty Hazardous Material Teams in the State certified as a Type I Response Team and qualified to mitigate emergencies involving acts of terrorism and weapons of mass destruction. The Department houses and maintains an OES Fire Engine for local and statewide disaster response. The Department continues to support neighboring communities through the California Master Mutual Aid Agreement in response to major disasters and emergencies including brush fires, landslides, earthquakes, acts of terrorism, major disasters, etc. In FY 2017-18, the Department of Fire-Rescue assisted outside of their jurisdiction sixteen times to major fire incidents and was reimbursed over \$850,000 in backfill expenses for labor to respond to these incidents.

**Accomplishments
& Outlook (cont.)**

The department, in partnership with Rio Hondo College, continues to manage the Regional Homeland Security Training Center located directly adjacent to the Headquarters' Fire Station. This state-of-the-art facility was built with grant funding for the purpose of assisting local fire and police agencies in increasing awareness and training regarding terrorist activity including building collapse, hazardous materials, rail car incidents, confined space, trench rescue, etc. The center has been recognized by the California State Training Institute (CSTI) as the primary training center for Hazardous Material Specialists Training in Southern California.

In FY 2017-18, the Fire-Rescue Department secured \$579,675 through the State of Homeland Security Grant Program (SHSGP). This funding supports the purchase of equipment and training for the Homeland Regional Training Center, the City's Type I Hazardous Materials Response Team and the City's Urban Search and Rescue (USAR) Response Team. As in the past years, the use of grant funds have provided relief to the City budget as these vehicles, equipment, and training would typically have been funded through the City's General Fund.

Department of Police Services

The Department of Police Services oversees the City's community-based approach to law enforcement which blends contract Whittier Police Department officers and City public safety personnel. Together, this team is based out of the City-owned 8,000 square foot Police Services Center providing dedicated police and municipal code enforcement services. The City's Department of Police Services is on the forefront of public safety issues, including crime prevention utilizing interdisciplinary strategies through an array of intervention programs provided by trained City staff, as well as collaborative efforts of numerous other professional public agencies.

In FY 2017-18, the Department of Police Services continued to "reach out" to the community, providing programs, information, and tools designed to deter crimes and improve the quality of life for its residents, such as:

- Continuous subscription to Crimereports.com for up-to date city crime data
- Active Shooter seminars to the business community and City staff
- A dedicated Traffic Enforcement Officer to deal with traffic violations
- "Coffee with a Cop" sessions at schools and business establishments
- SNT/BEPN focusing on crime trends and emergency preparedness
- Speed enforcement equipment/tools to educate and deter speeding in the community
- Pet licensing and vaccination clinic
- Public Safety personnel participation in "Read Across America" at local elementary schools

**Accomplishments
& Outlook (cont.)**

The Department's commitment to the Community Oriented Policing and Problem Solving (COPPS) philosophy is bolstered by the Family and Youth Intervention Program; a team of professionals that provides positive strategies and tools to families who are having difficulties with their children. Some of the programs this group administers to over 10,000 community members are:

- Parenting/Family Support classes
- Homework/Youth Groups
- Community Service
- School Attendance Review Team
- Student Diversity Program
- Case Management
- Red Ribbon Parade
- Cesar Chavez Recognition
- Every 15 Minutes Program
- Museum of Tolerance Trips
- Summer Skills Components

Department of Public Works

The City's Department of Public Works is responsible for efficiently developing, constructing and maintaining the City's infrastructure. The infrastructure consists of streets, facilities, parks, fleet, traffic signals and street lighting, and water distribution system. This encompasses routine and preventive maintenance items as well as responding to numerous citizen requests for service. The City prides itself in having a functional and well-maintained infrastructure that the community can enjoy.

The Engineering Division is responsible for the administration of the Capital Improvement Program (CIP), working closely with the Council CIP Subcommittee. In addition, traffic engineering and development review services are provided within the Engineering Division. In FY 2017-18, the Engineering Division issued 235 total excavation and construction permits.

During FY 2017-18, the Department of Public Works coordinated a multitude of capital improvement projects including:

- Terradell Street Rehabilitation
- Whiteland Street Rehabilitation
- Roma Street Rehabilitation
- Nova Street Rehabilitation
- Dunning Street Rehabilitation
- Darcy Street Rehabilitation
- Harvest Street Rehabilitation

**Accomplishments
& Outlook (cont.)**

- City Hall Audio Visual Replacement
- Slurry Seal Various Street Phase II
- Fire Station No. 4 (Telegraph) Remove Underground Storage Tank and Fuel Dispensers
- Police Staging Facility Renovation
- Fire Station Headquarters HVAC Removal and Replacement
- Fire Station No. 4 (Telegraph) Remove and Replace Carpet
- Greenleaf Street Rehabilitation
- I-5 Freeway Water Main Relocation Phase II (Florence Segment)

Department of Planning and Development

The Planning and Building Department is responsible for economic development (creating, retaining, attracting and expanding the business community), planning (both current and long-range planning), and building services (managing the plan check process, issuing permits, and conducting inspections). Through the regulation of land use and development, the Department of Planning and Development continually strives to protect and enhance the City's environment and quality of life, resulting in a diverse and livable community where residents, businesses, and visitors can thrive.

During FY 2017-18, economic development efforts resulted in several notable business accomplishments: the welcoming of new tenants within the completed Bridge Development: UniFirst, Novella Plastics, and Carroll Tire Company; the welcoming of new tenants within the completed Goodman Logistics Center: McMaster-Carr, Fashion Nova, RIM Logistics, and Funai; the welcoming of Valvoline within a newly constructed building at 9211 Sorensen Avenue; and the welcoming of Bronco Wine Company within the newly constructed building at 9911 Romandel Avenue. Staff is continuously looking for opportunities to revitalize aging commercial properties as well as opportunities to grow the City's retail and hospitality base. We always strive to work collaboratively with property owners and developers to find solutions and ultimately a pathway to yes!

During FY 2017-18, a total of 63 planning entitlements were presented to the Planning Commission for consideration. Entitlements include, but are not limited to, conditional use permits, development plan approvals, zone variances, general plan amendments, zone changes, modifications, tentative parcel maps, and code amendments. Additionally, twelve administrative entitlements were processed under the new wireless ordinance that went into effect in October 2017. The most notable planning milestones this past year include the commencement of construction activities by Le Chef Bakery for a new industrial building at 10488 Painter Avenue, as well as a new industrial building at 14013 Marquardt Avenue by VB-Marquardt, LLC. Although not yet under construction,

**Accomplishments
& Outlook (cont.)**

there were several entitlements granted that will result in future development of various notable sites: 1) four industrial buildings at the northwest corner of Telegraph Road and Santa Fe Springs Road by Breightburn Operating L.P.; 2) two industrial buildings at the southwest corner of Dice Road and Burke Street by Burke Real Estate Group; 3) a 128-unit gated apartment complex 11201-11313 Carmenita Road by Storm Properties Inc.; 4) an industrial building at 12636 Los Nietos Road by RCS Adria Maru Property; 5) an industrial building at 10370 Slusher Drive by Kearny Real Estate Development; 6) a self-storage facility at 13461 Rosecrans Avenue by Simply Self Storage; 7) a self-storage facility at 1212 Norwalk Boulevard by Extra Space Storage; and 8) the enlargement of an existing self-storage facility at 13020 Telegraph Road by Golden State Storage.

In addition to the planning entitlements processed, the department also completed a total of 138 plan checks, issued a total of 45 sign permits and 7 banner permits, 7 landscape plans, prepared a total of 18 zone certification letters, and issued a total of 23 home occupation permits. In terms of counter activity, the Planning Department assisted a total of 1,808 individuals (an average 150 queries each month) at the Planning Counter, which was an increase of 10 additional individuals per month as compared to FY 2016-17.

During FY 2017-18, there were a total of 1,215 permits issued with a total valuation of \$56,008,864. When compared to FY 2016-2017, we saw an increase of 30 permits issued, however, the valuation totals decreased by \$14,509,446. In all, the Building Department addressed a total of 2,355 individuals (an average 196 queries each month) at the Building Counter, which was an increase of 3 additional individuals per month as compared to FY 2016-17.

Based on the statistics from both the Planning and Building departments, construction activities in the coming year is expected to increase. In addition, based on the number of projects that are currently in the pre-entitlement phase, we expect this trend to continue into the foreseeable future. Therefore, it is anticipated that the department numbers should remain stable, if not grow slightly, throughout the upcoming fiscal year. The department remains committed to playing a prominent role in shaping the community through high-quality standards to preserve and cultivate smart and sustainable growth of our residential, commercial, and industrial areas citywide.

Department of Community Services

The Department of Community Services includes the following Divisions: 1) Parks and Recreation Services; 2) Library and Cultural Services; 3) Family and Human Services. It is one of the City departments that has the most direct impact upon the residents. Programs are available to City residents, as well as business residents, and range from social, recreational, cultural, and child care services. During Fiscal Year 2017-2018, the Department of Community Services achieved several significant accomplishments. They include the following:

**Accomplishments
& Outlook (cont.)**

- The Independence Day event grew even larger with the addition of a new viewing area at Santa Fe Springs Athletic Fields for event overflow as well as the addition of the shuttle services from Town Center Hall to Los Nietos Park. This is the second year the event has been held on July 3rd with no effect on attendance. Over 5,000 patrons from Santa Fe Springs and the surrounding communities attended the event.
- The Summer Camp program reorganized due to the contracting of Child Care Services. This resulted in the loss of 3 full-time staff dedicated to the summer camp program. The Parks and Recreation Services Division completely took over the camp program while still continuing to offer all three levels of camps for a total of 8 weeks this summer. With 476 campers this summer, there was a 99% capacity rate for the program.
- Over the course of the year the Division hosted 12 monthly excursions to locations throughout the Southern California region. Each excursion was discussed and selected by the Parks and Recreation Advisory Committee which took over this responsibility from a dissolved Committee. A total of 380 patrons participated in this program with 5 of the 12 dates sold out with a waitlist.
- The Haunted House was held over the course of 5 nights at the Activity Center, attracting 1,496 participants and securing 150 canned food donations for the City's Food Pantry program. In addition the City partnered with 25 volunteers to enhance the scare experience, serving as "monsters." Staff also created a specific Haunted House theme "the SFS Chainsaw Massacre" which followed a storyline from room to room creating a cohesive patron experience.
- In its 37th year, the Parks and Recreation's Christmas Float program was more popular than ever. Over the course of two weeks in December, the Christmas Float visited numerous stops throughout the City and increased the number of participants from 3,581 to 4,038. This year the floats underwent improvements in design and décor with updated LED lighting, snow machine and reinforcement of the trailer. In addition staff researched and purchased a new commercial grade printer with expedited the photo process and decreased the wait for photos significantly.
- The Tree Lighting Ceremony also saw a large increase in participation from past years with an estimated attendance of over 1,500 patrons. Musical performances by our local schools and child care highlighted the events for the evening along with the lighting of the City's Christmas Tree. The real snow sled runs were expanded to 4 snow chutes which accommodated more participants than in previous years. Over 1,000 cups of hot chocolate were distributed at the event.
- The City partnered with two Girls Scout troops to host two separate community events. The first event was a Girls Sports Day at the Activity Center which encouraged girls that sports and physical activity is something everyone should strive for and is not gender specific. The other event was a Science, Technology,

**Accomplishments
& Outlook (cont.)**

Engineering and Mathematics (STEM) event which focused on those four key areas. The scout led science demonstrations, brought in a guest speaker from the Jet Propulsion Laboratory (JPL) and hosted interactive experiments. The City also received a custom built bulletin board for Little Lake Park as a completion of the Girls Scouts Silver Award project.

- The Community Services Division created two brochures to promote all City facilities available for reservation as well as one for the Clarke Estate and Heritage Park for weddings. These full color brochures highlight the amenities that are offered at each location. This past year there was an increase in facility usage with a total of 4,323 reservations. This represents a 14% increase in facility reservations from the past year.
- The Club serves both Middle School and High School aged youth at Town Center Hall throughout the year. The Club is open during the school year from 3:00pm-6:00pm (M,W,F) and 2:00pm-6pm (T, TH) and during the summer the hours are expanded from 12:00pm-6:00pm (M-F). A variety of programs and workshops are held to provide an enrichment based services for the community youth. This year's count was just under 10,000 youth from the local community.
- The aquatics program continued to expand swim lesson classes and received an extremely favorable response from the community. Swim lessons were filled to 94% capacity, with 805 spaces filled out of a total of 860. Demand for private lessons reached capacity with all 72 slots filled for the summer.
- Approximately 150,000 people visited the library during the past fiscal year. Patrons checked out 170,000 items. Over 25,000 patrons used the public access computers. Patrons were introduced to our new online fine payment system through our website and electronic catalog. Patrons were also introduced to our new Cloud Library which features over 80,000 accessible ebooks.
- The Library has continued its popular science programs that include a successful robotics program attended by over 400 children during the year, and a STEAM (science, technology, engineering, arts, and mathematics) program during the summer. Our 3D Printing class for teens at The Club in Town Center Hall allowed participants to print out objects and learn about graphic design.
- The Library successfully applied for and administered two grants from the California State Library. A \$51,000 grant was used to establish a Tech To Go program that enables parents of students in Santa Fe Springs schools to check out a Chromebook with accompanying wireless hotspot. A \$28,000 Libraries Illuminated grant was utilized to replace all 20 of the Library's outdated public access computers and the Community Room projector.
- Our Literacy program was very successful with 40 adult learners. The Library's career Online High School graduated two learners and currently has five others

Accomplishments & Outlook (cont.)

working towards their diploma. Children's Literacy helped over 100 students learn to read better in Reading Club and assisted over 500 students at local schools in English Learner classes through our ELLI program. In addition, Library staff are now working with middle-school students at Lake Center Middle School. The Santa Letter program worked diligently to answer 723 children's letters – a new record.

- The Library held a successful Harry Potter Birthday Party for 400 residents that celebrated 20 years of Harry Potter. Baby Boogie returned as a successful summer program for the toddler crowd and Bilingual Storytime was launched and remains a favorite program of community members. The Library has also begun a successful series of adult programs featuring Pub Trivia Night and three Food & Films events per year.
- The annual Family Fun Run/Walk implemented a Superheroes theme and drew over 1,200 participants. All registered participants received a timed race bib, t-shirt and participant medal. An awards ceremony recognized the top three finishers in each of the 9 age categories. Over \$11,000 was received in monetary and in-kind donations for this event.
- The Department partnered with PIH Health, Healthy Los Nietos, and AltaMed to host the Family Fun Night which focused on the use of Technology for your Health. Over 200 adults and children from 12 local schools participated in the event where they visited health & wellness booths, received a healthy dinner, enjoyed a MyPlate presentation, and participated in raffles for health-related prizes.
- As part of the Health & Wellness Initiative, the department partnered with the local school districts to participate in the 2nd annual Walk to School Day. Over 400 students from 4 local elementary schools walked to school escorted by staff, law enforcement, and parent volunteers. The event was highlighted by the Whittier Daily News.
- Close to 175 adults and youth volunteers attended the annual City Volunteer Recognition Reception. The theme was “Springtime in Paris – Spring into Action”. Participants enjoyed dinner, dessert, and all volunteers received certificates of recognition from the City Council. This year we also recognized volunteers who went above & beyond with special awards.
- The first annual Volunteer Day of Service took place at the Gus Velasco Neighborhood Center. Over 50 volunteers joined us for a clean-up day. Key areas of participation were the meditation and vegetable gardens, parking lot area and sorting through donated items. Refreshments were available for the volunteers. Equipment was borrowed from Public Works. Everyone had a very positive attitude.
- The preschool and child care programs served 266 children.

Accomplishments & Outlook (cont.)

- The 2017 Thanksgiving and Christmas Holiday Basket Programs served over 360 families. 150 volunteers came together to assist in the preparation of these events, including sorting can foods, packing food baskets, wrapping toy gifts, and setting up for the events, to name a few.
- The 6th annual SFS Art Fest was very successful. Over 3,500 people attended the event, 270 artists displayed their artwork, new entertainment and decorations were included, and the entire Clarke Estate venue was utilized as an art gallery. New components included a Film Q & A Session with established and novice directors, Tromp L'Oeil competition and growing silent auction.
- The 2017 Fiestas Patrias event celebrated the Mexican region of Distrito Federal. Representatives from our Sister City of Navajoa, Mexico were in attendance along with their families. Over 2,600 people attended the event.
- Approximately 33,075 older adults visited the Gus Velasco Neighborhood Center and participated in a variety of programs and/or activities (i.e. dances, fitness classes, crafts, movies, etc.). On average, 135 seniors participated in daily activities, including bingo, dances, and recreational activities.
- The Family & Human Services Division continues to partner with the Southeast Area Social Services Funding Authority (SASSFA) to serve hot meals to seniors. We served an average of 45 hot meals per day at the Gus Velasco Neighborhood Center, and prepared and additional 708 hot meals per month for home bound seniors in the city and surrounding communities.
- The new Dia De Los Muertos Celebration (formerly Sugar Skull Workshop) saw a large increase in interest and attendance last year. 175 sugar skulls were sold and over 500 people attended the event. The event was expanded to include a vendor section along with arts and crafts, food, an ofrenda display, and folklorico performances.
- The Movie and Concert series at Heritage Park was a huge success this year with over 5,000 patrons attending the summer series. Both movies and concerts alternated each week for a 9 week period during summer. Two of the movie selections were made directly by the community through a public survey which received over 150 responses. In addition, the series was expanded by including a Fashion Friday component on concert evenings through a partnership with the Abigail Barraza Foundation. This component drew in larger crowds and helped raise breast cancer awareness in the community.
- The City partnered with the Abigail Barraza Foundation to host the Miss Santa Fe Springs Pageant at the Clarke Estate. This program saw a large increase in participation with 14 young ladies vying for the title of Miss Santa Fe Springs. On the evening of the event, over 250 people were in attendance, along with special dignitary judges to select the winner.

Accomplishments & Outlook (cont.)

- Through the assistance of the Internal Revenue Service (IRS) and certified City volunteers, the Family and Human Services Division's Volunteer Income Tax Assistance (VITA) program completed 315 tax returns with over \$401,673 in refunds returning back to the community.
- The Gus' Kitchen Food Pantry and Community Closet located at the Gus Velasco Neighborhood Center had an average of 25 monthly users. Participants are primarily in need of food and hygienic items. Use of the community closet continues to grow.
- The Back to School Backpack Program served 200 children ages 5 through 18. Students received a backpack with school supplies.
- The Family and Human Services Division provided electric and gas utility assistance grants of over \$32,419 through our Partnership with the United Way and Southern California Edison.
- The Family & Human Services Division was able to offer Campership opportunities to seven (7) youth; camp was held in Big Bear, CA.
- 209 older active adults obtained a Fitness membership to utilize the Fitness Facility at the Gus Velasco Neighborhood Center.

City Manager

The City's overall administrative function falls under the auspices of the City Manager, who also serves as the head of the City's economic development team. The City Manager's Office also encompasses the City Clerk function. A major focus of the City Manager's Office has been restructuring and re-stabilizing the organization in the aftermath of the elimination of Redevelopment, which had significant impacts on the City. Much of the City Manager's office time focused on developing longer-term sustainable operational plans in a scaled-down environment, as well as restricting departmental organization structures to effectuate more efficient oversight and more productive outputs.

Department of Finance and Administrative Services

The Department of Finance and Administrative Services manages a number of tasks, working very closely with the City Manager's office. The department is responsible for various activities, including managing and safeguarding financial resources in accordance with specific principles and practices, administering information technology and risk management functions, as well as the City's Human Resources function. Among the department's activities during the year were preparing a revision to the budget, and working to develop long-term sustainable strategies. Additionally, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Fe Springs for its prior fiscal year comprehensive annual financial report. This report must

**Accomplishments
& Outlook (cont.)**

satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. The current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and is being submitted to the GFOA to determine its eligibility for another certificate. The City has consistently received the GFOA award over the last several decades.

The department is embarking on a new Enterprise Resource Planning (ERP) system (also known as a "Finance Software System"). During the fiscal year, the department implemented the financial phase of the system, the remaining phases of the system will continue take over the next few years. The new system will give the City capabilities beyond those currently available, including more robust departmental access, as well as an improvement in the organizational work flows.

**Long-Term
Financial Planning**

The City continued taking a number of steps to better position its long-term financial standing. City employees are paying their full share of City pension costs. This, coupled with "tiered" benefits providing future City employees with a reduced set of benefits and a greater share of the costs, will substantially help the City's future fiscal standing. In conjunction with subsequent pension reform earmarked changes adopted by the State, the effect should be the stabilization of employee costs.

**Debt
Administration**

The City continues to prefund Other Postemployment Benefits (OPEBs) through CalPERS' California Employers' Retiree Benefit Trust Fund (CERBT). It recognizes the benefit of "prefunding" through a trust rather than using the "pay as you go" method.

Over the course of the next year, staff will be looking to further develop and formalize more long-term financial planning models. They should help provide a framework that helps identify future trends.

At June 30, 2018, the City of Santa Fe Springs oversaw seven outstanding bond issues comprised of: three Consolidated Redevelopment Project tax allocation bond issues, two City water revenue bonds, one taxable pension obligation bond, and one special assessment district bond.

The City works closely with public financial professionals to monitor opportunities to effectively administer the outstanding debt in a fluid public finance market. More detailed information about the debt is contained in the Management's Discussion and Analysis and in the Notes to Financial Statements.

Acknowledgements

We would like to extend our appreciation to the City Council, the City Council Audit Subcommittee, and City departments for their cooperation and support in planning and conducting the financial operations of the City during the past fiscal year. Specifically, we would like to thank the Department of Finance & Administrative Services for their consistent dedication and hard work.

Raymond Cruz
City Manager

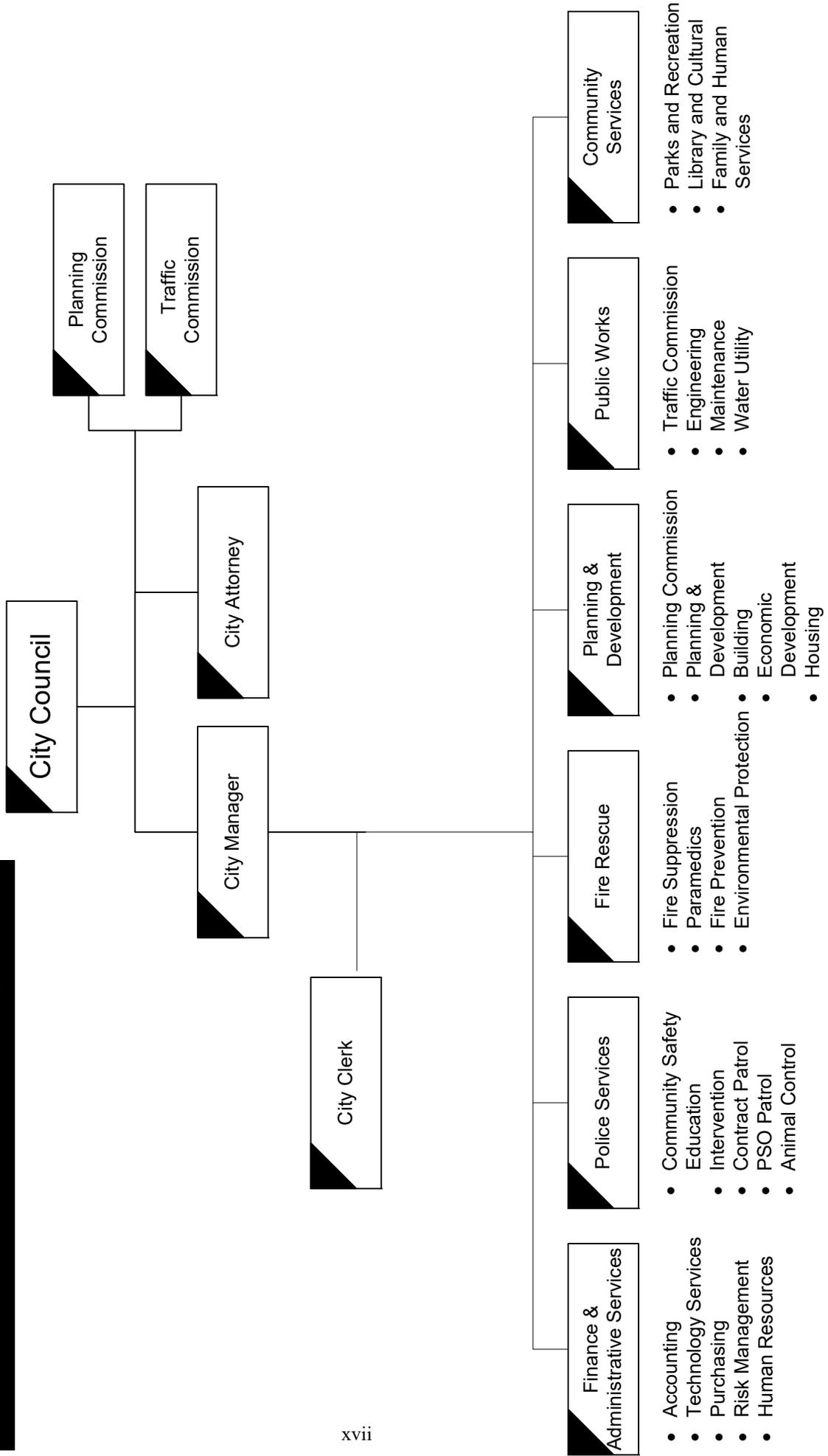


Travis Hickey
Director of Finance and Administrative Services



Organizational Chart

City of Santa Fe Springs





Government Finance Officers Association

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

Presented to

**City of Santa Fe Springs
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Santa Fe Springs, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Santa Fe Springs, California, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



To the Honorable Mayor and Members of the City Council
City of Santa Fe Springs, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Fe Springs, California, as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2018 the City adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, budgetary comparison information, for the General Fund and Low and Moderate Income Housing Assets Fund the schedules of changes in the net pension liability and related ratios for the agent multiple-employer miscellaneous plan, the schedule of plan contributions for the agent multiple-employer miscellaneous plan, the schedule of proportionate share of the net pension liability for the safety cost sharing plan, the schedule of plan contributions for the safety cost sharing plan, the schedule of changes in the net OPEB liability and related ratios, and the schedule of contributions for OPEB be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements



To the Honorable Mayor and Members of the City Council
City of Santa Fe Springs, California

and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Brea, California
February 22, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This is management's discussion and analysis (MD&A) of the financial performance of the City of Santa Fe Springs (City) for the fiscal year ended June 30, 2018. This should be read in conjunction with the transmittal letter that can be found in the introductory section of this report and with the City's financial statements, which follow this discussion.

