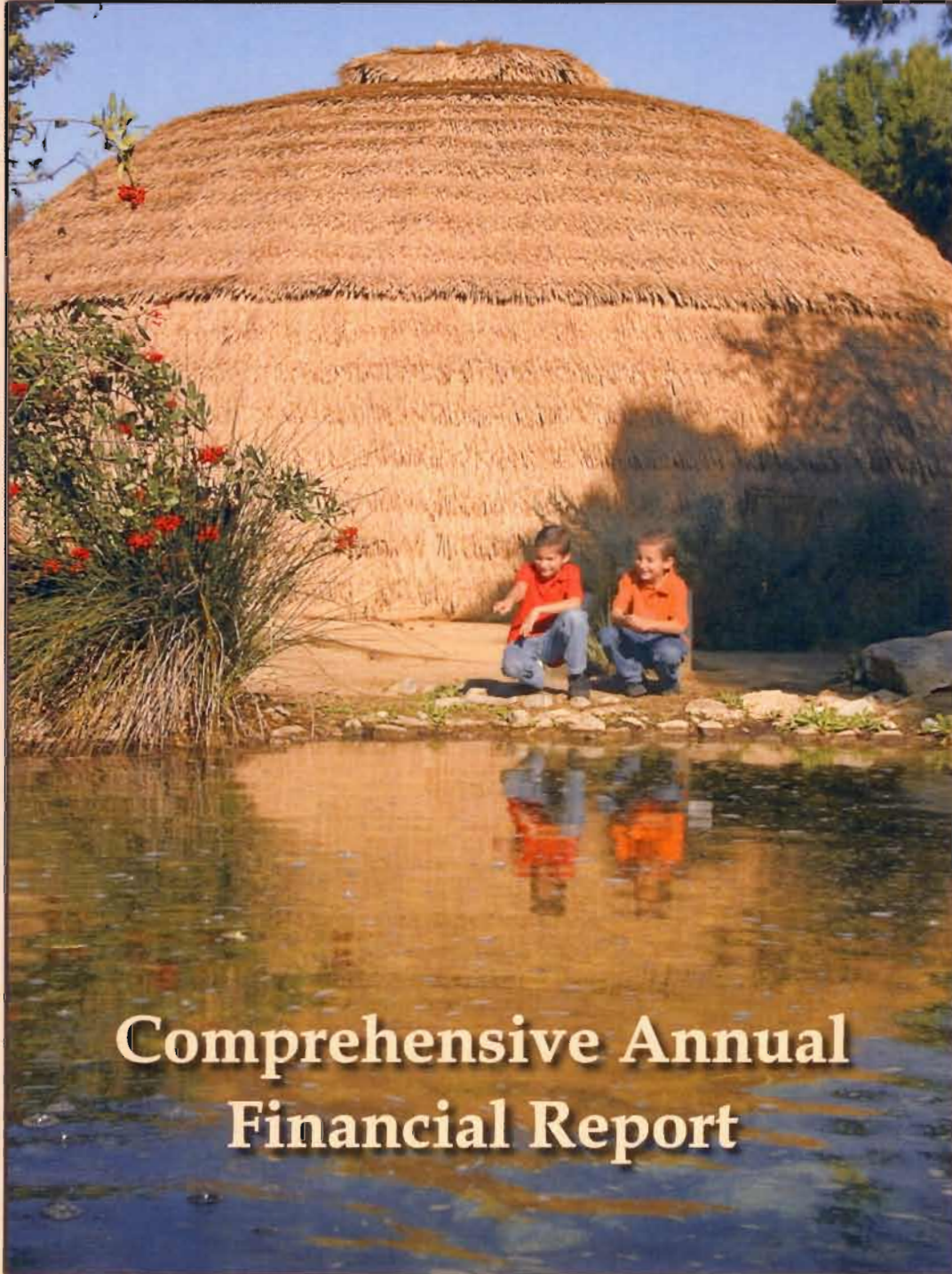


# City of Santa Fe Springs, Ca

July 1, 2007 to June 30, 2008



## Comprehensive Annual Financial Report

# Comprehensive Annual Financial Report

City of Santa Fe Springs, CA  
Year Ended June 30, 2008



## Santa Fe Springs City Council

Luis M. González, Mayor  
Betty Putnam, Mayor Pro-Tem  
William K. Rounds, Councilmember  
Joseph D. Serrano Sr., Councilmember  
Gustavo R. Velasco, Councilmember