Financial Highlights

- The City's total net position decreased over the course of the fiscal year by \$41.3 million to \$116.5 million. The governmental net position decreased by \$40.8 million or 29.3%, while the business-type net position decreased by \$0.5 million or 2.7%.
- The City implemented GASB Statement No. 75– *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. These respectively replaced GASB Statement No. 45 and Statement No. 43, as amended, and Statement No. 57 - *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This establishes new accounting and financial reporting requirements for other postemployment benefit (OPEB) plans. The implementation resulted in a restatement of beginning net position, lowering the beginning balance by \$37.8 million or 24.0%. Of this amount, \$34.3 million related to the governmental activities and \$3.5 million related to the business-type activities.
- The general fund, on the current financial resources basis, reported a decrease in fund balance of \$0.6 million to \$37.4 million. Excluding transfers and other financing sources/uses, the general fund reported \$2.2 million deficiency of revenues under expenditures. Revenues increased by \$1.9 million or 3.3% and expenditures increased by \$3.6 million or 6.5% when compared to prior year. Increase in expenditures was mainly due to increase in pension costs and contracted police services. The City reported revenues of \$1.1 million over final budget estimates.
- The City's redevelopment agency, along with all California redevelopment agencies, was dissolved as of February 1, 2012. The City assumed the role of Successor Agency to wind down the affairs of the redevelopment agency including payment of approved obligations and distribution of available balances to various taxing agencies. The balances of the former redevelopment agency are reported in a private-purpose trust fund (fiduciary fund), and are excluded from the government-wide statements. As of July 1, 2015, pursuant to an approved Bond Expenditure Agreement, approximately \$19.6 million of unspent bond proceeds were transferred to the City by the Successor Agency to be spent in accordance with the original bond documents. These funds are reported in the Successor Agency Bond Funded Capital Projects fund. Additionally, in July 2016, the Successor Agency issued \$25,270,000 of 2016 Subordinate Tax Allocation Refunding Bonds to defease five outstanding bonds previously issued. As the result, the City reduced approximately \$5.2 million in total debt service payments and resulted an economic gain of more than \$2.2 million. In December 2017, the

Successor Agency also issued \$16,215,000 of 2017 Subordinate Tax Allocation Refunding Bonds to defease two outstanding bonds previously issued. As a result, the City reduced approximately \$11.2 million in total debt service payments and resulted an economic gain of approximately \$1.3 million.

- In January 2018, the Santa Fe Springs Water Utility Authority issued \$1,800,000 of 2018 Subordinate Water Revenue Bonds to redeem 2005 Water Refund Revenue Bonds Series A. As a result of the refunding, the City reduced approximately \$0.4 million in total debt service payments and resulted an economic gain of approximately \$80,000.

Overview of the Financial Statements

This annual report consists of several parts: an introductory section, management's discussion and analysis, the basic financial statements, required supplementary information, supplementary information and a statistical section. The basic financial statements include two kinds of statements that present different views of the City: government-wide financial statements and fund financial statements.

Government-wide Financial Statements

The government-wide financial statements provide both short and long-term information about the City's overall financial status in a manner similar to a private sector business.

- The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. In time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.
- The statement of activities presents information on how the City's net position changed during the 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. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The City's Water Utility operates as a proprietary fund and is reported as the City's only business-type activity in the government-wide statements.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- Governmental funds statements tell how general government services such as public works, community services, police and fire were financed in the short term, as well as what remains for future spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow each of the governmental funds statements.
- Proprietary fund statements offer short and long-term financial information about the City's Water Utility Enterprise fund.
- Fiduciary funds statements provide information about the financial relationships in which the City acts solely in a trustee or agency capacity for the benefit of others, to whom the resources belong. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by certain required supplementary information concerning the City's budgetary comparison schedules for its general fund and the City's pension and other post-employment benefits obligation to its employees. In addition to these required elements, we have included supplementary statements and schedules that provide details about the City's nonmajor governmental funds.

Financial Analysis of the Government-wide Statements

The government-wide financial statements provide short and long-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole. The statement of net position includes all of the City's assets and liabilities. All current year revenues and expenses are reported in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the City's net position and how it has changed during the fiscal year. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating.

City of Santa Fe Springs
Summary of Net Position
June 30, 2017 and 2018
(in millions)

	Governmental		Business-		Total		Total Percent Change
	Activities		type Activities				
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	
Current and other assets	\$ 93.6	\$ 91.6	\$ 10.5	\$ 12.6	\$ 104.1	\$ 104.2	0.1%
Capital assets, net	<u>158.4</u>	<u>156.1</u>	<u>26.1</u>	<u>27.1</u>	<u>184.5</u>	<u>183.2</u>	-0.7%
Total assets	<u>252.0</u>	<u>247.7</u>	<u>36.6</u>	<u>39.7</u>	<u>288.6</u>	<u>287.4</u>	-0.4%
Deferred outflows	16.9	27.0	1.3	1.9	18.2	28.9	58.8%
Net pension liability	101.9	111.3	8.3	8.8	110.2	120.1	9.0%
Long-term liabilities	12.5	48.5	9.1	12.6	21.6	61.1	182.9%
Other liabilities	<u>10.3</u>	<u>10.7</u>	<u>1.6</u>	<u>1.7</u>	<u>11.9</u>	<u>12.4</u>	4.2%
Total liabilities	<u>124.7</u>	<u>170.5</u>	<u>19.0</u>	<u>23.1</u>	<u>143.7</u>	<u>193.6</u>	34.7%
Deferred inflows	5.1	5.9	0.2	0.3	5.3	6.2	17.0%
Net position							
Net investment in							
capital assets	158.1	156.0	17.5	18.9	175.6	174.9	-0.4%
Restricted	33.2	32.8	0.8	0.5	34.0	33.3	-2.1%
Unrestricted	<u>(52.2)</u>	<u>(90.5)</u>	<u>0.4</u>	<u>(1.2)</u>	<u>(51.8)</u>	<u>(91.7)</u>	77.0%
	<u>\$ 139.1</u>	<u>\$ 98.3</u>	<u>\$ 18.7</u>	<u>\$ 18.2</u>	<u>\$ 157.8</u>	<u>\$ 116.5</u>	-26.2%

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 of Santa Fe Springs, assets and deferred outflows exceed liabilities and deferred inflows by \$116.5 million at the close of the fiscal year. The largest portion of the City's net position, 150.0%, is invested in capital assets, net of related debt. Approximately (78.8%) of the City's net position is unrestricted as to use. Unrestricted net position is a deficit \$91.7 million, decrease by \$39.9 million from the prior year, primarily due to the implementation of GASB Statement No. 68 in prior year, and GASB Statement No. 74 and Statement No. 75 in current year. These require the City to report the full net pension and net OPEB liabilities.

During the fiscal year, the City's ending net position decreased by \$41.3 million. When compared to the prior year, revenues increased by \$7.1 million to \$79.6 million. Expenditures increased by \$5.3 million to \$80.7 million. Total expenditures outpaced total revenues due to recognition of current year OPEB expense of \$4.3 million. Additionally, beginning net position was restated by a negative \$37.8 million resulting from the implementation of GASB Statement No. 75 on June 30, 2017 in order to recognize the full OPEB liability.

Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2018
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2017	2018*	2017	2018*	2017	2018*	
Revenues							
Program revenues:							
Charges for services	\$ 10.1	\$ 9.1	\$ 12.7	\$ 13.5	\$ 22.8	\$ 22.6	-0.9%
Operating grants and contributions	2.3	5.3	-	-	2.3	5.3	130.4%
Capital grants and contributions	0.7	3.9	0.8	-	1.5	3.9	160.0%
General revenues:							
Sales and use taxes	25.1	26.1	-	-	25.1	26.1	4.0%
Property taxes	3.9	4.1	-	-	3.9	4.1	5.1%
Franchise taxes	2.9	3.2	-	-	2.9	3.2	10.3%
Motor vehicle in lieu	1.8	1.9	-	-	1.8	1.9	5.6%
Business operations taxes	0.8	0.8	-	-	0.8	0.8	0.0%
Utility users taxes	6.4	6.5	-	-	6.4	6.5	1.6%
Other taxes	0.5	0.5	-	-	0.5	0.5	0.0%
Investment income	1.9	2.2	0.1	0.1	2.0	2.3	15.0%
Other	2.3	0.6	0.2	1.8	2.5	2.4	-4.0%
Total revenues	58.7	64.2	13.8	15.4	72.5	79.6	9.8%
Expenses							
Governmental activities:							
General government	6.9	4.3	-	-	6.9	4.3	-37.7%
Public safety	32.0	34.0	-	-	32.0	34.0	6.3%
Community development	4.3	4.1	-	-	4.3	4.1	-4.7%
Public works	9.2	17.2	-	-	9.2	17.2	87.0%
Culture and leisure	9.2	7.0	-	-	9.2	7.0	-23.9%
Human services	3.2	2.8	-	-	3.2	2.8	-12.5%
Interest on long-term debt	0.2	0.1	-	-	0.2	0.1	-50.0%
Business-type activities:							
Water	-	-	10.4	11.2	10.4	11.2	7.7%
Total expenses	65.0	69.5	10.4	11.2	75.4	80.7	7.0%
Excess (deficiency) before transfers and special item	(6.3)	(5.3)	3.4	4.2	(2.9)	(1.1)	-62.1%
Transfers	1.2	1.2	(1.2)	(1.2)	-	-	
Special item	1.1	-	-	-	1.1	-	
Increase (decrease) in net position	(4.0)	(4.1)	2.2	3.0	(1.8)	(1.1)	-38.9%
Net position - beginning	143.1	139.1	16.5	18.7	159.6	157.8	-1.1%
Restatements	-	(36.7)	-	(3.5)	-	(40.2)	
Net position - ending	\$ 139.1	\$ 98.3	\$ 18.7	\$ 18.2	\$ 157.8	\$ 116.5	-26.2%

* During 2018, as part of the ERP implementation, the City redesigned the Chart of Accounts. This resulted reorganization of functional expenditure classifications.

The City's total revenues were \$79.6 million for the fiscal year ended June 30, 2018. Revenues from governmental activities totaled \$64.2 million and revenues from business-type activities totaled \$15.4 million. Program revenues comprise 39.9% of total revenues with the largest portion of this, \$22.6 million, resulting from charges for services. Sales and use taxes comprise 32.7% of total revenues and 54.5% of general revenues. Total revenues increased by 9.8%, primarily due to increase in grants and contributions from various government agencies.

Expenses of the City for the year totaled \$80.7 million. Governmental activity expenses totaled \$69.5 million, or 86.1% of total expenses. During the fiscal year ended June 30, 2018, the City implemented the finance module of the Enterprise Resource Planning system. As part of the implementation the City also redesigned the Chart of Account and reorganized functional expenditure classifications. Although this resulted in variances in a variety of functional expenses, the most significant increase was seen in the public works and public safety function due to the revised accounting for pension costs pursuant to GASB Statement No. 68 and implementation of GASB Statement No. 75 at the beginning of the year. The following table summarizes the total cost and net cost of the City's governmental activities by function type.

Net Cost of Governmental Activities

(in millions)

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	<u>2017</u>	<u>2018</u>		<u>2017</u>	<u>2018</u>	
General government	\$ 6.9	\$ 4.3	-37.7%	\$ 2.8	\$ 0.0	-100.0%
Public safety	32.0	34.0	6.3%	28.4	30.0	5.6%
Community development	4.3	4.1	-4.7%	1.8	2.4	33.3%
Public works	9.2	17.2	87.0%	8.0	11.0	37.5%
Culture and leisure	9.2	7.0	-23.9%	8.6	6.0	-30.2%
Human services	3.2	2.8	-12.5%	2.2	1.7	-22.7%
Interest on long-term debt	0.2	0.1	-50.0%	0.2	0.1	-50.0%
Total	<u>\$ 65.0</u>	<u>\$ 69.5</u>	<u>6.9%</u>	<u>\$ 52.0</u>	<u>\$ 51.2</u>	<u>-1.5%</u>

Business-type Activities

Program revenues of the City's only business-type activity, the Water Utility, totaled \$13.5 million. Expenses of the Water Utility were \$11.2 million. Water rates include a factor to provide for a modest annual water infrastructure replacement program. Income before transfers was \$4.2 million. Transfers out totaled \$1.2 million. This amount was transferred to the City's general fund for use of the City's rights of way and maintenance of the City's extensive infrastructure. The cost of capital improvements is reported in the statement of net position, rather than as expenses in the statement of activities. Capital assets of \$27.1 million (net of accumulated depreciation) increased by approximately \$1.0 million.

Financial Analysis of the Fund Statements

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of City government, reporting the City's operations in more detail than the government-wide statements.

The City's governmental funds provide information on near-term inflows, outflows and the balance of available resources. The City's governmental funds reported combined fund balances at June 30, 2018, of \$78.8 million, a decrease of approximately \$5.8 million from the previous fiscal year. The primary reason for the decrease was due to expenditures exceeding revenues in the General Fund and capital improvement spending in the Capital Projects Funds. In addition, a restatement was recorded in the Capital Improvement Fund to record unavailable revenues which do not meet the City's revenue recognition criteria.

The General Fund is the chief operating fund of the City. At June 30, 2018, the General Fund's unassigned fund balance was \$21.7 million. Additional General Fund balances were: nonspendable \$7.8 million, restricted \$1.1 million, committed \$0.2 million, and assigned \$6.6 million. Revenues increased by approximately \$1.9 million while expenditures increased approximately \$3.7 million from the previous year. The revenue increase is a combination of increases in sales and use, property taxes, property transfer taxes and utility uses. The expenditure increase is reflective of continuing increases in pension costs. During the fiscal year ended June 30, 2018, the overall fund balance in the General Fund decreased by \$0.6 million.

Within the governmental funds designation, the City has four other major funds: the Low and Moderate Income Housing Assets Special Revenue Fund, the Capital Improvement Capital Projects Fund, the Prefunded Capital Projects Fund, and the Successor Agency Bond Funded Capital Projects Fund.

The Low and Moderate Income Housing Assets Special Revenue Fund was created during FY 2011-12 to account for the assets of the housing fund of the former redevelopment agency. Under the redevelopment dissolution bills, the City acts as housing successor to the former redevelopment agency and will retain the rights and obligations to administer the assets of the fund. The assets of the fund total \$10.9 million consisting primarily of cash and investments, loans and advances receivable, and land and buildings held for resale. During fiscal year 2017-18 the fund expended \$0.1 million in housing administration costs.

The Capital Improvement Capital Projects Fund is used to account for expenditures on various capital improvement projects and the related revenues to finance the projects. The revenues and expenditures of the fund may vary significantly from year to year depending on the activity each year. The assets of the fund total \$4.5 million consisting of receivables expected to be received from various governmental agencies. The fund's current major activity includes the expenditures related to the I-5 Widening Projects.

The Prefunded Capital Projects Fund was created during fiscal year 2012-13 to account for the City's Capital Improvement Program in the post-redevelopment era. The former redevelopment agency was a significant source of funding prior to dissolution. Without the redevelopment agency, the General Fund became the main source of future funds for the Capital Improvement

Program. Through a combination of revenue enhancements (i.e. increase in the utility users tax rate) and cost containment and reduction measures, the General Fund will annually budget a transfer to the Prefunded Capital Projects Fund to build the base from which the Capital Improvement Program will operate. Additionally one time revenues will be considered for allocation to the fund. For the fiscal year ended June 30, 2018 the General Fund transferred \$0.8 million into the fund. The fund has an accumulated balance of \$13.3 million as of the fiscal year-end. City staff, in conjunction with the CIP sub-committee of the City Council, work together throughout the year to plan and manage the projects financed through this fund.

The Successor Agency Bond Funded Capital Projects Fund was created in fiscal year 2014-15 to account for the unspent bond proceeds of the former redevelopment agency. With approval from the California Department of Finance, the Successor Agency transferred approximately \$20.0 million in unspent proceeds to the City as of July 1, 2014. Under a Bond Expenditure Agreement between the City and the Successor Agency, the City manages the projects for which the bond proceeds are to be used. During fiscal year 2017-18 the City expended approximately \$1.7 million on projects. As of fiscal year-end a balance of \$16.8 million remains in the fund to be used on future projects.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget for expenditures was a \$0.2 million decrease (0.3%). The final amended budget exceeded actual expenditures by approximately 3.3% due to lower than expected operation costs throughout most functional areas.

Revenues exceeded their budget amount by \$1.1 million, primarily due increase in sales and use taxes revenue. Increases were seen in other revenue categories, including property taxes, franchise taxes, licenses and permits. The Notes to the Required Supplementary Information provides more details regarding budgeting policies and practice.

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$156.0 million (net of accumulated depreciation), a decrease of approximately \$2.1 million from the previous year. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, equipment and infrastructure. Note 7 –Capital Assets provides more detailed information on the capital assets.

The City's investment in capital assets for its business-type activities, the Water Utility Fund, as of June 30, 2018, amounts to \$18.9 million (net of accumulated depreciation), an increase of \$1.4 million. As mentioned earlier, the City has established a modest annual infrastructure replacement program through its water rate structure. Water Utility capital assets required for private development purposes are funded by capital contributions.

Long-term Liabilities

At June 30, 2018, the City's governmental activities long-term liabilities increased by \$45.8 million to \$161.6 million. The City's business-type activities long-term liabilities increased by \$4.1 million to \$21.7 million. This was primarily due to the implementation of GASB Statement No. 75 as of June 30, 2017 and reporting the full net OPEB liability. The long-term liabilities are summarized in the table below and more detailed information is included in Note 9 – Long-Term Liabilities.

During FY 2011-12, the City issued \$7.1 million in Pension Obligation Bonds to refinance an obligation of the Safety Plan with the California Public Employees Retirement System (PERS). Since the prior obligation was being paid to PERS through the contribution rate structure, it was not reflected formally as a long-term liability. The City will realize savings by paying the bonds at a lower interest rate than was being applied by PERS to the existing obligation.

During FY 2012-13 the City's business-type activity Water Utility Fund issued \$6.89 million in water revenue bonds to refund the existing 2003 water revenue bonds at lower interest rates and provide approximately \$2.1 million in additional proceeds to be used for water infrastructure projects. During FY 2017-18, Water Utility Authority issued \$1.8 million in water revenue bonds to refund the existing 2005 water revenue bonds at lower interest rates and provide a reduction of approximately \$0.4 million in total debt service payments.

	Outstanding Debt						Total Percentage Change
	Governmental Activities		Business-type Activities		Total		
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	
Revenue bonds	\$ 0.0	\$ 0.0	\$ 8.7	\$ 8.4	\$ 8.7	\$ 8.4	-3.4%
Pension obligation bonds	3.4	2.3	0.0	0.0	3.4	2.3	-32.4%
Compensated absences	3.0	2.7	0.0	0.0	3.0	2.7	-10.0%
OPEB obligation	7.2	45.1	0.6	4.5	7.8	49.6	535.9%
Pension obligation	101.9	111.3	8.3	8.8	110.2	120.1	9.0%
Other loans/leases	0.3	0.2	0.0	0.0	0.3	0.2	-33.3%
Total	<u>\$ 115.8</u>	<u>\$ 161.6</u>	<u>\$ 17.6</u>	<u>\$ 21.7</u>	<u>\$ 133.4</u>	<u>\$ 183.3</u>	37.4%

All water revenue and pension obligation bonds are insured issues.

Economic Factors and Next Year's Budgets

The City of Santa Fe Springs has dealt with many difficult decisions stemming from the downturn in the economy in the late 2000's and more significantly in the wake of the dissolution of redevelopment agencies and tax increment financing. The City's condition is improving due to revenue enhancements coupled with cost containment and reduction measures but still faces significant financial challenges in the years ahead. Major factors expected to affect the budget include:

- State and local economies showing reason for cautious optimism.

- Addressing the General Fund’s structural deficit through revenue enhancements.
- Funding capital improvements without the Redevelopment Agency, which historically funded the majority of capital projects prior to the dissolution of redevelopment.
- Funding for significantly increasing retirement contributions rates caused by a number of factors including the reduced number of active employees, actuarial assumption changes related to mortality and expected investment returns, and poor investment performance of the pension plan during the economic downturn.
- The City’s funding policy to address the impact of implementing Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.
- Increasing demands for public services, including unfunded mandates by both federal and state governments.

All of these factors were considered in adopting the Fiscal Year 2018-19 operational budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Santa Fe Springs finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Director of Finance and Administrative Services, City of Santa Fe Springs, 11710 Telegraph Road, Santa Fe Springs, California.

CITY OF SANTA FE SPRINGS

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 66,744,419	\$ 9,519,427	\$ 76,263,846
Receivables:			
Accounts	2,234,500	2,317,717	4,552,217
Accrued interest	345,969	2,483	348,452
Deposits	133,322	-	133,322
Due from other governments	11,666,998	-	11,666,998
Inventories	685,477	217,448	902,925
Restricted assets:			
Cash with fiscal agent	-	536,194	536,194
Advances to successor agency	6,434,687	-	6,434,687
Total current assets	<u>88,245,372</u>	<u>12,593,269</u>	<u>100,838,641</u>
Noncurrent assets:			
Notes and loans, net of allowances	2,511,378	-	2,511,378
Land held for resale	801,800	-	801,800
Capital assets not being depreciated	53,908,609	11,204,979	65,113,588
Capital assets, net of depreciation	<u>102,279,828</u>	<u>15,911,500</u>	<u>118,191,328</u>
Total noncurrent assets	<u>159,501,615</u>	<u>27,116,479</u>	<u>186,618,094</u>
Total Assets	<u>247,746,987</u>	<u>39,709,748</u>	<u>287,456,735</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	-	141,178	141,178
Deferred pension related items	22,758,300	1,382,736	24,141,036
Deferred OPEB related items	<u>4,200,560</u>	<u>415,440</u>	<u>4,616,000</u>
Total Deferred Outflows of Resources	<u>26,958,860</u>	<u>1,939,354</u>	<u>28,898,214</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,996,870	712,089	2,708,959
Accrued liabilities	660,363	41,783	702,146
Accrued interest	3,861	46,842	50,703
Unearned revenue	1,507,181	4,720	1,511,901
Deposits payable	4,392,106	693,222	5,085,328
Due to other governments	201,304	-	201,304
Contracts payable	149,779	-	149,779
Noncurrent liabilities:			
Noncurrent liabilities due within one year	<u>1,815,302</u>	<u>195,000</u>	<u>2,010,302</u>
Total current liabilities	<u>10,726,766</u>	<u>1,693,656</u>	<u>12,420,422</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year	3,404,727	8,171,795	11,576,522
Net OPEB liability	45,146,920	4,465,080	49,612,000
Net pension liability	<u>111,258,832</u>	<u>8,787,453</u>	<u>120,046,285</u>
Total noncurrent liabilities	<u>159,810,479</u>	<u>21,424,328</u>	<u>181,234,807</u>
Total Liabilities	<u>170,537,245</u>	<u>23,117,984</u>	<u>193,655,229</u>
Deferred Inflows of Resources:			
Deferred pension related items	5,564,585	262,720	5,827,305
Deferred OPEB related items	<u>324,870</u>	<u>32,130</u>	<u>357,000</u>
Total Deferred Inflows of Resources	<u>5,889,455</u>	<u>294,850</u>	<u>6,184,305</u>
Net Position:			
Net investment in capital assets	156,001,364	18,890,862	174,892,226
Restricted for:			
Community development projects	48,064	-	48,064
Public safety	66,836	-	66,836
Public works	2,594,205	-	2,594,205
Capital projects	16,816,601	-	16,816,601
Debt service	-	536,194	536,194
Low and moderate income housing	10,913,101	-	10,913,101
Art in public places - expendable	1,311,615	-	1,311,615
Waste management	734,896	-	734,896
Environmental programs	335,555	-	335,555
Unrestricted	<u>(90,543,090)</u>	<u>(1,190,788)</u>	<u>(91,733,878)</u>
Total Net Position	<u>\$ 98,279,147</u>	<u>\$ 18,236,268</u>	<u>\$ 116,515,415</u>

CITY OF SANTA FE SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 4,251,432	\$ 2,038,573	\$ 2,165,831	\$ -
Public safety	34,034,478	3,561,042	479,601	-
Community development	4,116,962	1,723,739	-	-
Public works	17,219,492	1,046,597	1,285,395	3,883,123
Culture and Leisure	6,982,622	453,369	558,124	-
Human Services	2,790,840	311,394	772,410	-
Interest on long-term debt	121,322	-	-	-
Total Governmental Activities	69,517,148	9,134,714	5,261,361	3,883,123
Business-Type Activities:				
Water Fund	11,192,617	13,491,332	-	-
Total Business-Type Activities	11,192,617	13,491,332	-	-
Total Primary Government	\$ 80,709,765	\$ 22,626,046	\$ 5,261,361	\$ 3,883,123

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales and use taxes

Franchise taxes

Business operation taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Interest and rentals

Other

Change in Net Position before Transfers

Transfers

Total General Revenues & Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (47,028)	\$ -	\$ (47,028)
(29,993,835)	-	(29,993,835)
(2,393,223)	-	(2,393,223)
(11,004,377)	-	(11,004,377)
(5,971,129)	-	(5,971,129)
(1,707,036)	-	(1,707,036)
(121,322)	-	(121,322)
(51,237,950)	-	(51,237,950)
-	2,298,715	2,298,715
-	2,298,715	2,298,715
(51,237,950)	2,298,715	(48,939,235)
4,130,663	-	4,130,663
26,093,872	-	26,093,872
3,180,671	-	3,180,671
789,379	-	789,379
6,523,816	-	6,523,816
628,828	-	628,828
1,863,969	-	1,863,969
2,189,573	118,561	2,308,134
675,977	1,791,077	2,467,054
(5,161,202)	1,909,638	(3,251,564)
1,163,587	(1,163,587)	-
47,240,335	746,051	47,986,386
(3,997,615)	3,044,766	(952,849)
139,062,741	18,682,555	157,745,296
(36,785,979)	(3,491,053)	(40,277,032)
\$ 98,279,147	\$ 18,236,268	\$ 116,515,415

CITY OF SANTA FE SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

		Special Revenue Fund	Capital Projects Funds	
	General	Low and Moderate Income Housing Assets Fund	Capital Improvement	Prefunded Capital Projects
Assets:				
Pooled cash and investments	\$ 25,335,486	\$ 6,904,255	\$ -	\$ 13,756,864
Receivables:				
Accounts	2,013,432	29,098	191,970	-
Notes and loans, net of allowances	555,752	1,741,274	-	-
Accrued interest	264,154	-	-	-
Deposits and other assets	133,322	-	-	-
Due from other governments	6,897,281	-	4,293,756	-
Due from other funds	2,587,100	-	-	-
Advances to successor agency	6,434,687	-	-	-
Advances to other funds	-	1,437,861	-	-
Inventories	685,477	-	-	-
Land held for resale	-	801,800	-	-
Total Assets	\$ 44,906,691	\$ 10,914,288	\$ 4,485,726	\$ 13,756,864
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,481,878	\$ -	\$ 31,725	\$ 464,525
Accrued liabilities	645,630	1,187	678	4,467
Unearned revenues	1,507,181	-	-	-
Deposits payable	2,127,499	-	2,256,352	-
Due to other governments	140,476	-	60,749	-
Due to other funds	-	-	2,234,127	-
Advances from other funds	1,437,861	-	-	-
Contracts payable	-	-	68,645	31,639
Total Liabilities	7,340,525	1,187	4,652,276	500,631
Deferred Inflows of Resources:				
Unavailable revenues	145,775	-	3,747,398	-
Total Deferred Inflows of Resources	145,775	-	3,747,398	-
Fund Balances:				
Nonspendable:				
Inventory	685,477	-	-	-
Notes and loans	555,752	-	-	-
Advances	6,434,687	-	-	-
Deposits and other assets	133,322	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Low and moderate income housing	-	10,913,101	-	-
Art in public places	-	-	-	-
Waste management	734,896	-	-	-
Environmental programs	335,555	-	-	-
Committed to:				
Capital projects	225,000	-	-	-
Assigned to:				
Capital projects	-	-	-	13,256,233
Equipment replacement	1,439,886	-	-	-
Economic uncertainty	3,805,000	-	-	-
Employee benefits	702,585	-	-	-
Risk management	434,500	-	-	-
Facility improvement	43,484	-	-	-
Encumbrances for equipment	159,700	-	-	-
Unassigned	21,730,547	-	(3,913,948)	-
Total Fund Balances	37,420,391	10,913,101	(3,913,948)	13,256,233
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 44,906,691	\$ 10,914,288	\$ 4,485,726	\$ 13,756,864

CITY OF SANTA FE SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Capital Projects Funds		
	Successor Agency Bond Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 16,567,520	\$ 4,180,294	\$ 66,744,419
Receivables:			
Accounts	-	-	2,234,500
Notes and loans, net of allowances	195,102	19,250	2,511,378
Accrued interest	81,815	-	345,969
Deposits and other assets	-	-	133,322
Due from other governments	-	475,961	11,666,998
Due from other funds	35,378	-	2,622,478
Advances to successor agency	-	-	6,434,687
Advances to other funds	-	-	1,437,861
Inventories	-	-	685,477
Land held for resale	-	-	801,800
Total Assets	\$ 16,879,815	\$ 4,675,505	\$ 95,618,889
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 13,494	\$ 5,248	\$ 1,996,870
Accrued liabilities	225	8,176	660,363
Unearned revenues	-	-	1,507,181
Deposits payable	-	8,255	4,392,106
Due to other governments	-	79	201,304
Due to other funds	-	388,351	2,622,478
Advances from other funds	-	-	1,437,861
Contracts payable	49,495	-	149,779
Total Liabilities	63,214	410,109	12,967,942
Deferred Inflows of Resources:			
Unavailable revenues	-	-	3,893,173
Total Deferred Inflows of Resources	-	-	3,893,173
Fund Balances:			
Nonspendable:			
Inventory	-	-	685,477
Notes and loans	-	-	555,752
Advances	-	-	6,434,687
Deposits and other assets	-	-	133,322
Permanent fund principal	-	244,676	244,676
Restricted for:			
Community development projects	-	48,064	48,064
Public safety	-	66,836	66,836
Public works	-	2,594,205	2,594,205
Capital projects	16,816,601	-	16,816,601
Low and moderate income housing	-	-	10,913,101
Art in public places	-	1,311,615	1,311,615
Waste management	-	-	734,896
Environmental programs	-	-	335,555
Committed to:			
Capital projects	-	-	225,000
Assigned to:			
Capital projects	-	-	13,256,233
Equipment replacement	-	-	1,439,886
Economic uncertainty	-	-	3,805,000
Employee benefits	-	-	702,585
Risk management	-	-	434,500
Facility improvement	-	-	43,484
Encumbrances for equipment	-	-	159,700
Unassigned	-	-	17,816,599
Total Fund Balances	16,816,601	4,265,396	78,757,774
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,879,815	\$ 4,675,505	\$ 95,618,889

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CITY OF SANTA FE SPRINGS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund balances of governmental funds		\$ 78,757,774
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		156,188,437
Deferred outflows related to pension related items are not included in the governmental fund activity:		
Contributions made subsequent to measurement date	\$ 7,356,030	
Difference between expected and actual experiences	461,201	
Adjustment due to difference in proportions	731,698	
Net difference in earnings between projected and actual pension plan investments	2,632,211	
Changes in assumptions	11,545,840	
Differences between actual and proportionate share of contributions	<u>31,320</u>	22,758,300
Deferred outflows related to OPEB items:		
Contributions made subsequent to measurement date		4,200,560
Long-term debt, compensated absences and net pension liability are not included in the governmental fund activity:		
Bonds payable	(1,811,855)	
Notes payable	(693,218)	
Compensated absences	(2,714,956)	
Net pension liability	(111,258,832)	
Net OPEB liability	<u>(45,146,920)</u>	(161,625,781)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(3,861)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		3,893,173
Deferred inflows related to pension related items are not included in the governmental fund activity:		
Adjustment due to difference in proportions	(1,373,453)	
Differences between actual and proportionate share of contributions	(1,631,103)	
Change in assumptions	(513,165)	
Difference between expected and actual experiences	<u>(2,046,864)</u>	(5,564,585)
Deferred inflows related to OPEB items		
Net difference between projected and actual earnings on plan investments		<u>(324,870)</u>
Net Position of Governmental Activities		<u>\$ 98,279,147</u>

CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Special Revenue Fund Low and Moderate Income Housing Assets Fund	Capital Projects Funds	
			Capital Improvement	Prefunded Capital Projects
Revenues:				
Taxes	\$ 43,020,298	\$ -	\$ -	\$ -
Licenses and permits	2,363,791	-	-	-
Intergovernmental	1,886,755	-	384,358	-
Charges for services	5,899,159	-	-	-
Interest and rentals	1,728,128	136,898	-	-
Fines and forfeitures	487,549	-	-	-
Contributions	233,869	-	-	-
Miscellaneous	948,079	192	90,602	3,766
Total Revenues	56,567,628	137,090	474,960	3,766
Expenditures:				
Current:				
General government	3,762,228	-	-	33,770
Public safety	30,939,435	-	-	-
Community development	3,786,717	131,384	-	16,932
Public works	10,441,828	-	-	-
Culture and leisure	5,915,950	-	-	-
Human services	2,303,821	-	-	-
Capital outlay	341,039	-	1,937,641	2,021,746
Debt service:				
Principal retirement	1,133,745	-	-	-
Interest and fiscal charges	123,174	-	-	-
Total Expenditures	58,747,937	131,384	1,937,641	2,072,448
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,180,309)	5,706	(1,462,681)	(2,068,682)
Other Financing Sources (Uses):				
Transfers in	3,051,537	631,700	7,320	1,108,190
Transfers out	(1,484,200)	-	-	(100,000)
Total Other Financing Sources (Uses)	1,567,337	631,700	7,320	1,008,190
Net Change in Fund Balances	(612,972)	637,406	(1,455,361)	(1,060,492)
Fund Balances:				
Beginning of year, as previously reported	38,033,363	10,275,695	(13,413)	14,316,725
Restatements	-	-	(2,445,174)	-
Beginning of year, as restated	38,033,363	10,275,695	(2,458,587)	14,316,725
End of Year	\$ 37,420,391	\$ 10,913,101	\$ (3,913,948)	\$ 13,256,233

CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Capital Projects Funds		
	Successor Agency Bond Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ 190,900	\$ 43,211,198
Licenses and permits	-	-	2,363,791
Intergovernmental	-	2,369,162	4,640,275
Charges for services	-	-	5,899,159
Interest and rentals	259,691	64,856	2,189,573
Fines and forfeitures	-	-	487,549
Contributions	-	377,167	611,036
Miscellaneous	1,050	16,503	1,060,192
Total Revenues	260,741	3,018,588	60,462,773
Expenditures:			
Current:			
General government	-	-	3,795,998
Public safety	-	464,014	31,403,449
Community development	-	-	3,935,033
Public works	-	5,970	10,447,798
Culture and leisure	-	16,100	5,932,050
Human services	-	-	2,303,821
Capital outlay	1,660,483	-	5,960,909
Debt service:			
Principal retirement	-	-	1,133,745
Interest and fiscal charges	-	-	123,174
Total Expenditures	1,660,483	486,084	65,035,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,399,742)	2,532,504	(4,573,204)
Other Financing Sources (Uses):			
Transfers in	104,000	-	4,902,747
Transfers out	-	(2,154,960)	(3,739,160)
Total Other Financing Sources (Uses)	104,000	(2,154,960)	1,163,587
Net Change in Fund Balances	(1,295,742)	377,544	(3,409,617)
Fund Balances:			
Beginning of year, as previously reported	18,112,343	3,887,852	84,612,565
Restatements	-	-	(2,445,174)
Beginning of year, as restated	18,112,343	3,887,852	82,167,391
End of Year	\$ 16,816,601	\$ 4,265,396	\$ 78,757,774

CITY OF SANTA FE SPRINGS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds \$ (3,409,617)

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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 3,906,765	
Depreciation	(6,094,960)	
Disposals	<u>(21,387)</u>	(2,209,582)

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Pension obligation bonds principal repayment	1,044,000	
Capital lease repayment	<u>89,745</u>	1,133,745

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

1,852

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

263,768

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

297,570

Pension obligation expenses is an expenditure in the governmental funds, but reduce the net pension liability in the statement of net position.

(3,968,524)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

3,893,173

Change in Net Position of Governmental Activities

\$ (3,997,615)

CITY OF SANTA FE SPRINGS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Water Fund</u>
Assets:	
Current:	
Pooled cash and investments	\$ 9,519,427
Receivables:	
Accounts	2,317,717
Accrued interest	2,483
Inventories	217,448
Restricted:	
Cash with fiscal agent	536,194
Total Current Assets	12,593,269
Noncurrent:	
Capital assets - net of accumulated depreciation	27,116,479
Total Noncurrent Assets	27,116,479
Total Assets	39,709,748
Deferred Outflows of Resources:	
Deferred charge on refunding	141,178
Deferred pension related items	1,382,736
Deferred OPEB related items	415,440
Total Deferred Outflows of Resources	1,939,354
Total Assets and Deferred Outflows of Resources	\$ 41,649,102
Liabilities:	
Current:	
Accounts payable	\$ 712,089
Accrued liabilities	41,783
Accrued interest	46,842
Unearned revenues	4,720
Deposits payable	693,222
Bonds, notes, and capital leases	195,000
Total Current Liabilities	1,693,656
Noncurrent:	
Bonds, notes, and capital leases	8,171,795
Net OPEB liability	4,465,080
Net pension liability	8,787,453
Total Noncurrent Liabilities	21,424,328
Total Liabilities	23,117,984
Deferred Inflows of Resources:	
Deferred pension related items	262,720
Deferred OPEB related items	32,130
Total Deferred Inflows of Resources	294,850
Net Position:	
Net investment in capital assets	18,890,862
Restricted for debt service	536,194
Unrestricted	(1,190,788)
Total Net Position	18,236,268
Total Liabilities, Deferred Inflows and Net Position	\$ 41,649,102

CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Water Fund</u>
Operating Revenues:	
Sales and service charges	\$ 13,491,332
Other water revenues	240,077
	<hr/>
Total Operating Revenues	13,731,409
	<hr/>
Operating Expenses:	
Source of supply	5,695,699
System maintenance and operation	15,954
Billing and collection	1,281,805
Administration	1,113,086
Distribution and production	2,075,033
Depreciation expense	570,601
	<hr/>
Total Operating Expenses	10,752,178
	<hr/>
Operating Income (Loss)	2,979,231
	<hr/>
Nonoperating Revenues (Expenses):	
Interest revenue	118,561
Interest expense	(440,439)
	<hr/>
Total Nonoperating Revenues (Expenses)	(321,878)
	<hr/>
Income (Loss) Before Transfers and Contributions	2,657,353
	<hr/>
Contributions	1,551,000
Transfers out	(1,163,587)
	<hr/>
Changes in Net Position	3,044,766
	<hr/>
Net Position:	
Beginning of Year	18,682,555
Restatements	(3,491,053)
	<hr/>
Beginning of Fiscal Year, as restated	15,191,502
	<hr/>
End of Fiscal Year	\$ 18,236,268
	<hr/> <hr/>

CITY OF SANTA FE SPRINGS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 13,368,937
Cash paid to suppliers for goods and services	(6,941,311)
Cash paid to employees for services	(2,866,025)
Cash received from (payments to) others	240,077
Net Cash Provided (Used) by Operating Activities	<u>3,801,678</u>
Cash Flows from Non-Capital Financing Activities:	
Cash transfers out	(1,163,587)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,163,587)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(208,677)
Principal paid on capital debt	(180,000)
Interest paid on capital debt	(439,457)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(828,134)</u>
Cash Flows from Investing Activities:	
Interest received	118,793
Net Cash Provided (Used) by Investing Activities	<u>118,793</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,928,750
Cash and Cash Equivalents at Beginning of Year	8,126,871
Cash and Cash Equivalents at End of Year	<u>\$ 10,055,621</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 2,979,231
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	570,601
(Increase) decrease in accounts receivable	(128,183)
(Increase) decrease in inventory	(16,402)
(Increase) decrease in prepaid costs	322
(Increase) decrease in deferred outflows for pension related items	(258,005)
(Increase) decrease in deferred outflows for OPEB related items	(415,440)
Increase (decrease) in accounts payable	122,609
Increase (decrease) in accrued liabilities	(26,971)
Increase (decrease) in unearned revenues	4,720
Increase (decrease) in deposits payable	1,068
Increase (decrease) in deferred inflows for pension related items	85,135
Increase (decrease) in deferred inflows for OPEB related items	32,130
Increase (decrease) in net pension liability	496,983
Increase (decrease) in other postemployment benefits	353,880
Total Adjustments	<u>822,447</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,801,678</u>
Non-Cash Investing, Capital, and Financing Activities:	
Contributed capital assets received	\$ 1,377,078
Amortization of bond discounts, premiums, and deferred charges	12,112
Prior period adjustment due to net OPEB liability calculation	(3,491,053)
Capital assets additions in accounts payable	16,844

CITY OF SANTA FE SPRINGS

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the former RDA
Assets:		
Pooled cash and investments	\$ 443,741	\$ 388,033
Receivables:		
Accounts	6,332	24,088
Notes and loans	-	61,438
Due from other governments	24,763	64,292
Land held for resale	-	10,550,120
Restricted assets:		
Cash and investments with fiscal agents	209,082	11,208,147
Capital assets:		
Capital assets, not being depreciated	-	5,006,722
Total Assets	\$ 683,918	27,302,840
Deferred Outflows of Resources:		
Deferred charge on refunding		389,912
Total Deferred Outflows of Resources		389,912
Liabilities:		
Accounts payable	\$ -	18,061
Accrued liabilities	-	3,406
Accrued interest	-	223,333
Deposits payable	683,918	48,300
Due to other governments	-	221,680
Long-term liabilities:		
Due in one year	-	8,705,000
Due in more than one year	-	78,849,658
Total Liabilities	\$ 683,918	88,069,438
Deferred Inflows of Resources:		
Deferred charge on refunding		117,484
Total Deferred Inflows of Resources		\$ 117,484
Net Position:		
Held in trust for other purposes		\$ (60,494,170)
Total Net Position		\$ (60,494,170)

CITY OF SANTA FE SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Private-Purpose Trust Fund Successor Agency of the former RDA</u>
Additions:	
Taxes	\$ 12,743,358
Interest and change in fair value of investments	114,922
Miscellaneous	<u>48</u>
Total Additions	<u>12,858,328</u>
Deductions:	
Administrative expenses	226,670
Program expenses	68,124
Interest expense	<u>3,347,863</u>
Total Deductions	<u>3,642,657</u>
Changes in Net Position	<u>9,215,671</u>
Net Position:	
Beginning of the year	<u>(69,709,841)</u>
End of the Year	<u>\$ (60,494,170)</u>

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

The Financial Reporting Entity

The City of Santa Fe Springs (City) was incorporated on May 15, 1957, under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities and is governed by an elected five-member City council. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City elected officials have a continuing accountability for fiscal matters of the other entities. The financial reporting entity consists of: (1) the City, (2) organizations for which the City is financially accountable, and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the city's and (1) there is a financial benefit or burden relationship between the primary government and the component unit, or (2) management of the primary government has operational responsibility for the component unit, or the component unit provides services almost entirely to the City.

Blended Component Units

- a. In accordance with Assembly Bill 1X 26 (the "Dissolution Act"), the Successor Agency to the Community Development Commission for the City of Santa Fe Springs (Successor Agency) was created on February 1, 2012 to serve as a custodian for the assets and to wind down the affairs of the former Agency. The Successor Agency is a legally separate public entity from the City and is a blended component unit of the City.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund). See Note 17 for further detail regarding the dissolution.

- b. The City of Santa Fe Springs Public Financing Authority (PFA) was organized under a joint exercise of power agreement on August 24, 1989. The purpose of this authority is to provide, through the issuance of debt, financing for public capital improvements. The Board of Directors is appointed by the City Council. The PFA's financial data and transactions are included with the enterprise fund type, as the only debt outstanding is related to the Water Utility fund and the Water Utility fund revenues are pledged to the payment of the debt.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

- c. The Santa Fe Springs Water Utility Authority (WUA) was organized under a joint exercise of power agreement on July 1, 2009. The purpose of this authority is to provide an entity to assist in financing, leasing, owning, operating, and maintaining the water operation. The City Council members are designated as Board of Directors of the WUA.

Separate Successor Agency, PFA, and WUA financial statements are not available.

Joint Ventures

1. Joint Fire Dispatching Center

The City is a participant in the Joint Fire Dispatching Center (Center). The Center is currently comprised of four member cities and is organized under a Joint Powers Agreement. Each member City provides an annually determined contribution towards the ongoing operation. The purpose of the Center is to provide centralized fire dispatching for the participating cities. The communication system is located in and operated by the City of Downey. The payments from the participating cities for the fiscal year ended June 30, 2018, were based on the following percentages:

Downey	34.62%
Santa Fe Springs	16.17%
Compton	39.28%
Vernon	9.93%

During the fiscal year ended June 30, 2018, the City contributed \$213,066 for the operation of the Center. Separate audited financial statements are not prepared for the joint venture. Financial information can be obtained from the City of Downey at 11111 Brookshire Avenue, Downey, California.

2. Southeast Water Coalition

The City is a participant in the Southeast Water Coalition (Coalition). The Coalition is currently comprised of several municipal entities in the County of Los Angeles and is organized under a Joint Powers Agreement. The purpose of the Center is to maintain groundwater quality within the Central and West Coast Basins (Basins), maintain secure groundwater supplies within the Basins, manage the use of groundwater within the Basins, coordinate efforts among Watermaster and entities proposing to store water within the Basins for future recovery, facilitate the implementation of a conjunctive use program by water purveyors, coordinate efforts among local entities and Watermaster to devise and implement strategies to safeguard groundwater quality, and work cooperatively with Watermaster, the Water Replenishment District of Southern California, and other entities to promote coordination of policies and activities throughout the region. Each member of the Coalition shares financial responsibility equally. Each member is required to make a contribution at the beginning of each year. The contribution requirement for the fiscal year ended 2018 was \$5,000. Financial statements can be obtained from the City of Pico Rivera. City Hall is located at 6615 Passons Blvd., Pico Rivera, California.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the primary government and component units as a whole, except for its fiduciary activities. These statements report separately for governmental and business-type activities of the primary government (including its blended component units). Governmental activities are normally financed primarily by taxes and intergovernmental revenues. Business-type activities are financed primarily by fees charged for goods or services.

Certain indirect costs have been allocated and are included as part of the program expenses reported for the various functional activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other service charges between the City's water utility 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.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (agency funds do not have a measurement focus). Accordingly, all of the City's assets and liabilities, including capital assets and infrastructure as well as long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Using the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been satisfied. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Governmental Funds Financial Statements

The accounting records of the City are organized on the basis of funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The governmental funds financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and aggregated nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days, except for grant revenues, which is 365 days and sales tax revenues, which is 90 days. Sales taxes, property taxes, franchise fees, gas taxes, motor vehicle in lieu fees, highway user's taxes, transient occupancy taxes, grants and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

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 payable are recorded only when payment is due.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Low and Moderate Income Housing Assets Special Revenue Fund is used to account for the receipts and expenditures relating to the Housing Successor in accordance with the California Health and Safety Code.

The Capital Improvement Capital Projects Fund is used to account for monies received from the General Fund, special revenue funds, private developers and from outside governmental entities. These funds are subsequently used for the construction or rehabilitation of streets, bridges, traffic signals, public facilities and a variety of other construction or improvement projects.

The Prefunded Capital Projects Fund was established in fiscal year 2013. It is used to account for the accumulation of resources used for various construction, rehabilitation, and improvement projects similar to the Capital Improvement Fund.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

This fund differs from the Capital Improvement Capital Projects Fund in that resources are typically accumulated in the fund prior to undertaking the projects.

The Successor Agency Bond Funded Capital Projects Fund is used to account for the expenditure of unspent bond proceeds of the Successor Agency used for various construction, rehabilitation, and improvement projects within the Consolidated Project Area of the former Community Development Commission. All unspent bond proceeds were transferred to the City during fiscal year 2014-15 in accordance with a Bond Expenditure Agreement between the City and Successor Agency.

Additionally, the City reports the following fund type:

Permanent funds account for resources that are legally restricted to the extent that only earnings, not principal may be used for purposes that support specific programs.

Proprietary Funds Financial Statements:

Proprietary Funds distinguish operating revenues and expenses from non-operating 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 proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary 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 non-operating revenues and expenses.

The City reports the following major proprietary fund:

The Water Utility Fund is used to account for the operations of the City owned water system.

Fiduciary Fund Financial Statements:

Fiduciary funds are accounted for on the accrual basis of accounting as are the proprietary funds explained above. The City reports the following fiduciary funds, which are excluded from the government-wide financial statements:

a. Private-Purpose Trust Fund

The Private-Purpose Trust Fund accounts for the custodial responsibilities that are assigned to the Successor Agency pursuant to the Dissolution Act.

b. Agency Funds

Agency Fund financial statements include a statement of fiduciary net position. The City's Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The City reports the following agency funds:

The Assessment Districts Fund is used to account for special assessments received by the City as agent for payment of special assessment district bonds.

Community Facilities Assessment Districts Fund is used to account for special assessments received by the City as agent for payment of community facilities district debt and expenses.

Use of Restricted Resources

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.

Functional Classifications

General government - includes the legislative activities, which have a primary objective of providing legal and policy guidance for industrial and residential issues within the City. Also included in this classification are those activities, which provide management or support services across more than one functional area.

Public safety - includes those activities, which have a primary objective of protecting people and property from other than health related perils.

Community development - includes those activities which have a primary objective of enhancing the general quality of life in the City. This encompasses aesthetic, as well as economical and structural activities.

Public works - includes all maintenance and engineering which relate to streets, parks, and other public facilities.

Culture and leisure - includes those activities, which have a primary objective of providing recreational and educational endeavors.

Human services - includes those activities, which have a primary objective of maintaining or improving the physical and/or mental health of residents of the community, improving the employment status of unemployed or underemployed residents, and otherwise serving the needs of the less privileged.

Inventory and Prepaid Items

Inventory (General Fund and Water Utility Fund) is valued utilizing the average cost method. Inventory items are considered expenditures or expenses when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These prepaid items are reflected in the financial statements as deposits and other assets.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Property Taxes

Under California law, the assessment, levy and collection of property taxes are the responsibility of the County of Los Angeles. The City records property taxes as revenue in the year for which they are levied, and in the governmental fund statements when received from the County within 60 days of year-end. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien	January 1
Levyperiod	July 1 - June 30
Due	November 1 - 1st installment
	February 1 - 2nd installment
Delinquent	December 11 - 1st installment
	April 11 - 2nd installment

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, funds invested in the City's cash and investment pool are considered cash equivalents.

Investments

All investments are stated at fair value (the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale), except for money market investments, which have a remaining maturity of less than one year when purchased, which are stated at amortized cost. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, sidewalks, drainage systems, lighting systems, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide and enterprise fund financial statements. These assets are stated at historical cost or estimated historical cost if purchased or constructed. The City conducted an infrastructure valuation in conjunction with the implementation of GASB No. 34 during the fiscal year ended June 30, 2002. Current replacement costs were calculated for infrastructure assets and discounted back to the original construction dates and the corresponding accumulated depreciation was calculated. Donated capital assets are stated at their estimated acquisition value on the date received. The capitalization threshold is \$20,000, except for vehicles, equipment and street lights which is \$5,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide and enterprise fund financial statements on a straight-line basis over the useful life of the assets as follows:

Assets	Years
Computer	3
Furniture	10
Machinery and equipment	3-20
Vehicles	8
Water service meters and hydrants	10-50
Water transmission and distribution mains	10-50
Infrastructure	20-75

Land and Buildings Held for Resale

Land and related buildings acquired by the former Community Development Commission (former Commission) and held for resale are accounted for as an investment and are recorded at the lower of cost or estimated realizable value, as determined upon the execution of a disposition and development agreement. Upon the dissolution of the former Commission, land and buildings held for resale were transferred to respective Low and Moderate Income Housing Assets Fund and Successor Agency Fund.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the proprietary fund and fiduciary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third are deferred outflows relating to the net pension liability and the net OPEB liability reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are recognized in the following year, the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized straight-line over a five-year period, the adjustments due to difference in proportions, the difference between actual contributions made and the proportionate share of the risk pool's total contributions, changes in assumptions, and the difference between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the fiduciary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

the life of the refunded or refunding debt. The government has deferred inflows relating to the net pension liability and the net OPEB liability reported in the government-wide statement of net position. These inflows are the result of adjustments due to difference in proportions, the difference between actual contributions made and the proportionate share of the risk pool's total contributions, the difference between expected and actual experiences and the change in assumptions. These amounts are deferred and amortized over the expected average remaining service life time.

Compensated Absences

The cost of earned but unused vacation and sick leave, for which the City has a future obligation to pay, is recognized in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have become due and payable as a result of employee resignations or retirements. For sick leave, Fire Safety personnel will receive the following payouts upon termination of employment; 25% payout if 100% service credit with PERS and 100% payout if retiring through Industrial Disability Retirement (IDR).

Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARS�)

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets — This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted — This category represents restricted assets reduced by liabilities related to those assets. Restrictions can be imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted — This category represents net position of the City, not restricted for any project or other purpose.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, 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: inventory, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance — includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

- Committed Fund Balance — includes amounts that can only be used for the specific purposes determined by a resolution of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City adopting a resolution.
- Assigned Fund Balance — comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance — is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

In circumstances when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to first apply committed fund balance. It is at the discretion of the Council's designee to then apply the remaining expenditures to assigned or unassigned fund balance.

The City Council delegates to the City Manager and Director of Finance and Administrative Services the authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Endowments

The City has been the recipient of endowments that are recorded in Permanent Funds. The endowments are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs or specific restrictions that were placed on the endowment when the donation to the City was made. Please refer to the combining and individual nonmajor fund financial statements for additional details.

CITY OF SANTA FE SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Note 2: Cash and Investments

Cash and investments as of June 30, 2018, are classified in the accompanying financial follows:

Statement of net position:	
Pooled cash and investments	\$ 76,263,846
Cash and investments with fiscal agent	536,194
Fiduciary funds:	
Pooled cash and investments	831,774
Cash and investments with fiscal agent	11,417,229
Total	<u>\$ 89,049,043</u>

Cash and investments were comprised of the following as of June 30, 2018:

Cash on hand	\$ 9,055
Deposits with financial institutions	2,291,531
Investments	86,748,457
Total	<u>\$ 89,049,043</u>

Investments Authorized by the City's Investment Policy

The City's Statement of Investment Policy (investment policy), is adopted by the City Council. The investment policy is more conservative and restrictive than the investment vehicles authorized by Section 53601 of the California Government Code. The City's investment policy does not allow investments in negotiable certificates of deposit, reverse repurchase agreements, guaranteed small business administration notes, medium term corporate notes, and financial futures or financial option contracts. Investment vehicles not specifically mentioned in the City's investment policy are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of the bond indentures. Investments are limited to:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury bills	5 years	None	None
U.S. Treasury notes	5 years	None	None
Federal Agency issues	5 years	None	None
Certificates of deposit	N/A	30%	None
Bankers' acceptances	180 days	40%	30%
Commercial paper	270 days	10% **	10%
Repurchase agreements	1 year	None	None
Mutual funds	N/A	20%	None
County Pool investment funds	N/A	None	None
Local agency investment fund (LAIF)	N/A	None	None

* Excluding amounts held by bond trustee that are subject to California Code restrictions.

** Represents where the City's investment policy is more restrictive than the California Government Code.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 2: Cash and Investments (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Bankers' acceptances	180 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	N/A	None	None
Investment contracts	30 years	None	None
Local agency investment fund (LAIF)	N/A	None	None

Credit Risk

The City's investment policy limits investments to a rating of "A-1" or higher for California state and local agency obligations, banker acceptances, and commercial paper that is (i) organized within the United States as a special purpose corporation, trust, or limited liability company and (ii) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit. The City's investment policy limits investments to a rating of "A-1" or higher for other state obligations, medium-term notes, asset backed securities and commercial paper that is (i) organized and operating in the United States as a general corporation and (ii) has total assets in excess of five hundred million dollars (\$500,000,000). The City's investment policy limits investments to a rating of "AA" or higher for supranationals. As of June 30, 2018, the City's investments in external investment pools and money market mutual funds are unrated.

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 to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF SANTA FE SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Note 2: Cash and Investments (Continued)

Information about the sensitivity of the fair values of the City investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the weighted average maturity of the City's investments:

<u>Investment Type</u>	<u>Weighted Average Maturity (in days)</u>	
Local Agency Investment Fund	<180*	43,944,705
US Treasury Notes	1718	10,746,705
Federal Home Loan Mortgage Corporation	11	356,833
Federal National Mortgage Association	108	1,918,791
Corporate Notes	10051	16,227,507
Foreign Government Obligations	<180	1,595,121
Money Market Funds	<180	5,372
Held by Bond Trustee:		
Money Market Funds	<180	11,953,423
Total		<u>\$ 86,748,457</u>

* Represents the weighted average maturity of the Local Agency Investment Fund; however, the City and or bond trustee may liquidate the investment within 24 hours.

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. The City's investments are rated by the following nationally recognized statistical rating organization as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>
LAIF	\$ 43,944,705	Not Rated
U.S Treasury Notes	10,746,705	Aaa
U.S. Agency Securities	2,275,624	Aaa
Corporate Notes	16,227,507	Not Rated to Aaa
Foreign Government Obligations	1,595,121	Aaa
Money Market Funds	11,958,795	Aaa
	<u>\$ 86,748,457</u>	

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments held that represent 5% or more in any one issuer other than external investment pools and money market funds at June 30, 2018.

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

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 2: Cash and Investments (Continued)

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.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2018, was \$22.92 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018, had a balance of \$88.9 billion. This information can be located on the California State Treasurer's website at <http://www.treasurer.ca.gov/>.

Fair Value Hierarchy

The City categorizes its fair value measurements 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Totals	Level		
		1	2	3
U.S. Treasury	\$ 10,746,705	\$ 10,746,705	\$ -	\$ -
U.S. Agency Securities	2,275,624	-	2,275,624	-
Corporate Notes	16,227,507	-	16,227,507	-
Foreign Government Obligations	1,595,121	-	1,595,121	-
Money Market Funds	5,372	-	5,372	-
Held by Bond Trustee:				
Money Market Funds	11,953,423	-	11,953,423	-
Totals	<u>\$ 42,803,752</u>	<u>\$ 10,746,705</u>	<u>\$ 32,057,047</u>	<u>\$ -</u>
Investments measured at net asset value				
Local Agency Investment Fund (LAIF)	<u>\$ 43,944,705</u>			
Total Investments	<u>\$ 86,748,457</u>			

CITY OF SANTA FE SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Note 2: Cash and Investments (Continued)

U.S. Treasury Notes classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Local Agency Investment Funds, U.S. Agency Securities, Corporate Notes, Certificates of Deposit, Supranational Agencies, and Money Market Funds classified in Level 2 of the fair value hierarchy are value using institutional bond quotes or specified fair market value factors.

Note 3: Loans and Notes Receivable

The loans and notes receivable balance consists of the following:

<u>Fund</u>	<u>Balance</u>
Governmental Funds	
General Fund	\$ 555,752
Low and Moderate Income Housing Assets Special Revenue Fund	1,741,274
Successor Agency Bond Funded Capital Projects Fund	195,102
Nonmajor Governmental Funds	<u>19,250</u>
Total Funds	<u>\$ 2,511,378</u>

The General Fund has loans and notes receivable in the amount of \$47,552 representing monies advanced to City employees for home computer purchases. These loans are required to be repaid within 2 years and bear no interest. Notes receivable in the amount of \$508,200 relate to monies advanced to Community Facilities District 2002-1 for infrastructure improvements. This loan bears an interest rate of 5.75% per annum.

The Low and Moderate Income Housing Assets Special Revenue Fund has one note outstanding for "silent second" mortgage notes issued to qualified buyers to assist with housing acquisition. The loans are for \$20,000 and has a term of 15 years. The loan has no payments for the first 10 years and bear simple interest at 6% per annum. The loan is secured by a deed of trust and must be repaid upon sale or refinance of the home. The balance outstanding at June 30, 2018, is \$20,000. In addition, the Low and Moderate Income Housing Assets Special Revenue Fund has ten notes outstanding related to housing for qualified buyers. The loans are secured by a deed of trust and must be repaid upon sale or refinance of the home if such a transaction occurs within 45 years. A portion of the loan balance is forgiven each year beginning five years after issuance and is completely forgiven after 45 years. An allowance for the full amount of the loans has been recorded as the expectation is for the homeowners to keep the properties for the entire term of the agreement. The balance outstanding at June 30, 2018 is \$917,200 with a net carrying value of \$0. The loans do not accrue interest. Lastly, the Low and Moderate Income Housing Assets Special Revenue Fund has notes outstanding to Santa Fe Springs Housing Partners in the amount of \$1,721,274 at June 30, 2018. The loan agreement calls for annual payments based on a calculation of residual receipts. The residual receipts are calculated based on the project revenues less approved expenses. The residual receipts payment is applied first to interest and then to principal. The outstanding principal accrues interest at a rate of 3%.

The Successor Agency Bond Funded Capital Projects Fund has a note receivable in the amount of \$195,102 related to monies advanced by the former Commission to Community Facilities District 2004-1 for infrastructure improvements. This loan bears interest at a rate of 5.75% per annum.

The Nonmajor Governmental Funds have two notes receivable outstanding from homeowners through the CDBG housing program. The loans have zero interest and do not require repayment. The loans are secured by a deed of trust and must be repaid upon sale or refinance of the home. The balance outstanding at June 30, 2018, is \$19,250.

CITY OF SANTA FE SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Note 4: Due from Other Governments

Due from other governments primarily consists of grants due from the Federal government, the State of California and the County of Los Angeles.

Note 5: Interfund Activity

The following is a summary of interfund transfers for the fiscal year ended June 30, 2018:

Transfers Out:	Transfers In					Total
	General Fund	Low and Moderate Income Housing Assets Fund	Prefunded Capital Projects Fund	Successor Agency Bond Funded Capital Projects Fund	Capital Improvement	
General Fund	\$ -	\$ 631,700	\$ 852,500	\$ -	\$ -	\$ 1,484,200
Prefunded Capital Projects Fund	100,000	-	-	-	-	100,000
Water Fund	1,156,267	-	-	-	7,320	1,163,587
Other Governmental Funds	1,795,270	-	255,690	104,000	-	2,154,960
Total	\$ 3,051,537	\$ 631,700	\$ 1,108,190	\$ 104,000	\$ 7,320	\$ 4,902,747

As required by dissolution laws, the General Fund transferred \$631,700 to the Low and Moderate Income Housing Assets Fund for its 20% share of the Washington Blvd. loan repayment. The General Fund transferred \$852,500 into the Prefunded Capital Projects Funds to provide funding for current and future capital projects.

The Prefunded Capital Projects Fund transferred \$100,000 into the General Fund to provide funding for various minor facility improvements.

The Water Fund transferred \$1,156,267 into the General Fund in connection with the lease agreement between the City and the City's Water Utility Authority.

Other Governmental Funds transferred \$1,795,270 into the General Fund for various purposes including costs incurred related to Gas Tax, Metro Grants, Art in Public Places activities, \$255,690 into the Prefunded Capital Projects Fund for costs incurred related to capital projects, and \$104,000 into the Successor Agency Bond Funded Capital Projects Fund for costs incurred related to capital projects.

Due to/from other funds at June 30, 2018, were as follows:

Due from	Due to		Total
	Capital Improvement Fund	Other Governmental Funds	
General Fund	\$ 2,234,127	\$ 352,973	\$ 2,587,100
Successor Agency Bond Funded Capital Projects Fund		35,378	35,378
	\$ 2,234,127	\$ 388,351	\$ 2,622,478

The due to/from other funds balances resulted from reimbursable expenditures occurring while the revenues with which to reimburse those expenditures had not yet been received. All balances are expected to be reimbursed within the subsequent year.

CITY OF SANTA FE SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Note 5: Interfund Activity (Continued)

Advances from other funds and advances to other funds at June 30, 2018, consist of loans as follows:

<u>Advances to</u>	<u>Advances from</u>
	Low and Moderate Income Housing Assets Fund
General Fund	<u>\$ 1,437,861</u>

An advance payable/receivable was set up between the General Fund and the Low and Moderate Income Housing Assets Fund (Housing Fund) to account for costs originally charged to the Housing Fund but later determined to belong to the General Fund. The advance does not bear interest. Currently, there is no date set for the repayment of the advance.

Note 6: Advances to the Successor Agency

Advances to the Successor Agency at June 30, 2018, consist of the following:

General Fund	<u>\$ 6,434,687</u>
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In September 2010, the general fund advanced \$8,846,000 to the former redevelopment agency, which was paid back to the general fund in one lump sum in March 2011 along with accrued interest of \$507,730. This lump sum payment was subsequently denied by the Department of Finance (DOF). The City filed suit to challenge the decision of the DOF, but this advance is still allowed to be repaid in accordance with the dissolution rules for interagency loans. Interest on the advance has been recalculated at 3% in accordance with the dissolution bills. The balance of the advance at June 30, 2018 was \$6,434,687.

Pursuant to the Assembly Bill 1484 (AB 1484), this balance is considered an "interagency loan" and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2015, subject to annual limitations, once the California Department of Finance issues a "finding of completion". A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the former Commission during the fiscal year ended June 30, 2015, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission's non-housing funds. A finding of completion was issued in December 2013. See Note 17 for further details.

In August 2017, The City of Santa Fe Springs determined that the timing and yield of the new payback of the loans referenced above was acceptable to the City and dismissed the lawsuit against the California Department of Finance ("DOF") regarding the denial of the lump sum payment.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 7: Capital Assets

Additions and deletions in the City's capital assets were as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:					
Capital Assets, not being depreciated:					
Land	\$ 51,258,770	\$ -	\$ -	\$ -	\$ 51,258,770
Construction in process	2,034,951	(2,892,086)	3,506,974	-	2,649,839
Total capital assets not being depreciated	<u>53,293,721</u>	<u>(2,892,086)</u>	<u>3,506,974</u>	<u>-</u>	<u>53,908,609</u>
Capital assets, being depreciated:					
Buildings	34,208,518	-	-	-	34,208,518
Improvements	24,813,481	927,715	-	-	25,741,196
Equipment	14,742,424	-	399,791	2,109,550	13,032,665
Infrastructure	142,421,677	1,964,371	-	-	144,386,048
Total capital assets, being depreciated	<u>216,186,100</u>	<u>2,892,086</u>	<u>399,791</u>	<u>2,109,550</u>	<u>217,368,427</u>
Less accumulated depreciation					
Buildings	12,375,317	-	661,868	-	13,037,185
Improvements	17,012,257	-	727,977	-	17,740,234
Equipment	11,071,988	-	803,533	2,088,163	9,787,358
Infrastructure	70,622,240	-	3,901,582	-	74,523,822
Total accumulated depreciation	<u>111,081,802</u>	<u>-</u>	<u>6,094,960</u>	<u>2,088,163</u>	<u>115,088,599</u>
Total capital assets, being depreciated, net	<u>105,104,298</u>	<u>2,892,086</u>	<u>(5,695,169)</u>	<u>21,387</u>	<u>102,279,828</u>
Government activities capital assets, net	<u>\$ 158,398,019</u>	<u>\$ -</u>	<u>\$ (2,188,195)</u>	<u>\$ 21,387</u>	<u>\$ 156,188,437</u>

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 7: Capital Assets (Continued)

	Balance July 1, 2017	Transfers	Additions	Deletions	Balance June 30, 2018
Business-Type Activities:					
Capital assets, not being depreciated:					
Land and water rights	\$ 3,384,974	\$ -	\$ -	\$ -	\$ 3,384,974
Construction-in-progress	6,455,180	(237,774)	1,602,599	-	7,820,005
Total Capital Assets, Not Being Depreciated	9,840,154	(237,774)	1,602,599	-	11,204,979
Capital assets, being depreciated:					
Source of supply plant	4,137,454	-	-	-	4,137,454
Transmission and distribution plant	33,894,572	237,774	-	-	34,132,346
Pumping and treatment plant	111,016	-	-	-	111,016
General Plant	1,096,135	-	-	-	1,096,135
Total Capital Assets, Being Depreciated	39,239,177	237,774	-	-	39,476,951
Less accumulated depreciation:					
Source of supply plant	2,216,838	-	80,182	-	2,297,020
Transmission and distribution plant	19,586,203	-	487,927	-	20,074,130
Pumping and treatment plant	95,674	-	2,492	-	98,166
General Plant	1,096,135	-	-	-	1,096,135
Total Accumulated Depreciation	22,994,850	-	570,601	-	23,565,451
Total Capital Assets, Being Depreciated, Net	16,244,327	237,774	(570,601)	-	15,911,500
Water Utility Capital Assets, Net	\$ 26,084,481	\$ -	\$ 1,031,998	\$ -	\$ 27,116,479

Depreciation expense was charged to functions/programs of the primary government as follows:

	Governmental Activities	Business-Type Activities
General government	\$ 195,438	\$ -
Public safety	701,467	-
Community development	46,206	-
Public works	4,180,170	-
Culture and leisure	717,259	-
Human Services	254,420	-
Water Utility	-	570,601
Total Governmental Activities	\$ 6,094,960	\$ 570,601

Note 8: Contracts Payable

Contracts payable consists of contract retention due on uncompleted construction projects.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 9: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental activities:					
Pension obligation bonds	\$ 3,362,000	\$ -	\$ 1,044,000	\$ 2,318,000	\$ 1,119,000
Compensated absences	2,978,724	398,970	662,738	2,714,956	604,052
Oshkosh lease payable	276,818	-	89,745	187,073	92,250
	<u>\$ 6,617,542</u>	<u>\$ 398,970</u>	<u>\$ 1,796,483</u>	<u>\$ 5,220,029</u>	<u>\$ 1,815,302</u>
Business-type activities:					
Water revenue bonds:					
2005 Series A	\$ 1,960,000	\$ -	\$ 1,960,000	\$ -	\$ -
2013 Series A	6,890,000	-	-	6,890,000	-
2018 Subordinate Bonds	-	1,800,000	180,000	1,620,000	195,000
Issuance discount/premiums	(124,757)	-	18,448	(143,205)	-
	<u>\$ 8,725,243</u>	<u>\$ 1,800,000</u>	<u>\$ 2,158,448</u>	<u>\$ 8,366,795</u>	<u>\$ 195,000</u>

The total annual debt service requirements to maturity on bonds and loans are as follows:

Governmental Activities

Year Ending June 30	Pension Obligation Bonds	
	Principal	Interest
2019	\$ 1,119,000	\$ 75,925
2020	1,199,000	33,554
Total	<u>\$ 2,318,000</u>	<u>\$ 109,479</u>

Year Ending June 30	Oshkosh Lease Payable	
	Principal	Interest
2019	\$ 92,250	\$ 5,219
2020	94,823	2,646
Total	<u>\$ 187,073</u>	<u>\$ 7,865</u>

CITY OF SANTA FE SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Note 9: Long-Term Liabilities (Continued)

Business-Type Activities

Year Ending June 30	Revenue Bonds	
	Principal	Interest
2019	\$195,000	\$295,156
2020	200,000	290,496
2021	200,000	285,716
2022	205,000	280,936
2023	210,000	276,036
2024 - 2028	1,285,000	1,297,115
2029 - 2033	1,710,000	1,062,350
2034 - 2038	2,045,000	727,688
2039 - 2043	2,460,000	302,600
Total	<u>\$ 8,510,000</u>	<u>\$ 4,818,093</u>

Governmental Activities

Taxable Pension Obligation Bonds

In April 2012, the City issued taxable pension obligation bonds in the amount of \$7,147,000 in order to refund the PERS Side Fund Obligation and realize cash flow savings and to accomplish a more prudent amortization of unfunded actuarial accrued liability in respect of the PERS Side Fund Obligation. Principal is payable semiannually on June 30 and December 30 in amounts ranging from \$56,000 to \$605,000 through June 30, 2020. Interest is payable semiannually on June 30 and December 30 in each year at rate of 3.72%.

The bond is secured by the sales and use tax revenues generated by the City. These revenues have been pledged until the year 2022. The bond has covenants that pledged revenues received in the next preceding prior fiscal year should be at least equal to 150% of maximum annual debt service payment on the bond. Pledged sales and use tax revenue for the prior year was \$26.4 million, which is more than 150% of maximum annual debt service payment of \$1.2 million on this bond. Revenues are pledged against the debt service outstanding on the bonds of \$4.7 million. The total outstanding principal as of June 30, 2018, is \$2,318,000.

Oshkosh Lease Payable

In October 2011, the City entered into a lease agreement for \$612,094 with Oshkosh Capital to lease a fire engine. Payments are due annually in the amount of \$97,469 on October 3, each year at an annual interest rate of 2.79%; with the lease expiring on October 3, 2019. The current balance outstanding for this lease is \$187,073.

Compensated Absences

Compensated absences consist of amounts due to employees for earned but unused vacation and sick leave balances. Compensated absences are primarily liquidated from the General Fund.

Note 9: Long-Term Liabilities (Continued)

Business-Type Activities

Water Refunding Revenue Bonds, 2005 Series A

Revenue Bonds in the amount of \$3,705,000 were issued on May 1, 2005. The Revenue Bonds were issued to (1) provide funds for the refinancing of the 1996 Installment Sale Agreement and the defeasance of \$3,585,000 of the City's 1996 Water Revenue Bond Series A; (2) establish a reserve account for the Bonds; and (3) pay the costs of issuance associated with the issuance and sale of the Bonds. The Bonds are due in annual principal installments of \$130,000 to \$205,000 through 2026. Interest rates range from 3.25% to 4.625% and interest is payable semiannually on November 1 and May 1. The 2005 Series A revenue bonds were refunded in the current year by the issuance of the 2018 Subordinate Water Revenue bonds.

Water Refunding Revenue Bonds, 2013

In May 2013, in order to take advantage of a low interest rate market and to capture economic savings, the City "currently refunded" the 2003 Water Revenue Bond Series A. The 2013 Revenue Bonds were issued to (1) provide funds for the refunding of the PFA's 2003 Water Revenue Bond Series A; (2) finance improvements to the water utility enterprise; (3) fund a deposit to a debt service reserve fund for the 2013 bonds; and (4) pay the costs of issuance associated with the issuance and sale of the Bonds. As a result of the refund, the bonds create an economic gain of \$115,782 (difference between the present values of the old and new debt service payments). The City also reduces its total debt service payments over the next 20 years by \$115,033. The Bonds are due from 2026 through 2043 in annual principal installments of \$65,000 to \$530,000. Interest rates range from 3% to 4% and interest is payable semiannually on November 1 and May 1. The total amount outstanding as of June 30, 2018, is \$6,890,000.

The Bonds are payable from and secured by net revenues on a parity basis with an existing installment payment obligation of the PFA's 2005 Installment Payment. These payments consist primarily of net revenues of the City's water system and facilities. The City has covenanted in the Installment Sale Agreement to set rates and charges for water services for its customers sufficient to provide net revenues each fiscal year equal to at least 120% of the debt service due in such fiscal year. Net revenue is determined by the gross revenues received during such period minus the amount required to pay all operation and maintenance costs becoming payable during such period. Net revenue pledged to these bonds for the current year was \$3,227,954 against debt service payments of \$256,438. Total principal and interest remaining is \$11,533,741.

Water Refunding Revenue Bonds, 2018

In January 2018, in order to take advantage of a low interest rate market and to capture economic savings, the City "currently refunded" the 2005 Water Revenue Bond Series A. The 2018 Revenue Bonds were issued to (1) provide funds for the refunding of the PFA's 2005 Water Revenue Bond Series A; (2) finance improvements to the water utility enterprise; (3) fund a deposit to a debt service reserve fund for the 2018 bonds; and (4) pay the costs of issuance associated with the issuance and sale of the Bonds. As a result of the refund, the bonds create an economic gain of \$75,235 (difference between the present values of the old and new debt service payments). The City also reduces its total debt service payments by \$393,216. The Bonds are due from 2018 through 2026 in annual principal installments of \$175,000 to \$220,000. The interest rate is 2.39% and interest is payable semiannually on May 1 and November 1. The total amount outstanding as of June 30, 2018, is \$1,620,000.

Note 10: California Joint Powers Insurance Authority Insurance Program

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Santa Fe Springs is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Note 10: California Joint Powers Insurance Authority Insurance Program (Continued)

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Santa Fe Springs participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Santa Fe Springs. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance

The City of Santa Fe Springs participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Santa Fe Springs property is currently insured according to a schedule of covered property submitted by the City of Santa Fe Springs to the Authority. City of Santa Fe Springs property currently has all-risk property insurance protection in the amount of \$102,266,566. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Note 10: California Joint Powers Insurance Authority Insurance Program (Continued)

Earthquake and Flood Insurance

The City of Santa Fe Springs purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Santa Fe Springs property currently has earthquake protection in the amount of \$45,690,288. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City of Santa Fe Springs purchases crime insurance coverage in the amount of \$5,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

Note 11: Pension Plan Obligations

a. General Information About the Pension Plan

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan for the miscellaneous employees and a cost-sharing multiple-employer public employee defined benefit pension plan for the public safety employees that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All full-time employees are eligible to participate in PERS. Part-time employees are not eligible to participate in PERS retirement system but participate in a defined contribution plan. Benefit provisions for the Plans are established by State statute's and City resolution. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 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. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 11: Pension Plan Obligations (Continued)

The Plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous Plan		
	Tier 1 *	Tier 2 *	PEPRA
Hire date	Prior to November 19, 2012	November 19, 2012 but prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Minimum retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.00%	7.00%	5.25%
Required employer contribution rates	52.787%	52.787%	52.787%

	Safety Cost-Sharing Rate Plans		
	Tier 1 *	Tier 2 *	PEPRA
Hire date	Prior to November 19, 2012	November 19, 2012 but prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Minimum retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000% to 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000%	9.000%	12.250%
Required employer contribution rates	53.222%	18.487%	12.817%

*Plan is closed to new entrants. The PEPRA plan was enacted for new members hired after January 1, 2013.

Employees Covered

As of the valuation date of June 30, 2016, the following employees were covered by the benefit terms of the Miscellaneous Plan:

Description	Number of Members
Active members	109
Transferred members	37
Terminated members	32
Retired members and beneficiaries	200
Total	378

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 11: Pension Plan Obligations (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be 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 the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the employer contributions recognized as a reduction to the net position liability for all the Plans was \$6,561,031.

b. Net Pension Liability

The net pension liability 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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and the June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

Note 11: Pension Plan Obligations (Continued)

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2007, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

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

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

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 11: Pension Plan Obligations (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0	0.80	2.27
Inflation Sensitive	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)

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

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

c. Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous Plan.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2016 (Valuation Date)	\$ 161,882,371	\$ 92,795,120	\$ 69,087,251
Changes Recognized for the Measurement Period:			
Service Cost	1,697,844	-	1,697,844
Interest on the Total Pension Liability	11,756,269	-	11,756,269
Difference between Expected and Actual Experience	(3,198,739)	-	(3,198,739)
Changes of Assumptions	9,199,362	-	9,199,362
Contributions from the Employer	-	4,174,840	(4,174,840)
Contributions from Employees	-	957,530	(957,530)
Net Investment Income	-	10,317,843	(10,317,843)
Benefit Payments including Refunds of Employee Contributions	(8,617,142)	(8,617,142)	-
Administrative Expense	-	(137,006)	137,006
Net Changes During 2015-16	10,837,594	6,696,065	4,141,529
Balance at: 6/30/2016 (Measurement Date)	\$ 172,719,965	\$ 99,491,185	\$ 73,228,780

As of June 30, 2018, the City Safety Plan reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Safety Plan	\$ 46,817,505

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 11: Pension Plan Obligations (Continued)

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Safety Plan is measured as of June 30, 2017, and the total pension liability for the Safety Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Safety Plan as of June 30, 2016 and 2017, was as follows:

Safety Cost-Sharing Plan	
	Tier 1
Proportion - June 30, 2016	0.79447%
Proportion - June 30, 2017	0.78353%
Change - Increase (Decrease)	<u>-0.01094%</u>

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

The following presents the net pension liability of the Plan's as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	6.15%	7.15%	8.15%
Miscellaneous Plan	\$ 95,008,561	\$ 73,228,780	\$ 55,115,279
Safety Plan	68,913,793	46,817,505	28,754,893
Total Net Pension Liability	\$ 163,922,354	\$ 120,046,285	\$ 83,870,172

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

For the measurement period ending June 30, 2017 (the measurement date), the City incurred a pension expense of \$7,370,221 and \$4,838,759 for the Miscellaneous and Safety Plan, respectively.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 11: Pension Plan Obligations (Continued)

As of June 30, 2018, the following were the reported deferred outflows of resources and deferred inflows of resources related to all pension plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan		
Current year contributions that occurred after the measurement date of June 30, 2017	\$ 4,669,275	\$ -
Change of Assumption	5,519,617	-
Difference between Expected and Actual Experiences	-	2,189,336
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,333,908	-
Total	11,522,800	2,189,336
Safety Plan		
Current year contributions that occurred after the measurement date of June 30, 2017	3,247,068	-
Change of Assumption	6,688,577	513,165
Difference between Expected and Actual Experiences	461,201	120,248
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,458,372	-
Adjustment due to differences in proportions	731,698	1,373,453
Difference in proportionate share	31,320	1,631,103
Total	12,618,236	3,637,969
Total All Plans	\$ 24,141,036	\$ 5,827,305

Contributions subsequent to the measurement date in the amount of \$7,916,343 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous Plan	Safety Plan	Total
2018	\$ 2,035,121	\$ 730,366	\$ 2,765,487
2019	2,811,917	3,704,580	6,516,497
2020	580,374	2,151,598	2,731,972
2021	(763,223)	(853,345)	(1,616,568)
Total	\$ 4,664,189	\$ 5,733,199	\$ 10,397,388

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 12: Post-Employment Health Care Benefits

The City provides an agent multiple employer OPEB plan to retirees through the California Employers' Retiree Benefit Trust (CERBT). Information on the plan is available from CalPERS on their website www.calpers.ca.gov.

a. Plan Description

The City contributes to the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer public employee defined postemployment benefit plan. The City provides retiree medical benefits under the PERS health plan, which provides medical insurance benefits to eligible retirees and their beneficiaries in accordance with various labor agreements. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, CA 95814.

b. Eligibility and Employees Covered

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) with 5 years or service and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at June 30, 2017, the date of the most recent actuarial valuation:

	<u>Management</u>	<u>Miscellaneous</u>	<u>Fire</u>	<u>Total</u>
Retirees and Beneficiaries				
Receiving benefits	52	103	72	227
Active plan members	29	86	53	168
Total	<u>81</u>	<u>189</u>	<u>125</u>	<u>395</u>

These amounts do not reflect current retirees not enrolled in the PERS health plan that are eligible to enroll in the plan at a later date.

c. Contributions

The City currently contributes the full Actuarially Determined Contribution (ADC) to the CERBT OPEB trust, in addition to paying benefit payments outside the trust. For the measurement date ended June 30, 2017, the City's cash contributions were \$5,223,000 in total payments, which were recognized as a reduction to the OPEB liability.

d. Investments

The CERBT was established for public agencies to pre-fund other post-employment benefit obligations. Employers may choose amount three different investment strategies. The City of Santa Fe Springs has selected Strategy 1. Compared with CERBT Strategy 2 and Strategy 3, this portfolio consists of a higher percentage of equities than bonds and other assets. The following was the investment committee approved asset allocation targets as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Global Equity	57%
U.S. Fixed Income	27
TIPS	5
REITs	8
Commodities	3
Cash	0
Total	<u>100%</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 12: Post-Employment Health Care Benefits (Continued)

e. Net OPEB Liability

The City's Net OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation dated June 30, 2017 which was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Contribution Policy	City contributes full ADC
Discount Rate	6.75%
Inflation	2.75%
Salary Increases	Aggregate - 3%
	Merit - CalPERS 1997-2015 Experience Study
Healthcare cost trend rates	Non-Medicare - 7.5 %for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality Rate	Mortality Rate projected fully generational with Scale MP-17
Mortality, Retirement, Disability, Terminations	CalPERS 1997-2015 Experience Study.

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

f. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 12: Post-Employment Health Care Benefits (Continued)

g. Changes in the Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Assets) (c) = (a) - (b)
Balance at June 30, 2017 (measurement date 6/30/16)	\$ 61,094,000	\$ 10,191,000	\$ 50,903,000
Changes recognized for the measurement period:			
Service Cost	1,042,000	-	1,042,000
Interest	4,100,000	-	4,100,000
Contributions - employer*	-	5,223,000	(5,223,000)
Net investment income	-	1,216,000	(1,216,000)
Benefit payments	(2,786,000)	(2,786,000)	-
Administrative expense	-	(6,000)	6,000
Net changes	2,356,000	3,647,000	(1,291,000)
Balance at June 30, 2018 (measurement date 6/30/17)	\$ 63,450,000	\$ 13,838,000	\$ 49,612,000

*Contributions-employer amount includes implicit subsidy associated with benefits paid.

h. Sensitivity of the Net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75 percent) or 1 percentage-point higher (7.75 percent) than the current discount rate:

	Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
Net OPEB liability (asset)	\$ 58,418,000	\$ 49,612,000	\$ 42,413,000

i. Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability, as well as what the net 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:

	Trend Rate - 1%	Trend Rate	Trend Rate +1%
Net OPEB liability (asset)	\$ 41,977,000	\$ 49,612,000	\$ 58,981,000

CITY OF SANTA FE SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Note 12: Post-Employment Health Care Benefits (Continued)

j. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions made subsequent to measurement date	\$ 4,616,000	\$ -
Net difference between projected and actual earnings on plan investments	-	357,000
Total	\$ 4,616,000	\$ 357,000

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

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2019	\$ (89,000)
2020	(89,000)
2021	(89,000)
2022	(90,000)
Total	\$ (357,000)

Note 13: Commitments and Contingencies

a. Claims

Various claims for personal injury and for property damage are pending against the City. It is the opinion of the City Attorney that any liability arising out of such claims is adequately covered under insurance agreements.

Note 14: Non-City Obligation Debt

The City issued \$2,315,000 of Heritage Springs Assessment District Improvement Bonds on August 9, 2001. The bonds are not included in the accompanying financial statements as neither the faith and credit nor the taxing powers of the City have been pledged to the payment of the obligations. The outstanding balance at June 30, 2018, is \$1,560,000.

Note 15: Subsequent Events

Management has evaluated events subsequent to June 30, 2018 through February 22, 2019, the date on which the financial statements were available for issuance. Management has determined that no subsequent events requiring disclosure have occurred.

CITY OF SANTA FE SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Note 16: Restatements of Fund Balance and Net Position

Capital Improvement – Fund Balance was restated in the amount of \$2,445,174 primarily due to revenues booked that were received outside of the City's revenue recognition period.

Water Fund – Net Position was restated in the amount of \$3,491,053 due to the implementation of Statement of Governmental Accounting Standards (GASB Statement) No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Governmental Activities – Net Position was restated in the amount of \$34,340,805 due to the implementation of Statement of Governmental Accounting Standards (GASB Statement) No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santa Fe Springs (City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. As of February 1, 2012, the City Council, by operation of law, became the Successor Agency to the Community Development Commission for the City of Santa Fe Springs (Successor Agency) in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City of \$6,434,687 are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Pursuant to AB 1484, each of the loans disclosed in Note 6 are considered "interagency loans" and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2015, subject to annual limitations, once the California Department of Finance issues a "finding of completion". A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the Commission during the fiscal year ended June 30, 2012, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission's non-housing funds. A finding of completion was issued in December 2013

Loans and Notes Receivable

The loans and notes receivable balance consists of the following:

<u>Fund</u>	<u>Balance</u>
Private-Purpose Trust Fund	
Successor Agency	\$ 61,438

The loans and notes receivable balance in the Successor Agency Fund consists of an installment note in the amount of \$61,438 relate to an advance of former Commission monies to property owners to clean up hazardous materials on private property. This note bears an interest rate of 9.0% per annum.

Capital Assets

Additions and deletions in the Successor Agency's capital assets were as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Private-Purpose Trust Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,006,722	\$ -	\$ -	\$ 5,006,722
Total Capital Assets, Not Being Depreciated	<u>\$ 5,006,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,006,722</u>

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2018:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Private-purpose activities:					
Consolidated Redevelopment					
Project tax allocation bonds:					
2006 issue	\$ 22,948,493	\$ -	\$ -	\$ 22,948,493	\$ -
Accreted Interest on					
Capital appreciation bonds	13,767,063	1,669,260	-	15,436,323	-
2007 Refunding issue	29,270,000	-	29,270,000	-	-
2016 Refunding issue	25,270,000	-	5,250,000	20,020,000	5,515,000
2017 Refunding issue	-	16,215,000	-	16,215,000	3,190,000
Issuance discounts/premiums	614,019	-	736,513	(122,494)	-
Tax increment loan from					
Los Angeles County	6,551,889	70,760	-	6,622,649	-
Advances from City	9,367,055	226,145	3,158,513	6,434,687	-
	<u>\$ 107,788,519</u>	<u>\$ 18,181,165</u>	<u>\$ 38,415,026</u>	<u>\$ 87,554,658</u>	<u>\$ 8,705,000</u>

Tax Allocation Bonds

Year Ending June 30	Principal	Interest
2019	\$ 8,705,000	\$ 603,567
2020	8,527,914	468,807
2021	7,804,209	342,051
2022	7,808,399	222,550
2023	7,830,198	96,927
2024-2028	17,999,775	32,488
2029	507,998	-
Total	<u>59,183,493</u>	<u>\$ 1,766,390</u>
Cumulative accretion interest on Capital appreciation bonds		
	<u>15,436,323</u>	
Total Principal, June 30, 2018	<u>\$ 74,619,816</u>	

*Accreted interest on capital appreciation bonds is included as capital appreciation in the debt service payment schedule.

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Consolidated Redevelopment Project 2006 Tax Allocation Bonds

In December 2006, the former Commission issued serial bonds (Series A) in the amount of \$27,658,493. Series A bonds are structured with a mix of current interest bonds and accreted interest on capital appreciation bonds. Serial bonds totaling \$4,710,000 are payable annually on each September 1 ranging from \$10,000 to \$2,195,000 through September 1, 2019. Interest is payable on September 1 and March 1 in each year at rates of 3.75% to 5.0% per annum. Capital appreciation bonds have serial maturities in 2019 through 2028 payable annually on September 1 each year with a value at maturity ranging from \$920,000 to \$11,805,000. The current interest bonds are optionally callable at par on September 1, 2016. The capital appreciation bonds are non-callable. The serial bonds were fully refunded in the current year with the issuance of the 2016 Subordinate Tax Allocation Refunding Bonds.

In December 2006, the former Commission issued serial bonds (Series B) in the amount of \$18,760,000. Series B bonds have current interest term bonds of \$5,230,000 and \$13,530,000 due September 1, 2011 and September 1, 2018, respectively. The interest rates range from 5.18% to 5.35%. The bonds are optionally callable at par on September 1, 2016. The serial bonds were fully refunded in the current year with the issuance of the 2016 Subordinate Tax Allocation Refunding Bonds.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. Upon dissolution, former tax increment revenues are deposited into the Los Angeles County Redevelopment Property Tax Trust Fund (RPTTF) and are distributed to Successor Agencies based on approved enforceable obligations. The City does not believe the dissolution bill changes the pledged nature of the former tax increment and considers all deposits to the RPTTF pledged for debt service until the full debt service obligation for the fiscal year is reached. Total amount outstanding as of June 30, 2018, is \$38,384,816 including \$15,436,323 of accreted interest.

Consolidated Redevelopment Project 2007 Tax Allocation Refunding Bonds

On June 5, 2007, in order to take advantage of a low interest rate market and to capture economic savings, the City "currently refunded," in full, its outstanding 1997 Tax Allocation Bonds and 1998 Tax Allocation Bonds and "advance refunded" a portion of the outstanding 2002 Tax Allocation Bonds. Serial bonds totaling \$43,015,000 were structured with serial maturities ranging from \$425,000 to \$5,440,000 payable annually on September 1, 2008 through September 1, 2022. Interest is payable on September 1 and March 1 in each year at rates from 4.00% in 2008 to 4.50% in 2022. The bonds are optionally callable on September 1, 2017, and thereafter at par.

The 2007 bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The 2007 bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the Commission's 2006 Tax Allocation Bonds Series A and B and the non-housing portion of the 2001 Tax Allocation Bonds. These revenues have been pledged until the year 2022. Pledged tax increment revenue for the year was \$7.6 million against total debt service payments of \$7.6 million on this bond. Payment of debt service on the 2007 bonds is further secured by a bond insurance policy issued by MBIA. Revenues are pledged against the debt service outstanding on the bonds of \$29.3 million.

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. Upon dissolution, former tax increment revenues are deposited into the Los Angeles County Redevelopment Property Tax Trust Fund (RPTTF) and are distributed to Successor Agencies based on approved enforceable obligations. The City does not believe the dissolution bill changes the pledged nature of the former tax increment and considers all deposits to the RPTTF pledged for debt service until the full debt service obligation for the fiscal year is reached. The bonds were fully refunded in the current year with the issuance of the 2017 Subordinate Tax Allocation Refunding Bonds.

2016 Subordinate Tax Allocation Refunding Bonds

In July 2016, the Successor Agency to the Community Development Commission of the City of Santa Fe Springs (the "Successor Agency") issued \$25,270,000 in 2016 Subordinate Tax Allocation Refunding Bonds to redeem and defease all amounts outstanding under the following five series of bonds issued by the former Community Development Commission of the City of Santa Fe Springs:

- \$28,845,000 original principal amount Community Development Commission of the City of Santa Fe Springs Consolidated Redevelopment Project Tax Allocation Bonds, 2001 Series A which are outstanding in the aggregate principal amount of \$13,965,000.
- \$50,915,000 original principal amount Community Development Commission of the City of Santa Fe Springs Consolidated Redevelopment Project Tax Allocation Refunding Bonds, 2002 Series A, which are outstanding in the aggregate principal amount of \$5,150,000.
- \$6,530,000 original principal amount Community Development Commission of the City of Santa Fe Springs Consolidated Redevelopment Project Taxable Tax Allocation Refunding Bonds, 2003 Series A (Housing Tax Revenues), which are outstanding in the aggregate principal amount of \$2,775,000.
- \$4,710,000 original principal amount Community Development Commission of the City of Santa Fe Springs Consolidated Redevelopment Project Tax Allocation Bonds, 2006 Series A, issued as current interest bonds, which are outstanding in the aggregate principal amount of \$2,875,000.
- \$18,760,000 original principal amount Community Development Commission of the City of Santa Fe Springs Consolidated Redevelopment Project Taxable Tax Allocation Bonds, 2006 Series B, which are outstanding in the aggregate principal amount of \$7,085,000.

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The remaining proceeds of the 2016 Bonds will be used to (i) pay the premium of a debt service reserve insurance policy for the 2016 Bonds to be issued by Assured Guaranty Municipal Corp. concurrently with the issuance of the 2016 Bonds in an amount equal to the Reserve Requirement (as hereinafter defined) and (ii) pay the costs of issuing the 2016 Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$487,390, of which the outstanding amount at June 30, 2018 is \$389,912, which is reported as a deferred outflow of resources in the accompanying financial statements and amortized over the remaining life of the refunded debt. The City completed the refunding to reduce its total debt service payments by \$5,162,328 and to obtain an economic gain (difference between the present values of the old and new debt services payments) of \$2,254,147. Interest is payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2017. The certificates mature in 2025 and principal is payable on September 1 each year, commencing September 1, 2017. Total amount outstanding as of June 30, 2018, is \$20,020,000.

2017 Subordinate Tax Allocation Refunding Bonds

In December 2017, the Successor Agency to the Community Development Commission of the City of Santa Fe Springs (the "Successor Agency") issued \$16,215,000 in 2017 Subordinate Tax Allocation Refunding Bonds to redeem and defease all amounts outstanding under the following series of bonds issued by the former Community Development Commission of the City of Santa Fe Springs:

- \$43,015,000 original principal amount Community Development Commission of the City of Santa Fe Springs Consolidated Redevelopment Project Tax Allocation Bonds, 2007 which were outstanding in the aggregate principal amount of \$29,270,000.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$146,855, of which the outstanding amount at June 30, 2018 is \$117,484, which is reported as a deferred inflow of resources in the accompanying financial statements and amortized over the remaining life of the refunded debt. The City completed the refunding to reduce its total debt service payments by \$11,239,389 and to obtain an economic gain (difference between the present values of the old and new debt services payments) of \$1,262,206. Interest is payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2018. The certificates mature in 2023 and principal is payable on September 1 each year, commencing September 1, 2018. Total amount outstanding as of June 30, 2018, is \$16,215,000.

Tax Increment Loan Payable

A loan of property tax increment was issued by the County of Los Angeles, California, to the former Washington Boulevard Redevelopment Project Debt Service Fund at a variable interest rate equivalent to the Los Angeles County Annual Treasury Pool rate as calculated annually by the County Auditor-Controller. Principal and interest payments on this loan were originally to be deferred until such time as the former Washington Boulevard Project has received a combined total of \$10,750,000 in monies from sales tax increment, as described in Note 6, and property tax increment. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency. The repayment schedule is not fixed and will be dependent upon the availability of RPTTF to be used for that purpose, subject to the approval of the Oversight Board, Los Angeles County Auditor-Controller, and California Department of Finance. Total amount outstanding as of June 30, 2018, is \$6,622,649.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Advances from the City

Advances from the City consisted of advances totaling \$6,434,687.

In September 2010, the general fund advanced \$8,846,000 to the former redevelopment agency, which was paid back to the general fund in one lump sum in March 2011 along with accrued interest of \$507,730. This lump sum payment was subsequently denied by the Department of Finance (DOF), but this advance is still allowed to be repaid in accordance with the dissolution rules for interagency loans. Interest on the advance is 3% per annum. The balance of the advance at June 30, 2018 was \$6,434,687.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$41,497,000	\$ 42,088,000	\$43,020,298	\$ 932,298
Licenses and permits	2,044,100	2,208,700	2,363,791	155,091
Intergovernmental	1,578,900	2,061,400	1,886,755	(174,645)
Charges for services	4,670,200	5,636,000	5,899,159	263,159
Interest and rentals	1,791,900	1,877,800	1,728,128	(149,672)
Fines and forfeitures	465,400	462,900	487,549	24,649
Contributions	316,100	313,500	233,869	(79,631)
Miscellaneous	1,881,000	837,300	948,079	110,779
Total Revenues	54,244,600	55,485,600	56,567,628	1,082,028
Expenditures:				
General government	3,557,500	3,706,300	3,762,228	(55,928)
Public safety	30,910,100	32,105,900	30,939,435	1,166,465
Community development	3,603,300	3,624,800	3,786,717	(161,917)
Public works	10,794,600	10,964,200	10,441,828	522,372
Culture and leisure	6,233,200	6,136,800	5,915,950	220,850
Human services	2,495,200	2,367,300	2,303,821	63,479
Capital outlay	1,990,000	539,700	341,039	198,661
Debt service:				
Principal retirement	1,286,000	1,226,800	1,133,745	93,055
Interest and fiscal charges	171,300	123,300	123,174	126
Total Expenditures	61,041,200	60,795,100	58,747,937	2,047,163
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,796,600)	(5,309,500)	(2,180,309)	3,129,191
Other Financing Sources (Uses):				
Transfers in	3,097,100	2,964,500	3,051,537	87,037
Transfers out	(440,000)	(1,484,200)	(1,484,200)	-
Total Other Financing Sources (Uses)	2,657,100	1,480,300	1,567,337	87,037
Net Change in Fund Balances	(4,139,500)	(3,829,200)	(612,972)	3,216,228
Fund Balances, Beginning of Year	38,033,363	38,033,363	38,033,363	-
Fund Balances, End of Year	\$33,893,863	\$ 34,204,163	\$37,420,391	\$ 3,216,228

CITY OF SANTA FE SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 LOW AND MODERATE INCOME HOUSING ASSETS FUND
 YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 70,000	\$ 102,000	\$ 136,898	\$ 34,898
Miscellaneous	-	-	192	192
Total Revenues:	70,000	102,000	137,090	35,090
Expenditures				
Community development	230,000	240,000	131,384	108,616
Total Expenditures	230,000	240,000	131,384	108,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,000)	(138,000)	5,706	143,706
Other Financing Sources (Uses):				
Transfers in	440,000	631,700	631,700	-
Total Other Financing Sources (Uses)	440,000	631,700	631,700	-
Net Change in Fund Balances	280,000	493,700	637,406	143,706
Fund Balances, Beginning of Year	10,275,695	10,275,695	10,275,695	-
Fund Balances, End of Year	\$ 10,555,695	\$ 10,769,395	\$ 10,913,101	\$ 143,706

CITY OF SANTA FE SPRINGS

MISCELLANEOUS PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service Cost	\$ 1,578,729	\$ 1,544,341	\$ 1,501,984	\$ 1,697,844
Interest	11,142,267	11,550,084	11,766,386	11,756,269
Difference between expected and actual experience	-	714,618	(1,620,555)	(3,198,739)
Changes in assumptions	-	(2,672,769)	-	9,199,362
Benefit payments, including refunds of employee contributions	(8,292,893)	(8,362,515)	(8,887,931)	(8,617,142)
Net Change in Total Pension Liability	\$ 4,428,103	\$ 2,773,759	\$ 2,759,884	\$ 10,837,594
Total Pension Liability - Beginning	151,920,625	156,348,728	159,122,487	161,882,371
Total Pension Liability - Ending (a)	\$ 156,348,728	\$ 159,122,487	\$ 161,882,371	\$ 172,719,965
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 2,513,465	\$ 3,368,960	\$ 3,728,926	\$ 4,174,840
Contribution - Employee	1,210,652	945,614	932,924	957,530
Net investment income	14,964,552	2,213,275	500,787	10,317,843
Benefit payments, including refunds of employee contributions	(8,292,893)	(8,362,515)	(8,887,931)	(8,617,142)
Administrative expense	-	(108,707)	(58,860)	(137,006)
Net Change in Fiduciary Net Position	\$ 10,395,776	\$ (1,943,373)	\$ (3,784,154)	\$ 6,696,065
Plan Fiduciary Net Position - Beginning	88,126,871	98,522,647	96,579,274	92,795,120
Plan Fiduciary Net Position - Ending (b)	\$ 98,522,647	\$ 96,579,274	\$ 92,795,120	\$ 99,491,185
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 57,826,081	\$ 62,543,213	\$ 69,087,251	\$ 73,228,780
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.01%	60.69%	57.32%	57.60%
Covered Payroll	\$ 8,979,508	\$ 9,086,236	\$ 9,040,284	\$ 9,696,909
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	643.98%	688.33%	764.22%	755.18%

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

Notes to Schedule:

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

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

CITY OF SANTA FE SPRINGS

MISCELLANEOUS PLAN
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 3,554,823	\$ 3,728,926	\$ 4,174,840	\$ 4,669,275
Contribution in Relation to the Actuarially Determined Contribution	(3,554,823)	(3,728,926)	(4,174,840)	(4,669,275)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 9,086,236	\$ 9,040,284	\$ 9,696,909	\$ 8,771,632
Contributions as a Percentage of Covered Payroll	39.12%	41.25%	43.05%	53.23%

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

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
Inflation	2.75%
Salary Increases	3.30% to 14.20%
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF SANTA FE SPRINGS

**COST SHARING SAFETY PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2018**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Plan				
Plan's Proportion of the Net Pension Liability	0.42398%	0.46759%	0.47552%	0.47208%
Plan's Proportionate Share of the Net Pension Liability	\$ 26,382,020	\$ 32,094,633	\$ 41,147,225	\$ 46,817,505
Plan's Covered Payroll	\$ 6,188,907	\$ 6,502,095	\$ 6,843,585	\$ 6,971,540
Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	426.28%	493.60%	601.25%	671.55%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%

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

Notes to Schedule:

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

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

CITY OF SANTA FE SPRINGS

**COST SHARING SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, 2018**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Safety Plan				
Actuarially Determined Contribution	\$ 1,892,765	\$ 1,166,499	\$ 2,887,172	\$ 3,247,068
Contribution in Relation to the Actuarially Determined Contribution	(1,892,765)	(1,166,499)	(2,887,172)	(3,247,068)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 6,502,095	\$ 6,843,585	\$ 6,971,540	\$ 6,994,713
Contributions as a Percentage of Covered Payroll	29.11%	17.05%	41.41%	46.42%

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

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method/period	Level percent payroll/closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20%
Payroll growth	3.00%
Investment rate of return	7.15% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society.
Mortality	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF SANTA FE SPRINGS

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 1,042,000
Interest on the total OPEB liability	4,100,000
Benefit payments	(2,786,000)
Net change in total OPEB liability	<u>2,356,000</u>
Total OPEB liability - beginning	<u>61,094,000</u>
Total OPEB liability - ending (a)	<u>\$ 63,450,000</u>
Plan Fiduciary Net Position	
Contribution - employer	\$ 5,223,000
Net investment income	1,216,000
Benefit payments	(2,786,000)
Administrative expense	(6,000)
Net change in plan fiduciary net position	<u>3,647,000</u>
Plan fiduciary net position - beginning	<u>10,191,000</u>
Plan fiduciary net position - ending (b)	<u>\$ 13,838,000</u>
Net OPEB Liability/(Assets) - ending (a) - (b)	<u>\$ 49,612,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.81%
Covered-employee payroll	\$ 18,626,195
Net OPEB liability as a percentage of covered-employee payroll	266.36%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Changes in assumptions:

There were no changes of assumptions.

CITY OF SANTA FE SPRINGS

**SCHEDULE OF CONTRIBUTIONS - OPEB
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2018
Actuarially Determined Contribution	\$ 4,737,000
Contribution in Relation to the Actuarially Determined Contributions	(4,616,000)
Contribution Deficiency (Excess)	<u>\$ 121,000</u>
Covered-employee payroll	\$ 19,257,018
Contributions as a percentage of covered payroll	24.60%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method	Level percent of pay
Amortization period	Average 20-year fixed period for 2017/18
Asset valuation method	Investment gains/losses spread over 5-year rolling period
Discount rate	Select & Ultimate; 6.70% in 2015/16, 6.98% in 2016/17, 7.25% in 2017/18+
General inflation	2.75%
Medical Trend	Non-Medicare - 6.5% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years. Medicare - 6.7% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years.
Mortality	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2014, modified to converge to ultimate improvement rates in 2022.

CITY OF SANTA FE SPRINGS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

Budgetary Comparison Information

a. Summary of Budgetary Policies

The budget is prepared by the City Manager in accordance with City Code Section 31.13 and is legally adopted by the City Council. The budget includes activities for the General Fund.

Budgets for capital projects funds are not presented because they are budgeted on a project life basis. Revisions to the originally adopted budget were made during the year and have been incorporated into the budgetary amounts presented within the financial statements.

The basis for budgeting in the General Fund and Special Revenue Funds is substantially consistent with generally accepted accounting principles, except that payments made on financing leases are recorded as functional expenditures. The lease agreements are not budgeted as a financing source and the acquisition price of the acquired asset is not budgeted as an expenditure.

The legal level of control is considered to be at the fund level since management can reassign resources within a fund without special approval from City Council.

The budget is formally integrated into the accounting system and employed as a management control tool during the year. At fiscal year-end, unexpended appropriations lapse, with the exception of capital improvements. All appropriations for capital improvements are carried forward until such time as the project is completed or terminated by action of the City Council.

b. The following funds do not have a legally adopted budget:

Heritage Springs Street Maintenance District
Business License Surcharge
Community Development Block Grant Program Income Fund
Narcotics Forfeitures/Seizures
Transportation Center Expansion Parking Lot Fund
Heritage Art Education Endowment Fund

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor governmental funds are reported in the other governmental funds column of the governmental funds financial statements and include the following:

SPECIAL REVENUE FUNDS

State Gas Tax

This fund is used to account for gasoline taxes received under Sections 2105, 2106, 2107 and 2107.5 of the Street and Highways Code. These funds are utilized solely for street related purposes such as new construction, rehabilitation, or maintenance.

County Transit Tax

This fund is used to account for the City's share of an additional one-half percent sales tax, which was approved by the electorate in November 1980, restricted to financing transportation projects. This fund is also used to account for the City's share of an additional one-half percent sales tax, which was approved by the electorate in November 1990, restricted to financing transit projects within the City.

Street Lighting Maintenance District

This fund is used to account for revenues received and costs incurred for street lighting services in selected areas within the City. Funds are derived from property-related assessments collected by the County. Financing for the district is provided by assessing areas of benefit under the 1972 Lighting and Maintenance District Act.

Heritage Springs Street Maintenance District

This fund is used to account for revenues received and costs incurred for street maintenance and repair services in selected areas within the City. Funds are derived from property-related assessments collected by the County. Financing for the district is provided by assessing areas of benefit under the 1913 Municipal Improvement Act.

Art in Public Places

This fund is used to account for Heritage Artwork Program fees imposed upon new development at one percent of the building permit valuation for the purpose of increasing public art and providing art educational programs.

Business License Surcharge

This fund is used to account for state mandated \$1 surcharge applied to all business licenses issued in the City. Under SB 1186 the revenue is restricted for Certified Access Specialists (CASp) programs, assisting businesses to become Americans with Disabilities Act (ADA) compliant and developing tools to help educate the businesses community on expanding ADA access.

Air Quality Improvement

This fund is used to account for additional motor vehicle registration fees imposed by the South Coast Air Quality Management District to finance the implementation of mobile source emission reduction programs and the provisions of the California Clean Air Act.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Community Development Block Grant

This fund is used to account for expenditures funded by the Community Development Block Grant Program authorized by Title I of the Housing and Community Development Act of 1974 for the purpose of developing viable urban communities, including decent housing and suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

Fire Grants

This fund is used to account for various federal and state grants administered by the Department of Fire-Rescue which provide funding for labor, operating, and capital expenditures.

Public Safety Augmentation

This fund is used to account for the City's share of the one-half percent sales tax, which was approved by the electorate in November of 1993. The proceeds are earmarked exclusively for public safety purposes.

Supplemental Law Enforcement Services

This fund is used to account for a State of California block grant providing for community oriented policing programs. The funds are to be spent on new programs supporting "front-line" law enforcement activities.

Community Development Block Grant Program Income

This fund is used to account for the receipt of repayments received by the City from loans funded by the Community Development Block Grant program. These funds may be retained by the City but must be expended under the Community Development Block Grant program.

Narcotics Forfeitures/Seizures

This fund is used to account for assets received for direct local law enforcement participation in investigations or prosecutions resulting in a forfeiture.

Transportation Center Expansion Parking Lot Fund

This fund is used to account for lease income from City of Norwalk for the vacant parcel at the Transportation Center that is being developed. The fund is being earmarked for transportation purposes.

PERMANENT FUND

Heritage Art Education Endowment Fund

This fund is used to account for an endowment held by the City to be used for the purpose of providing art education programs.

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CITY OF SANTA FE SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

Special Revenue Funds

	State Gas Tax	County Transit Tax	Street Lighting Maintenance District	Heritage Springs Street Maintenance District
Assets:				
Pooled cash and investments	\$ 148,117	\$ 1,985,755	\$ 131,736	\$ 183,007
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	38,768	5,021	11,006	-
Total Assets	\$ 186,885	\$ 1,990,776	\$ 142,742	\$ 183,007
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	35,378	-	-	-
Total Liabilities	35,378	-	-	-
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	151,507	1,990,776	142,742	183,007
Art in public places	-	-	-	-
Total Fund Balances	151,507	1,990,776	142,742	183,007
Total Liabilities and Fund Balances	\$ 186,885	\$ 1,990,776	\$ 142,742	\$ 183,007

CITY OF SANTA FE SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	Art in Public Places	Business License Surcharge	Air Quality Improvement	Community Development Block Grant
Assets:				
Pooled cash and investments	\$ 1,122,488	\$ 23,148	\$ 120,151	\$ -
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	-	-	6,022	13,502
Total Assets	\$ 1,122,488	\$ 23,148	\$ 126,173	\$ 13,502
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,248
Accrued liabilities	-	-	-	821
Deposits payable	-	8,255	-	-
Due to other governments	-	79	-	-
Due to other funds	-	-	-	7,433
Total Liabilities	-	8,334	-	13,502
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	14,814	-	-
Public safety	-	-	-	-
Public works	-	-	126,173	-
Art in public places	1,122,488	-	-	-
Total Fund Balances	1,122,488	14,814	126,173	-
Total Liabilities and Fund Balances	\$ 1,122,488	\$ 23,148	\$ 126,173	\$ 13,502

CITY OF SANTA FE SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
	Fire Grants	Public Safety Augmentation	Supplemental Law Enforcement Services	Community Development Block Grant Program Income
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 623	\$ -
Receivables:				
Notes and loans	-	-	-	19,250
Due from other governments	319,645	33,250	48,747	-
Total Assets	\$ 319,645	\$ 33,250	\$ 49,370	\$ 19,250
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	7,355	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	312,290	33,250	-	-
Total Liabilities	319,645	33,250	-	-
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	19,250
Public safety	-	-	49,370	-
Public works	-	-	-	-
Art in public places	-	-	-	-
Total Fund Balances	-	-	49,370	19,250
Total Liabilities and Fund Balances	\$ 319,645	\$ 33,250	\$ 49,370	\$ 19,250

CITY OF SANTA FE SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Narcotics Forfeitures/ Seizures	Transportation Center Expansion Parking Lot Fund	Heritage Art Education Endowment Fund	
Assets:				
Pooled cash and investments	\$ 17,466	\$ 14,000	\$ 433,803	\$ 4,180,294
Receivables:				
Notes and loans	-	-	-	19,250
Due from other governments	-	-	-	475,961
Total Assets	\$ 17,466	\$ 14,000	\$ 433,803	\$ 4,675,505
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,248
Accrued liabilities	-	-	-	8,176
Deposits payable	-	-	-	8,255
Due to other governments	-	-	-	79
Due to other funds	-	-	-	388,351
Total Liabilities	-	-	-	410,109
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	244,676	244,676
Restricted for:				
Community development projects	-	14,000	-	48,064
Public safety	17,466	-	-	66,836
Public works	-	-	-	2,594,205
Art in public places	-	-	189,127	1,311,615
Total Fund Balances	17,466	14,000	433,803	4,265,396
Total Liabilities and Fund Balances	\$ 17,466	\$ 14,000	\$ 433,803	\$ 4,675,505

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	State Gas Tax	County Transit Tax	Street Lighting Maintenance District	Heritage Springs Street Maintenance District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	496,051	1,037,973	194,285	-
Interest and rentals	1,893	24,579	1,421	-
Contributions	-	-	-	-
Miscellaneous	-	5,021	-	-
Total Revenues	497,944	1,067,573	195,706	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and leisure	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	497,944	1,067,573	195,706	-
Other Financing Sources (Uses):				
Transfers out	(472,200)	(728,690)	(183,000)	-
Total Other Financing Sources (Uses)	(472,200)	(728,690)	(183,000)	-
Net Change in Fund Balances	25,744	338,883	12,706	-
Fund Balances:				
Beginning of year	125,763	1,651,893	130,036	183,007
End of Year	\$ 151,507	\$ 1,990,776	\$ 142,742	\$ 183,007

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Art in Public Places</u>	<u>Business License Surcharge</u>	<u>Air Quality Improvement</u>	<u>Community Development Block Grant</u>
Revenues:				
Taxes	\$ -	\$ 2,761	\$ -	\$ -
Intergovernmental	-	-	6,022	22,070
Interest and rentals	14,868	-	1,409	-
Contributions	377,167	-	-	-
Miscellaneous	-	-	11,482	-
Total Revenues	392,035	2,761	18,913	22,070
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	5,970
Culture and leisure	-	-	-	16,100
Total Expenditures	-	-	-	22,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	392,035	2,761	18,913	-
Other Financing Sources (Uses):				
Transfers out	(442,946)	-	-	-
Total Other Financing Sources (Uses)	(442,946)	-	-	-
Net Change in Fund Balances	(50,911)	2,761	18,913	-
Fund Balances:				
Beginning of year	1,173,399	12,053	107,260	-
End of Year	\$ 1,122,488	\$ 14,814	\$ 126,173	\$ -

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	Fire Grants	Public Safety Augmentation	Supplemental Law Enforcement Services	Community Development Block Grant Program Income
Revenues:				
Taxes	\$ -	\$ 188,139	\$ -	\$ -
Intergovernmental	464,014	-	148,747	-
Interest and rentals	-	-	940	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	464,014	188,139	149,687	-
Expenditures:				
Current:				
Public safety	464,014	-	-	-
Public works	-	-	-	-
Culture and leisure	-	-	-	-
Total Expenditures	464,014	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	188,139	149,687	-
Other Financing Sources (Uses):				
Transfers out	-	(188,139)	(139,985)	-
Total Other Financing Sources (Uses)	-	(188,139)	(139,985)	-
Net Change in Fund Balances	-	-	9,702	-
Fund Balances:				
Beginning of year	-	-	39,668	19,250
End of Year	\$ -	\$ -	\$ 49,370	\$ 19,250

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Narcotics Forfeitures/ Seizures	Transportation Center Expansion Parking Lot Fund	Heritage Art Education Endowment Fund	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 190,900
Intergovernmental	-	-	-	2,369,162
Interest and rentals	223	14,000	5,523	64,856
Contributions	-	-	-	377,167
Miscellaneous	-	-	-	16,503
Total Revenues	223	14,000	5,523	3,018,588
Expenditures:				
Current:				
Public safety	-	-	-	464,014
Public works	-	-	-	5,970
Culture and leisure	-	-	-	16,100
Total Expenditures	-	-	-	486,084
Excess (Deficiency) of Revenues Over (Under) Expenditures	223	14,000	5,523	2,532,504
Other Financing Sources (Uses):				
Transfers out	-	-	-	(2,154,960)
Total Other Financing Sources (Uses)	-	-	-	(2,154,960)
Net Change in Fund Balances	223	14,000	5,523	377,544
Fund Balances:				
Beginning of year	17,243	-	428,280	3,887,852
End of Year	\$ 17,466	\$ 14,000	\$ 433,803	\$ 4,265,396

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 368,200	\$ 504,700	\$ 496,051	\$ (8,649)
Interest and rentals	-	-	1,893	1,893
Total Revenues:	368,200	504,700	497,944	(6,756)
Other Financing Sources (Uses):				
Transfers out	(368,200)	(368,200)	(472,200)	(104,000)
Total Other Financing Sources (Uses)	(368,200)	(368,200)	(472,200)	(104,000)
Net Change in Fund Balances	-	136,500	25,744	(110,756)
Fund Balances, Beginning of Year	125,763	125,763	125,763	-
Fund Balances, End of Year	\$ 125,763	\$ 262,263	\$ 151,507	\$ (110,756)

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 COUNTY TRANSIT TAX
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 805,600	\$ 998,600	\$ 1,037,973	\$ 39,373
Use of money and property	-	21,400	24,579	3,179
Miscellaneous	-	-	5,021	5,021
Total Revenues:	805,600	1,020,000	1,067,573	47,573
Other Financing Sources (Uses):				
Transfers out	(514,300)	(458,800)	(728,690)	(269,890)
Total Other Financing Sources (Uses)	(514,300)	(458,800)	(728,690)	(269,890)
Net Change in Fund Balances	291,300	561,200	338,883	(222,317)
Fund Balances, Beginning of Year	1,651,893	1,651,893	1,651,893	-
Fund Balances, End of Year	\$ 1,943,193	\$ 2,213,093	\$ 1,990,776	\$ (222,317)

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 183,000	\$ 191,000	\$ 194,285	\$ 3,285
Use of money and property	-	-	1,421	1,421
Total Revenues:	183,000	191,000	195,706	4,706
Other Financing Sources (Uses):				
Transfers out	(183,000)	(183,000)	(183,000)	-
Total Other Financing Sources (Uses)	(183,000)	(183,000)	(183,000)	-
Net Change in Fund Balances	-	8,000	12,706	4,706
Fund Balances, Beginning of Year	130,036	130,036	130,036	-
Fund Balances, End of Year	\$ 130,036	\$ 138,036	\$ 142,742	\$ 4,706

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 ART IN PUBLIC PLACES
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest and rentals	\$ -	\$ -	\$ 14,868	\$ 14,868
Contributions	125,000	278,000	377,167	99,167
Total Revenues:	125,000	278,000	392,035	114,035
Other Financing Sources (Uses):				
Transfers out	(461,500)	(478,700)	(442,946)	35,754
Total Other Financing Sources (Uses)	(461,500)	(478,700)	(442,946)	35,754
Net Change in Fund Balances	(336,500)	(200,700)	(50,911)	149,789
Fund Balances, Beginning of Year	1,173,399	1,173,399	1,173,399	-
Fund Balances, End of Year	\$ 836,899	\$ 972,699	\$ 1,122,488	\$ 149,789

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 22,700	\$ 22,700	\$ 6,022	\$ (16,678)
Interest and rentals	-	-	1,409	1,409
Miscellaneous	-	-	11,482	11,482
Total Revenues:	22,700	22,700	18,913	(3,787)
Net Change in Fund Balances	22,700	22,700	18,913	(3,787)
Fund Balances, Beginning of Year	107,260	107,260	107,260	-
Fund Balances, End of Year	\$ 129,960	\$ 129,960	\$ 126,173	\$ (3,787)

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 16,500	\$ 16,500	\$ 22,070	\$ 5,570
Total Revenues:	16,500	16,500	22,070	5,570
Expenditures				
Parks and recreation	-	-	5,970	(5,970)
Culture and leisure	16,500	16,500	16,100	400
Total Expenditures	16,500	16,500	22,070	(5,570)
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 FIRE GRANTS
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 586,800	\$ 464,014	\$ (122,786)
Total Revenues:	-	586,800	464,014	(122,786)
Expenditures				
Public safety	220,000	586,800	464,014	122,786
Total Expenditures	220,000	586,800	464,014	122,786
Fund Balances, End of Year	\$ (220,000)	\$ -	\$ -	\$ -

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PUBLIC SAFETY AUGMENTATION
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 168,800	\$ 179,500	\$ 188,139	\$ 8,639
Total Revenues:	168,800	179,500	188,139	8,639
Other Financing Sources (Uses):				
Transfers out	(168,800)	(179,500)	(188,139)	(8,639)
Total Other Financing Sources (Uses)	(168,800)	(179,500)	(188,139)	(8,639)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT SERVICES
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,400	\$ 148,747	\$ 48,347
Interest and rentals	-	-	940	940
Total Revenues:	100,000	100,400	149,687	49,287
Other Financing Sources (Uses):				
Transfers out	(100,000)	(140,000)	(139,985)	15
Total Other Financing Sources (Uses)	(100,000)	(140,000)	(139,985)	15
Net Change in Fund Balances	-	(39,600)	9,702	49,302
Fund Balances, Beginning of Year	39,668	39,668	39,668	-
Fund Balances, End of Year	\$ 39,668	\$ 68	\$ 49,370	\$ 49,302

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The resources of fiduciary funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

AGENCY FUNDS

Assessment Districts Fund

This fund is used to account for special assessments received by the City as agent for payment of special assessment district bonds.

Community Facilities Assessment Districts Fund

This fund is used to account for special assessments received by the City as agent for payment of community facilities district debt and expenses.

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2018

	<u>Assessment Districts</u>	<u>Community Facilities Assessment Districts</u>	<u>Totals</u>
Assets:			
Pooled cash and investments	\$ 407,246	\$ 36,495	\$ 443,741
Receivables:			
Accounts	-	6,332	6,332
Due from other governments	-	24,763	24,763
Restricted assets:			
Cash and investments with fiscal agents	209,082	-	209,082
Total Assets	<u>\$ 616,328</u>	<u>\$ 67,590</u>	<u>\$ 683,918</u>
Liabilities:			
Deposits payable	\$ 616,328	\$ 67,590	\$ 683,918
Total Liabilities	<u>\$ 616,328</u>	<u>\$ 67,590</u>	<u>\$ 683,918</u>

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<u>Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 244,264	\$ 212,578	\$ 49,596	\$ 407,246
Restricted assets:				
Cash and investments with fiscal agents	328,081	1,097	120,096	209,082
Total Assets	<u>\$ 572,345</u>	<u>\$ 213,675</u>	<u>\$ 169,692</u>	<u>\$ 616,328</u>
Liabilities:				
Deposits payable	\$ 572,345	\$ 92,482	\$ 48,499	\$ 616,328
Total Liabilities	<u>\$ 572,345</u>	<u>\$ 92,482</u>	<u>\$ 48,499</u>	<u>\$ 616,328</u>
<u>Community Facilities Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 61,258	\$ -	\$ 24,763	\$ 36,495
Receivables:				
Accounts	6,332	-	-	6,332
Due from other governments	-	24,763	-	24,763
Total Assets	<u>\$ 67,590</u>	<u>\$ 24,763</u>	<u>\$ 24,763</u>	<u>\$ 67,590</u>
Liabilities:				
Deposits payable	\$ 67,590	\$ -	\$ -	\$ 67,590
Total Liabilities	<u>\$ 67,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,590</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 305,522	\$ 212,578	\$ 74,359	\$ 443,741
Receivables:				
Accounts	6,332	-	-	6,332
Due from other governments	-	24,763	-	24,763
Restricted assets:				
Cash and investments with fiscal agents	328,081	1,097	120,096	209,082
Total Assets	<u>\$ 639,935</u>	<u>\$ 238,438</u>	<u>\$ 194,455</u>	<u>\$ 683,918</u>
Liabilities:				
Deposits payable	\$ 639,935	\$ 92,482	\$ 48,499	\$ 683,918
Total Liabilities	<u>\$ 639,935</u>	<u>\$ 92,482</u>	<u>\$ 48,499</u>	<u>\$ 683,918</u>

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

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CITY OF SANTA FE SPRINGS
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities:					
Net investment in capital assets	\$ 89,373,619	\$ 80,697,495	\$ 73,525,440	\$ 141,935,739	\$ 159,461,487
Restricted	7,643,082	8,867,118	10,414,337	9,077,534	9,905,210
Unrestricted	6,730,597	2,627,357	12,973,592	24,344,782	27,007,854
Total governmental activities net position	<u>\$ 103,747,298</u>	<u>\$ 92,191,970</u>	<u>\$ 96,913,369</u>	<u>\$ 175,358,055</u>	<u>\$ 196,374,551</u>
Business-type activities:					
Net investment in capital assets	\$ 12,659,705	\$ 13,780,267	\$ 11,835,708	\$ 12,353,517	\$ 15,742,624
Restricted	-	-	-	-	-
Unrestricted	2,074,635	(636,433)	521,782	1,060,256	3,375,412
Total business-type activities net position	<u>\$ 14,734,340</u>	<u>\$ 13,143,834</u>	<u>\$ 12,357,490</u>	<u>\$ 13,413,773</u>	<u>\$ 19,118,036</u>
Primary government:					
Net investment in capital assets	\$ 102,033,324	\$ 94,477,762	\$ 85,361,148	\$ 154,289,256	\$ 175,204,111
Restricted	7,643,082	8,867,118	10,414,337	9,077,534	9,905,210
Unrestricted	8,805,232	1,990,924	13,495,374	25,405,038	30,383,266
Total primary government net position	<u>\$ 118,481,638</u>	<u>\$ 105,335,804</u>	<u>\$ 109,270,859</u>	<u>\$ 188,771,828</u>	<u>\$ 215,492,587</u>

Source: City of Santa Fe Springs Finance and Administrative Services Department

CITY OF SANTA FE SPRINGS
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Continued)

Fiscal Year				
2014	2015	2016	2017	2018
\$ 163,745,920	\$ 163,742,164	\$ 159,942,690	\$ 158,121,201	\$ 156,001,364
9,651,144	29,208,112	32,373,440	33,145,221	32,820,873
37,672,916	(50,143,910)	(49,235,190)	(52,203,681)	(90,543,090)
<u>\$ 211,069,980</u>	<u>\$ 142,806,366</u>	<u>\$ 143,080,940</u>	<u>\$ 139,062,741</u>	<u>\$ 98,279,147</u>
\$ 16,386,459	\$ 15,541,573	\$ 17,182,873	\$ 17,533,898	\$ 18,890,862
-	-	-	817,087	536,194
3,952,242	(2,072,299)	(728,889)	331,570	(1,190,788)
<u>\$ 20,338,701</u>	<u>\$ 13,469,274</u>	<u>\$ 16,453,984</u>	<u>\$ 18,682,555</u>	<u>\$ 18,236,268</u>
\$ 180,132,379	\$ 179,283,737	\$ 177,125,563	\$ 175,655,099	\$ 174,892,226
9,651,144	29,208,112	32,373,440	33,962,308	33,357,067
41,625,158	(52,216,209)	(49,964,079)	(51,872,111)	(91,733,878)
<u>\$ 231,408,681</u>	<u>\$ 156,275,640</u>	<u>\$ 159,534,924</u>	<u>\$ 157,745,296</u>	<u>\$ 116,515,415</u>

CITY OF SANTA FE SPRINGS
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses:					
Governmental activities:					
General government	\$ 4,182,328	\$ 3,438,268	\$ 2,163,896	\$ 3,883,766	\$ 5,773,716
Public safety	27,819,575	27,580,109	26,383,489	27,242,545	28,371,664
Community development	20,631,199	30,950,225	20,666,314	13,832,431	3,420,343
Public works	7,169,870	6,711,824	10,044,324	8,874,948	22,545,319
Culture and leisure	7,856,203	12,002,498	8,229,998	8,480,678	7,916,483
Human services	4,128,929	3,468,839	2,919,442	2,929,811	2,664,800
Unallocated depreciation	61,695	21,617	62,365	17,182,873	64,246
Interest on long-term liabilities	8,087,433	7,911,796	7,249,129	(728,889)	343,881
Total governmental activities expenses	<u>79,937,232</u>	<u>92,085,176</u>	<u>77,718,957</u>	<u>81,698,163</u>	<u>71,100,452</u>
Business-type activities:					
Water utility	<u>9,455,272</u>	<u>9,080,895</u>	<u>9,737,232</u>	<u>10,028,948</u>	<u>9,738,082</u>
Total primary government expenses	<u>89,392,504</u>	<u>101,166,071</u>	<u>87,456,189</u>	<u>91,727,111</u>	<u>80,838,534</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	1,137,500	732,638	686,006	717,021	746,832
Public safety	2,924,531	2,870,405	2,773,032	2,801,311	2,792,442
Community development	3,048,561	3,758,049	3,859,883	3,137,047	4,018,338
Public works	455,206	291,322	308,852	336,955	260,835
Culture and leisure	934,448	1,082,696	466,019	443,425	636,462
Human services	653,585	721,334	654,912	641,003	579,073
Operating grants and contributions	3,249,259	5,188,053	5,172,057	6,100,535	4,714,266
Capital grants and contributions	1,843,328	2,978,733	4,851,876	6,016,364	36,562,363
Total governmental activities program revenues	<u>14,246,418</u>	<u>17,623,230</u>	<u>18,772,637</u>	<u>20,193,661</u>	<u>50,310,611</u>
Business-type activities:					
Charges for services:					
Water utility	9,221,517	9,168,719	9,852,607	11,748,391	13,063,973
Capital grants and contributions	<u>176,868</u>	<u>26,667</u>	<u>223,673</u>	<u>914,585</u>	<u>4,002,420</u>
Total business-type activities program revenues	<u>9,398,385</u>	<u>9,195,386</u>	<u>10,076,280</u>	<u>12,662,976</u>	<u>17,066,393</u>
Total primary government program revenues	<u>23,644,803</u>	<u>26,818,616</u>	<u>28,848,917</u>	<u>32,856,637</u>	<u>67,377,004</u>
Net revenues (expenses):					
Governmental activities	(65,690,814)	(74,461,946)	(58,946,320)	(61,504,502)	(20,789,841)
Business-type activities	(56,887)	114,491	339,048	2,634,028	7,328,311
Total net revenues (expenses)	<u>(65,747,701)</u>	<u>(74,347,455)</u>	<u>(58,607,272)</u>	<u>(58,870,474)</u>	<u>(13,461,530)</u>

CITY OF SANTA FE SPRINGS
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Continued)

Fiscal Year				
2014	2015	2016	2017	2018
\$ 5,941,165	\$ 5,614,730	\$ 5,692,938	\$ 6,910,410	\$ 4,251,432
25,903,765	28,215,907	31,438,552	31,961,957	34,034,478
4,050,792	3,794,506	4,020,001	4,347,313	4,116,962
16,997,746	14,269,841	9,510,398	9,160,460	17,219,492
7,690,481	7,681,363	8,103,268	9,185,643	6,982,622
2,881,556	3,133,900	3,326,615	3,190,530	2,790,840
-	-	-	-	-
213,286	239,719	207,917	160,610	121,322
63,678,791	62,949,966	62,299,689	64,916,923	69,517,148
10,781,780	10,911,725	10,056,785	10,437,631	11,192,617
74,460,571	73,861,691	72,356,474	75,354,554	80,709,765
2,027,076	1,975,162	2,067,142	2,474,664	2,038,573
2,937,252	2,985,378	3,485,203	3,191,717	3,561,042
2,460,571	1,953,691	2,558,688	2,577,415	1,723,739
756,730	753,510	824,258	791,941	1,046,597
556,566	533,242	516,907	609,553	453,369
522,881	520,428	450,564	409,783	311,394
3,405,177	2,090,135	2,414,716	2,313,540	5,261,361
18,887,861	6,801,309	596,380	708,569	3,883,123
31,554,114	17,612,855	12,913,858	13,077,182	18,279,198
13,139,026	12,252,452	11,445,171	12,760,330	13,491,332
632,638	111,777	796,442	762,739	-
13,771,664	12,364,229	12,241,613	13,523,069	13,491,332
45,325,778	29,977,084	25,155,471	26,600,251	31,770,530
(32,124,677)	(45,337,111)	(49,385,831)	(51,839,741)	(51,237,950)
2,989,884	1,452,504	2,184,828	3,085,438	2,298,715
(29,134,793)	(43,884,607)	(47,201,003)	(48,754,303)	(48,939,235)

CITY OF SANTA FE SPRINGS
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales and use taxes	\$ 23,237,402	\$ 19,214,299	\$ 20,254,386	\$ 22,868,333	\$ 23,655,903
Property taxes	33,478,543	34,470,314	33,167,105	11,386,328	3,150,294
Franchise taxes	2,857,707	2,524,816	2,553,493	2,499,668	2,443,761
Motor vehicle in lieu tax - general purpose	1,505,277	1,569,001	1,574,226	1,519,877	1,542,531
Business operations taxes	805,857	783,107	775,506	771,766	778,483
Utility users taxes	-	-	1,023,863	4,342,780	6,095,190
Other taxes	723,819	576,767	570,792	518,095	890,344
Investment income	3,006,525	1,699,361	2,380,810	1,988,650	1,384,050
Other	391,132	356,634	236,254	3,425,588	1,413,449
Gain (Loss) on disposal of asset	-	-	-	-	-
Transfers to Successor Agency	-	-	-	-	(1,181,525)
Transfers	1,297,241	1,712,319	1,131,284	1,582,575	1,633,857
Special item	-	-	-	-	-
Extraordinary gain	-	-	-	76,845,362	-
Total governmental activities	<u>67,303,503</u>	<u>62,906,618</u>	<u>63,667,719</u>	<u>127,749,022</u>	<u>41,806,337</u>
Business-type activities:					
Investment income	79,642	7,322	5,892	4,830	9,809
Other	-	-	-	-	-
Transfers	(1,297,241)	(1,712,319)	(1,131,284)	(1,582,575)	(1,633,857)
Total business-type activities	<u>(1,217,599)</u>	<u>(1,704,997)</u>	<u>(1,125,392)</u>	<u>(1,577,745)</u>	<u>(1,624,048)</u>
Total primary government	<u>66,085,904</u>	<u>61,201,621</u>	<u>62,542,327</u>	<u>126,171,277</u>	<u>40,182,289</u>
Changes in Net Position:					
Governmental activities	1,612,689	(11,555,328)	4,721,399	66,244,520	21,016,496
Business-type activities	(1,274,486)	(1,590,506)	(786,344)	1,056,283	5,704,263
Total primary government	<u>\$ 338,203</u>	<u>\$ (13,145,834)</u>	<u>\$ 3,935,055</u>	<u>\$ 67,300,803</u>	<u>\$ 26,720,759</u>

Source: City of Santa Fe Springs Finance and Administrative Services Department

CITY OF SANTA FE SPRINGS
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Continued)

Fiscal Year				
2014	2015	2016	2017	2018
\$ 26,096,479	\$ 26,432,547	\$ 25,518,717	\$ 25,076,235	\$ 26,093,872
3,601,771	4,088,687	3,425,637	3,949,731	4,130,663
2,779,357	2,978,360	3,034,652	2,915,926	3,180,671
1,595,953	1,686,499	1,716,181	1,767,500	1,863,969
768,575	780,747	801,658	807,702	789,379
6,634,353	6,836,360	6,669,155	6,406,684	6,523,816
416,269	567,503	531,045	522,091	628,828
1,416,003	1,440,422	1,807,176	1,874,492	2,189,573
2,216,285	2,692,622	2,988,717	2,269,170	675,977
42,312	-	-	7,318	-
-	-	-	-	-
1,597,099	1,224,700	1,073,642	1,168,892	1,163,587
-	-	-	1,055,801	-
(2,249,862)	19,954,190	-	-	-
<u>44,914,594</u>	<u>68,682,637</u>	<u>47,566,580</u>	<u>47,821,542</u>	<u>47,240,335</u>
11,929	15,849	27,006	62,836	118,561
107,631	240,554	156,955	249,189	1,791,077
(1,597,099)	(1,224,700)	(1,073,642)	(1,168,892)	(1,163,587)
<u>(1,477,539)</u>	<u>(968,297)</u>	<u>(889,681)</u>	<u>(856,867)</u>	<u>746,051</u>
<u>43,437,055</u>	<u>67,714,340</u>	<u>46,676,899</u>	<u>46,964,675</u>	<u>47,986,386</u>
12,789,917	23,345,526	(1,819,251)	(4,018,199)	(3,997,615)
1,512,345	484,207	1,295,147	2,228,571	3,044,766
<u>\$ 14,302,262</u>	<u>\$ 23,829,733</u>	<u>\$ (524,104)</u>	<u>\$ (1,789,628)</u>	<u>\$ (952,849)</u>

CITY OF SANTA FE SPRINGS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year		
	2009	2010	
General fund:			
Reserved	\$ 15,279,818	\$ 15,789,234	
Unreserved	11,632,731	7,821,085	
Total general fund	<u>\$ 26,912,549</u>	<u>\$ 23,610,319</u>	
All other governmental funds:			
Reserved	\$ 46,410,455	\$ 53,512,156	
Unreserved, reported in:			
Special revenue funds	1,955,895	1,514,867	
Debt service funds	(1,679,353)	(1,954,284)	
Capital project funds	44,588,079	22,540,869	
Total all other governmental funds	<u>\$ 91,275,076</u>	<u>\$ 75,613,608</u>	
	2011*	2012	2013
General fund:			
Nonspendable	\$ 6,028,152	\$ 6,047,653	\$ 5,224,843
Restricted	1,326,532	181,532	-
Committed	1,455,318	1,455,318	225,000
Assigned	-	-	9,337,498
Unassigned	16,439,102	23,978,015	15,744,237
Total general fund	<u>\$ 25,249,104</u>	<u>\$ 31,662,518</u>	<u>\$ 30,531,578</u>
All other governmental funds:			
Nonspendable	\$ 9,148,250	\$ 7,634,198	1,018,291
Restricted	68,588,092	4,401,519	8,894,627
Assigned	-	-	4,579,545
Unassigned	(5,724,815)	(1,621,191)	-
Total all other governmental funds	<u>\$ 72,011,527</u>	<u>\$ 10,414,526</u>	<u>\$ 14,492,463</u>

* Since fiscal year 2011, the City has implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved

In fiscal year 2013, the City elected to separately report employee benefits and equipment replacement activities as internal service funds, which were previously reported in the general fund. Periods reported prior to fiscal year 2013 have not been restated to reflect this change.

Source: City of Santa Fe Springs Finance and Administrative Services Department

CITY OF SANTA FE SPRINGS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Continued)

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
5,585,494	\$ 4,753,064	\$ 12,721,050	\$ 11,441,321	7,809,238
98,801	98,821	322,843	869,331	1,070,451
225,000	225,000	225,000	225,000	225,000
-	2,399,700	630,000	3,629,664	6,585,155
<u>18,583,574</u>	<u>20,027,817</u>	<u>21,301,702</u>	<u>21,868,047</u>	<u>21,730,547</u>
<u>24,492,869</u>	<u>\$ 27,504,402</u>	<u>\$ 35,200,595</u>	<u>\$ 38,033,363</u>	<u>37,420,391</u>
5,688,704	4,330,950	-	-	244,676
3,863,639	25,059,379	32,050,597	32,275,890	31,750,422
7,794,387	9,480,556	15,036,492	14,316,725	13,256,233
(40,661)	(16,968)	(13,040)	(13,413)	(3,913,948)
<u>\$ 17,306,069</u>	<u>\$ 38,853,917</u>	<u>\$ 47,074,049</u>	<u>\$ 46,579,202</u>	<u>\$ 41,337,383</u>

CITY OF SANTA FE SPRINGS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012 *	2013
Revenues:					
Taxes	\$ 61,103,328	\$ 57,569,302	\$ 58,310,307	\$ 42,294,544	\$ 36,999,332
Licenses and permits	1,524,535	2,115,081	1,867,845	2,102,755	2,969,902
Fines, forfeitures and seizures	529,748	503,749	465,360	428,472	344,325
Interest and rentals	4,062,816	2,745,752	2,321,749	1,995,506	1,398,990
From other agencies	5,641,140	9,270,391	10,644,890	12,349,659	35,766,822
Charges for current services	5,212,477	5,365,282	5,292,591	5,031,896	4,965,080
Other	2,178,637	1,194,374	1,573,488	4,532,497	3,907,821
Total revenues	<u>80,252,681</u>	<u>78,763,931</u>	<u>80,476,230</u>	<u>68,735,329</u>	<u>86,352,272</u>
Expenditures:					
Current:					
General government	3,381,651	2,718,500	1,670,047	3,826,155	5,629,632
Public safety	26,691,447	26,459,351	25,439,776	33,199,540	25,846,858
Community development	18,917,170	29,453,154	19,344,105	13,434,645	3,346,701
Public works	4,503,733	4,413,626	7,563,987	5,966,489	4,240,659
Culture and leisure	7,507,153	6,886,004	7,295,141	7,604,051	7,130,910
Human services	3,905,691	3,238,862	2,731,901	2,790,524	2,481,419
Capital outlay	5,271,884	12,913,273	3,719,878	4,498,772	32,091,957
Loss on sale of property	-	-	-	-	-
Debt service:					
Interest	7,022,705	6,801,175	6,081,574	3,042,465	310,664
Principal retirement	6,587,336	6,962,183	7,178,400	7,295,987	789,060
Bond issuance costs	-	-	-	119,993	-
Total expenditures	<u>83,788,770</u>	<u>99,846,128</u>	<u>81,024,809</u>	<u>81,778,621</u>	<u>81,867,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,536,089)</u>	<u>(21,082,197)</u>	<u>(548,579)</u>	<u>(13,043,292)</u>	<u>4,484,412</u>
Other financing sources (uses):					
Proceeds (loss) from sale of assets	80,445	(64,538)	9,924	23,496	50,662
Lease purchase agreements	-	-	-	-	-
Loan issuance	826,931	470,718	596,075	-	-
Bond issuance	-	-	-	7,759,094	-
Payment to refunded bond escrow agent	-	-	-	-	-
Contributions from successor agency	-	-	-	995,421	(1,181,525)
Transfer to private-purpose trust fund	-	-	-	-	-
Transfers in	14,613,933	14,483,825	23,360,976	22,577,622	6,600,367
Transfers out	(13,316,692)	(12,771,506)	(22,229,692)	(20,995,047)	(5,642,617)
Total other financing sources (uses)	<u>2,204,617</u>	<u>2,118,499</u>	<u>1,737,283</u>	<u>10,360,586</u>	<u>(173,113)</u>
Special item	-	-	-	-	-
Extraordinary loss	-	-	-	(52,500,881)	-
Net change in fund balances	<u>\$ (1,331,472)</u>	<u>\$ (18,963,698)</u>	<u>\$ 1,188,704</u>	<u>\$ (55,183,587)</u>	<u>\$ 4,311,299</u>
Debt service as a percentage of noncapital expenditures	17.2%	15.8%	17.2%	13.5%	2.2%

* During the fiscal year 2011-2012, the City issued pension obligation bonds in the amount of \$7.1 million. The related payment to the PERS Safety Plan of \$7.0 million is included in the public safety function expenditures.

In fiscal year 2013, the City elected to separately report employee benefits and equipment replacement activities as internal service funds, which were previously reported in the general fund. Periods reported prior to fiscal year 2013 have not been restated to reflect this change.

Source: City of Santa Fe Springs Finance and Administrative Services Department

CITY OF SANTA FE SPRINGS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Continued)

		Fiscal Year							
		2014	2015	2016	2017	2018			
\$	40,296,804	\$	41,684,204	\$	39,980,864	\$	39,678,369	\$	43,211,198
	2,747,847		2,206,324		2,536,719		2,750,708		2,363,791
	491,503		529,250		515,632		492,313		487,549
	1,416,003		1,440,422		1,807,176		1,874,492		2,189,573
	23,165,769		11,054,345		5,257,715		5,357,852		4,640,275
	5,147,329		5,250,369		6,078,535		5,798,869		5,899,159
	2,493,091		2,855,254		3,146,736		2,464,110		1,671,228
	<u>75,758,346</u>		<u>65,020,168</u>		<u>59,323,377</u>		<u>58,416,713</u>		<u>60,462,773</u>
	5,064,465		5,483,276		5,449,398		6,282,824		3,795,998
	25,203,933		26,968,072		28,407,173		29,775,257		31,403,449
	3,991,264		3,755,596		3,876,256		4,214,838		3,935,033
	4,456,233		4,591,234		4,553,769		4,687,638		10,447,798
	6,974,428		6,995,907		7,337,952		8,356,661		5,932,050
	2,579,037		2,798,407		3,022,969		2,885,022		2,303,821
	21,383,923		9,745,411		2,621,810		4,208,654		5,960,909
	-		-		-		-		-
	278,854		240,815		209,663		162,419		123,174
	983,524		1,045,658		988,940		1,059,310		1,133,745
	<u>70,915,661</u>		<u>61,624,376</u>		<u>56,467,930</u>		<u>61,632,623</u>		<u>65,035,977</u>
	<u>4,842,685</u>		<u>3,395,792</u>		<u>2,855,447</u>		<u>(3,215,910)</u>		<u>(4,573,204)</u>
	42,312		25,000		34,954		7,318		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		100,238		48,465		-		-
	-		(20,000)		-		-		-
	8,805,993		6,524,301		8,616,801		6,879,579		4,902,747
	<u>(10,517,883)</u>		<u>(4,749,901)</u>		<u>(8,753,473)</u>		<u>(2,388,867)</u>		<u>(3,739,160)</u>
	<u>(1,669,578)</u>		<u>1,879,638</u>		<u>(53,253)</u>		<u>4,498,030</u>		<u>1,163,587</u>
	-		-		-		1,055,801		-
	<u>(8,408,716)</u>		<u>19,954,190</u>		<u>-</u>		<u>-</u>		<u>-</u>
\$	<u>(5,235,609)</u>	\$	<u>25,229,620</u>	\$	<u>2,802,194</u>	\$	<u>2,337,921</u>	\$	<u>(3,409,617)</u>
	2.1%		2.2%		2.2%		2.1%		2.1%

CITY OF SANTA FE SPRINGS
Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (In thousands of dollars)

<u>Fiscal Year</u>	<u>Secured Property</u>	<u>Unsecured Property</u>	<u>Less Property Exemptions</u>	<u>Grand Total</u>	<u>Homeowner's Exemption</u>	<u>Net Taxable Value</u>	<u>Total Direct Tax Rate</u>
2009	4,948,146	966,130	49,046	5,865,230	15,606	5,849,624	0.077%
2010	5,085,904	1,014,688	55,391	6,045,201	15,452	6,029,749	0.077%
2011	5,092,022	961,737	51,456	6,002,303	15,271	5,987,032	0.077%
2012	5,164,916	943,242	65,907	6,042,251	15,124	6,027,127	0.077%
2013	5,299,330	963,433	56,513	6,206,250	15,072	6,191,178	0.077%
2014	5,491,905	964,947	67,488	6,389,364	15,020	6,374,344	0.077%
2015	5,819,662	1,002,581	67,730	6,754,513	15,194	6,739,319	0.077%
2016	5,954,556	993,740	88,515	6,859,781	15,058	6,844,723	0.077%
2017	6,101,589	1,054,534	80,496	7,075,627	14,805	7,060,822	0.077%
2018	6,463,463	1,061,430	70,198	7,454,696	14,547	7,440,148	0.077%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Muniservices LLC
 Los Angeles County, Assessor

CITY OF SANTA FE SPRINGS
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Per \$100 of Assessed Value)

Fiscal Year	Basic 1% Direct Tax Rate		Override Assessments					Total
	City of Santa Fe Springs	Los Angeles County	Elementary Schools	Los Angeles County	Rio Hondo Community College District	Whittier Union High School District	Metro. Water District	
2009	0.077	0.923	0.074	0.000	0.023	0.037	0.004	1.138
2010	0.077	0.923	0.073	0.000	0.027	0.042	0.004	1.146
2011	0.077	0.923	0.076	0.000	0.034	0.042	0.004	1.156
2012	0.077	0.923	0.053	0.000	0.034	0.043	0.004	1.134
2013	0.077	0.923	0.069	0.000	0.028	0.046	0.004	1.147
2014	0.077	0.923	0.085	0.000	0.029	0.045	0.004	1.163
2015	0.077	0.923	0.080	0.000	0.028	0.053	0.004	1.165
2016	0.077	0.923	0.065	0.000	0.027	0.051	0.004	1.147
2017	0.077	0.923	0.075	0.000	0.028	0.060	0.004	1.167
2018	0.077	0.923	0.079	0.000	0.027	0.058	0.004	1.168

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% general levy, Los Angeles County, elementary school districts, Rio Hondo College District, Whittier Union High School District, and Metropolitan Water District all have levied direct assessments in addition to the 1.00%

Source: MuniServices, LLC
 Los Angeles County Auditor/Controller data

Rates are not adjusted for ERAF

CITY OF SANTA FE SPRINGS
Principal Property Tax Payers
Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>FY 2017-18</u>		<u>FY 2008-09</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
Golden Springs DEV	\$ 309,153,097	4.15%	\$ 256,924,076	4.23%
Breitburn Operating LP	163,522,864	2.20%	94,411,149	1.55%
Teachers Insurance Annuity Association	150,216,327	2.02%	67,386,669	1.11%
PPF Industrial 12016 Telegraph	135,019,369	1.81%	31,589,258	0.52%
Vons Companies Inc.	124,163,044	1.67%	39,416,257	0.65%
McMaster Carr Supply Company	83,253,585	1.12%	63,714,280	1.05%
Sdco Sfs Logistics Cnter Inc.	63,495,000	0.85%		
AMB U.s. Logistics Fund LP	56,299,240	0.76%	140,081,198	2.30%
Freeway Springs LLC	51,233,688	0.69%		
Catellus Finance 1 LLC	44,156,251	0.59%	113,078,868	1.86%
Centro Watt Property Owner Ii	41,506,854	0.56%	37,787,357	0.62%
Bloomfield Commerce Center Cor	40,823,485	0.55%	36,024,602	0.59%
Shaw Industries	40,133,839	0.54%		
Rexford Industrial Realty LP	39,402,840	0.53%		
Maruichi American Corporation	39,361,272	0.53%	44,646,740	0.73%
Mckesson Property Company Inc.	38,699,557	0.52%		
Heraeus Metal Processing Inc.	38,495,042	0.52%	45,609,702	0.75%
Carmenita Plaza LLC	37,359,975	0.50%	26,356,270	0.43%
Prologis Logistics Services	36,294,837	0.49%	37,269,000	0.61%
Goodman Santa Fe Springs Spe L	36,091,890	0.48%		
14141 Alondra LP	34,736,203	0.47%		
CFH-ENVP LTD. Ptnshp	34,280,846	0.46%	30,053,642	0.49%
Western B West Ca LLC	32,232,000	0.43%		
Pr Mid-Counties LLC	30,237,486	0.41%		
U.S. Corrugated Of Los Angeles	28,520,604	0.38%		
Legacy Partners II Santa Fe			96,809,218	1.59%
Villages At Heritage Springs			65,408,038	1.08%
Northwestern Mutual Life			49,186,990	0.81%
Hathaway Properties			44,039,230	0.72%
Doug Fir LLC			35,820,934	0.59%
Shaw Diversified Services Inc.			32,986,031	0.54%
NNN SFS Towne Center LLC			32,801,936	0.54%
Denver Data One LLC			30,691,800	0.50%
Oltmans Investment Company			29,291,491	0.48%
Prudential Insurance Co Of			26,692,313	0.44%
	<u>\$ 1,728,689,195</u>	<u>23.22%</u>	<u>\$ 1,508,077,049</u>	<u>24.81%</u>

NOTE:

The amounts shown above include assessed value data for both the City and Redevelopment Agency

Source: Los Angeles County Assessor data, MuniServices, LLC

CITY OF SANTA FE SPRINGS
Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	33,582,847	32,268,027	96.08%	2,576	32,270,603	96.09%
2010	35,553,303	33,444,853	94.07%	3,442	33,448,295	94.08%
2011	33,855,534	33,082,969	97.72%	2,344	33,085,313	97.72%
2012	30,577,401	29,841,895	97.59%	-	29,841,895	97.59%
2013	31,385,138	30,858,535	98.32%	-	30,858,535	98.32%
2014	33,546,785	33,210,254	99.00%	-	33,210,254	99.00%
2015	35,511,774	35,217,986	99.17%	-	35,217,986	99.17%
2016	34,092,546	33,826,245	99.22%	-	33,826,245	99.22%
2017	34,802,722	34,524,691	99.20%	-	34,524,691	99.20%
2018	37,721,588	36,571,390	96.95%	-	36,571,390	96.95%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies

The City receives limited information from Los Angeles County in relation to tax levies and collections. The City was unable to obtain further detail from Los Angeles County regarding the collections in excess of the levy amount after 2011.

Source: City of Santa Fe Springs
 Muniservices LLC
 Los Angeles County, Auditor-Controller

CITY OF SANTA FE SPRINGS
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
	Loans	Tax Allocation Bonds	Pension Obligation Bonds	Capitalized Lease Obligations	Total Governmental Activities	Revenue Bonds			
2009	11,938,543	140,121,585	-	35,815	152,095,943	7,456,728	159,552,671	47.72%	8,972
2010	11,717,893	135,078,706	-	-	146,796,599	7,282,040	154,078,639	45.05%	8,695
2011	8,910,568	129,859,479	-	-	138,770,047	7,102,352	145,872,399	43.51%	8,868
2012 ²	802,216	-	7,091,000	612,094	8,505,310	6,917,664	15,422,974	4.81%	934
2013 ²	503,156	-	6,601,000	612,094	7,716,250	9,282,194	16,998,444	5.11%	1,011
2014 ²	257,024	-	5,944,000	531,702	6,732,726	9,231,693	15,964,419	4.81%	966
2015 ²	-	-	5,238,000	449,068	5,687,068	9,069,544	14,756,612	3.93%	837
2016 ²	-	-	4,334,000	364,128	4,698,128	8,902,394	13,600,522	3.49%	737
2017 ²	-	-	3,362,000	276,819	3,638,819	8,725,243	12,364,062	3.06%	676
2018 ²	-	-	2,318,000	693,218	3,011,218	6,746,795	9,758,013	2.26%	532

NOTES:

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

¹ These ratios are calculated using personal income and population for the prior calendar year.

² Loans and Tax Allocation Bonds related to the dissolved redevelopment agency were transferred to the Successor Agency and are reported in the private purpose trust fund as of July 1, 2011.

Prior year data has been adjusted for updated personal income information obtained after the 2010 Census.

Source: City of Santa Fe Springs Department of Finance and Administrative Services

CITY OF SANTA FE SPRINGS
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value¹	Per Capita
	Tax Allocation Bonds	Pension Obligation Bonds	Total General Bonded Debt		
2009	140,121,585	-	140,121,585	2.40%	7,879
2010	135,078,706	-	135,078,706	2.24%	7,623
2011	129,859,479	-	129,859,479	2.17%	7,894
2012 ²	-	7,091,000	7,091,000	0.12%	429
2013 ²	-	6,601,000	6,601,000	0.11%	393
2014 ²	-	5,944,000	5,944,000	0.09%	360
2015 ²	-	5,238,000	5,238,000	0.08%	297
2016 ²	-	4,334,000	4,334,000	0.06%	235
2017 ²		3,362,000	3,362,000	0.05%	184
2018 ²		2,318,000	2,318,000	0.03%	126

NOTE:

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

² Tax Allocation Bonds related to the dissolved redevelopment agency were transferred to the Successor Agency and are reported in the private purpose trust fund.

Source: City of Santa Fe Springs Finance and Administrative Services Department

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CITY OF SANTA FE SPRINGS
Direct and Overlapping Debt
June 30, 2018

2017-18 Assessed Valuation: \$7,460,804,329

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/18	% Applicable (1)	City's Share of Debt 6/30/18
Metropolitan Water District	\$ 60,600,000	0.272%	\$ 164,832
Cerritos Community College District	324,355,987	4.628	15,011,195
Rio Hondo Community College District	148,207,824	14.626	21,676,876
Whittier Union High School District	117,263,592	22.891	26,842,809
ABC Unified School District	29,034,045	2.816	817,599
Norwalk-La Mirada Unified School District	192,977,971	13.679	26,397,457
Little Lake City School District	39,509,901	58.310	23,038,223
Los Nietos School District	31,950,132	68.537	21,897,662
South Whittier School District	24,116,813	45.696	11,020,419
Whittier City School District	69,115,000	0.444	306,871
City of Santa Fe Springs Heritage Springs Assessment District	1,560,000	100.	1,560,000
Los Angeles County Regional Park and Open Space Assessment District	26,575,000	0.524	<u>139,253</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$148,873,196
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$1,921,992,404	0.524%	\$10,071,240
Los Angeles County Superintendent of Schools Certificates of Participation	6,500,306	0.524	34,062
Norwalk-La Mirada Unified School District Certificates of Participation	2,770,165	13.679	378,931
Whittier City School District Certificates of Participation	9,915,000	0.444	44,023
City of Santa Fe Springs Pension Obligation Bonds	2,318,000	100.	2,318,000
City of Santa Fe Springs Capital Lease Obligations	693,218	100.	693,218
Los Angeles County Sanitation District No. 18 Authority	6,431,464	18.917	<u>1,216,640</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$14,756,114
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	 \$59,183,493	 100. %	 \$59,183,493
 TOTAL DIRECT DEBT			 \$3,011,218
TOTAL OVERLAPPING DEBT			\$219,801,585
 COMBINED TOTAL DEBT			 \$222,812,803 (2)

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.00%
Total Direct Debt (\$3,011,218).....	0.04%
Combined Total Debt	2.99%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,925,015,835):

Total Overlapping Tax Increment Debt	1.51%
--	-------

Source: Avenu Insights & Analytics

CITY OF SANTA FE SPRINGS
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2009	2010	2011	2012
Assessed valuation	\$ 5,865,229,569	\$ 6,045,200,975	\$ 6,002,303,665	\$ 6,042,251,000
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 1,466,307,392	\$ 1,511,300,244	\$ 1,500,575,916	\$ 1,510,562,750
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 219,946,109	\$ 226,695,037	\$ 225,086,387	\$ 226,584,413
Total net debt applicable to the limit:				
General obligation bonds ¹				7,091,000
Legal Debt Margin	<u>\$ 219,946,109</u>	<u>\$ 226,695,037</u>	<u>\$ 225,086,387</u>	<u>\$ 219,493,413</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

NOTE:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with Fiscal Year 1981-82, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

¹The City issued pension obligation bonds during Fiscal Year 2011-12

Source: City of Santa Fe Springs Finance and Administrative Services Department
Los Angeles County, Auditor-Controller

CITY OF SANTA FE SPRINGS
Legal Debt Margin Information
Last Ten Fiscal Years
(Continued)

	Fiscal Year Ended June 30			
	2013	2014	2015	2016
Assessed valuation	\$ 6,206,250,000	\$ 6,389,364,000	\$ 6,754,513,000	\$ 6,874,971,507
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 1,551,562,500	\$ 1,597,341,000	\$ 1,688,628,250	\$ 1,718,742,877
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 232,734,375	\$ 239,601,150	\$ 253,294,238	\$ 257,811,432
Total net debt applicable to the limit:				
General obligation bonds ¹	<u>6,601,000</u>	<u>5,944,000</u>	<u>5,238,000</u>	<u>4,334,000</u>
Legal Debt Margin	<u>\$ 226,133,375</u>	<u>\$ 233,657,150</u>	<u>\$ 248,056,238</u>	<u>\$ 253,477,432</u>
Total debt applicable to the limit as a percentage of debt limit	2.8%	2.5%	2.1%	1.7%

NOTE:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with Fiscal Year 1981-82, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

¹The City issued pension obligation bonds during Fiscal Year 2011-12

Source: City of Santa Fe Springs Finance and Administrative Services Department
Los Angeles County, Auditor-Controller

CITY OF SANTA FE SPRINGS
Legal Debt Margin Information
 Last Ten Fiscal Years
 (Continued)

	Fiscal Year Ended June 30	
	2017	2018
Assessed valuation	\$ 7,078,133,887	7,446,116,929
Conversion percentage	25%	25%
Adjusted assessed valuation	\$ 1,769,533,472	1,861,529,232
Debt limit percentage	15%	15%
Debt limit	\$ 265,430,021	279,229,385
Total net debt applicable to the limit:		
General obligation bonds ¹	<u>3,362,000</u>	<u>2,318,000</u>
Legal Debt Margin	<u>\$ 262,068,021</u>	<u>276,911,385</u>
Total debt applicable to the limit as a percentage of debt limit	1.3%	0.8%

NOTE:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with Fiscal Year 1981-82, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

¹The City issued pension obligation bonds during Fiscal Year 2011-12

Source: City of Santa Fe Springs Finance and Administrative Services Department
 Los Angeles County, Auditor-Controller

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CITY OF SANTA FE SPRINGS
Pledged-Revenue Coverage
 Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2009	9,301,159	8,308,715	992,444	175,000	373,576	1.81
2010	9,176,041	7,916,630	1,259,411	185,000	367,928	2.28
2011	9,858,499	8,570,700	1,287,799	190,000	362,907	2.33
2012	11,753,221	8,865,034	2,888,187	195,000	356,307	5.24
2013	13,063,973	8,604,389	4,459,584	200,000	338,298	8.28
2014	13,879,295	9,453,643	4,425,652	155,000	319,342	9.33
2015	12,604,783	9,674,355	2,930,428	165,000	373,579	5.44
2016	12,398,568	9,210,440	3,188,128	170,000	365,329	5.96
2017	13,772,258	9,488,599	4,283,659	180,000	356,830	7.98
2018	15,282,409	10,181,577	5,100,832	180,000	347,800	9.66

NOTE:

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 expenses.

¹The tax allocation bonds were transferred to the private purpose trust fund during Fiscal Year 2011-12 as a result of the dissolution of redevelopment agencies

Source: City of Santa Fe Springs Finance and Administrative Services Department

CITY OF SANTA FE SPRINGS
Pledged-Revenue Coverage
 Last Ten Fiscal Years
 (continued)

Fiscal Year	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2009	31,542,884	6,000,000	5,588,855	2.72
2010	32,484,836	6,235,000	5,348,548	2.80
2011	31,340,825	6,465,000	5,071,797	2.72
2012 ¹	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-

NOTE:

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 expenses.

¹The tax allocation bonds were transferred to the private purpose trust fund during Fiscal Year 2011-12 as a result of the dissolution of redevelopment agencies

Source: City of Santa Fe Springs Finance and Administrative Services Department

CITY OF SANTA FE SPRINGS
Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2009	17,784	334,332	18,800	6.2%
2010	17,721	342,015	19,300	9.7%
2011	16,450	335,251	20,380	10.6%
2012	16,516	320,960	19,433	9.2%
2013	16,816	332,410	19,767	9.1%
2014	16,524	331,945	20,089	8.2%
2015	17,627	375,077	21,279	8.4%
2016	18,459	389,558	21,104	8.0%
2017	18,291	404,312	22,104	6.2%
2018	18,335	431,061	23,510	2.2%

NOTE:

The data for prior years has been adjusted based on currently available data.

Sources: Population - State of California, Department of Finance
 Income Data is provided by the United States Census Data and is adjusted for inflation.
 Unemployment Rate - State of California, Employment Development Department

CITY OF SANTA FE SPRINGS
Principal Employers
 Current Year and Ten Years Ago

<u>Employer</u>	<u>FY 2017-18</u>		<u>FY 2008-09</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees *</u>	<u>Percent of Total Employment *</u>
McMaster Carr Supply Company	729	1.17%	646	1.58%
L. A. Specialty Produce Company	560	0.90%	383	0.94%
Fashtion Nova, Inc.	400	0.64%		
Southern Wine and Spirits	396	0.63%		
Trojan Battery Company LLC	383	0.61%	381	0.93%
Shaw Diversified Services, Inc.	312	0.50%	429	1.05%
Damco Distribution Services, Inc.	300	0.48%		
Wismettac Asian Foods	293	0.47%		
S and E Pipe Construction	290	0.46%		
Phillops Industries, Inc.	290	0.46%		
The Vons Companies, Inc.			840	2.05%
Vance and Hines, Inc.			336	0.82%
Motran Services, Inc.			321	0.78%
L.C. Special Markets, Inc.			298	0.73%
Presto Food Products, Inc.			288	0.70%
Superior Super Warehouse			271	0.66%
	<u>3,953</u>	<u>5.17%</u>	<u>4,193</u>	<u>10.24%</u>

NOTE:

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

Source: City of Santa Fe Springs Finance and Administrative Services Department

CITY OF SANTA FE SPRINGS
Full-time and Part-time City Employees by Function
 Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government	49	41	39	38	36	37	39	38	38	37
Public Safety	94	84	87	72	68	79	83	83	76	73
Public Works	66	61	56	50	50	57	54	56	58	57
Planning and Community Development	23	21	19	7	4	4	6	7	7	6
Community Services - Administration	3	0	0	0	1	1	1	4	4	4
Community Services - Parks and Recreation	118	94	103	88	64	75	88	88	106	108
Community Services - Library Services	40	24	23	23	16	14	17	22	20	22
Community Services - Human Services	<u>65</u>	<u>46</u>	<u>40</u>	<u>42</u>	<u>41</u>	<u>48</u>	<u>48</u>	<u>54</u>	<u>50</u>	<u>39</u>
Total	<u>458</u>	<u>371</u>	<u>367</u>	<u>320</u>	<u>280</u>	<u>315</u>	<u>336</u>	<u>352</u>	<u>359</u>	<u>346</u>

Source: City of Santa Fe Springs Finance and Administrative Services Department

**CITY OF SANTA FE SPRINGS
Operating Indicators by Function
Last Ten Fiscal Years**

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire:										
Number of emergency calls	2,963	3,027	2,945	2,963	3,166	3,260	3,439	3,928	3,961	3,835
Inspections	2,519	2,573	2,645	2,255	3,793	2,864	3,325	2,428	1,702	1,598
Public works:										
Street resurfacing (miles)	1.5	2	2.5	2	3	5	3	1.5	1	2
Parks and recreation:										
Number of recreation classes	413	401	412	362	289	425	368	335	309	393
**Number of facility rentals	1,302	1,196	1,259	2,710	2,536	2,605	3,038	3,822	3,791	4,323
Human services:										
Children served in the City's childcare centers	489	463	426	371	306	296	286	807	1,006	266
Number of facility rentals	971	452	73 *	42 *	51 *	528	333	305	536	878
Water:										
Average daily consumption (thousands of gallons)	5,873	5,526	5,593	5,743	5,915	5,197	5,207	5,580	5,073	5,615

NOTES:

* Reflective of the limited availability of the Neighborhood Center due to construction.

**Numbers were modified from 2011 and on to include all facility rentals (i.e. parks, meeting rooms, fields, Clake Estate, Social Hall, Heritage Park, etc.)

*** This number has reduced significantly due to no longer partnering with Child care for summer camp.

Source: City of Santa Fe Springs

CITY OF SANTA FE SPRINGS
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire:										
Fire stations *	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	110	110	110	110	110	110	110	110	110	110
Traffic signals	71	75	75	75	75	75	75	81	81	81
Streetlights	2,407	2,960	2,960	2,960	2,960	2,960	2,960	3,174	3,140	3,140
Parks and recreation:										
**Parks/Fields	10	10	10	10	11	11	11	11	11	11
**Community services facilities	6	6	6	6	6	4	4	4	4	4
Human services:										
Child care centers	3	3	3	3	3	3	3	3	3	3
Community services facilities	1	1	1	1	2	2	1	1	1	1
Library Services:										
Library facilities	2	2	2	2	2	2	2	2	2	2
Water:										
Water mains (miles)	91	107	107	107	107	107	107	108	108	108
Number of service connections	6,203	6,308	6,368	6,332	6,156	6,150	6,330	6,335	6,402	6,509

NOTES:

* For a portion of FY 2012-13 (August 2012 - April 2013) there were three (3) operating fire stations.

**Numbers were modified to include all City fields and additional facilities not captured elsewhere on this report.

Source: City of Santa Fe Springs