## Planning Commissioners

Michael Madrigal  
Richard Moore  
Larry Oblea  
Lillian Puentes  
Laurie Rios

## Traffic Commissioners

Sally Gaitan  
Sarah Garcia  
Ted Radoumis  
Arcelia Valenzuela  
Manuel Zevallos

## Executive Management Team

Frederick W. Latham, City Manager  
Steve Skolnik, City Attorney  
Ana M. Alvarez, Dir. of Community Services  
Paul R. Ashworth, Dir. of Planning and Dev.  
Jose Gomez, Dir. of Finance & Admin. Svcs.  
Donald K. Jensen, Director of Public Works  
Alex C. Rodriguez, Fire Chief  
Fernando Tarin, Director of Police Services  
Thaddeus McCormack, Asst. to the City Manager

## Prepared by:

Jose Gomez, Dir. of Finance & Admin. Svcs.  
Terri Bui, Accounting Manager  
Erlinda Gutierrez, Accountant  
Donna Mack, Accountant

## On the Cover:

Heritage Park in the City of Santa Fe Springs features a Native American Exhibit that celebrates the culture of the Gabrielino Tongva people who lived in the area that is now Santa Fe Springs for thousands of years, prior to the arrival of Europeans. Attracted to the hot springs and wildlife of the area, the Tongva built a village somewhere in close proximity to Heritage Park. The Centerpiece of the Heritage Park exhibit is a 32-foot replica Kiche (a domed-shaped dwelling made of willow and tule reeds). When wandering the path and stream next to the Kiche, this exhibit gives one a glimpse back in time.





**CITY OF SANTA FE SPRINGS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

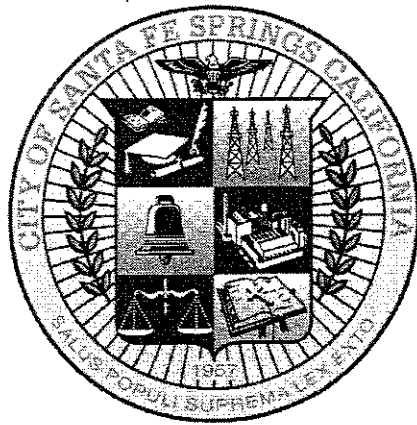
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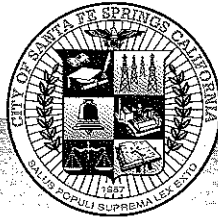
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# City of Santa Fe Springs

11710 Telegraph Road • CA • 90670-3679 • (562) 868-0511 • Fax (562) 868-7112 • [www.santafesprings.org](http://www.santafesprings.org)

January 15, 2009

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

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## 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, Macias Gini & O'Connell. The complete report is divided into distinct sections:

Introduction-	Letter of transmittal, an organizational chart, and prior year award for financial reporting.
Financial -	Independent auditors' report, Management's Discussion and Analysis (MD&A), basic financial statements, accompanying notes to the financial statements, required supplementary information, and supplementary information.
Statistical -	Pertinent financial and non-financial data that present historical trends and other information about the City.



---

**Introduction  
(cont.)**

As a recipient of federal funds, the City of Santa Fe Springs is required to undergo an annual single audit. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

This report presents the financial status of the City and its component units, the Community Development Commission of the City of Santa Fe Springs, and Public Financing 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 Management's Discussion and Analysis (MD&A) section in this report.

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**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:

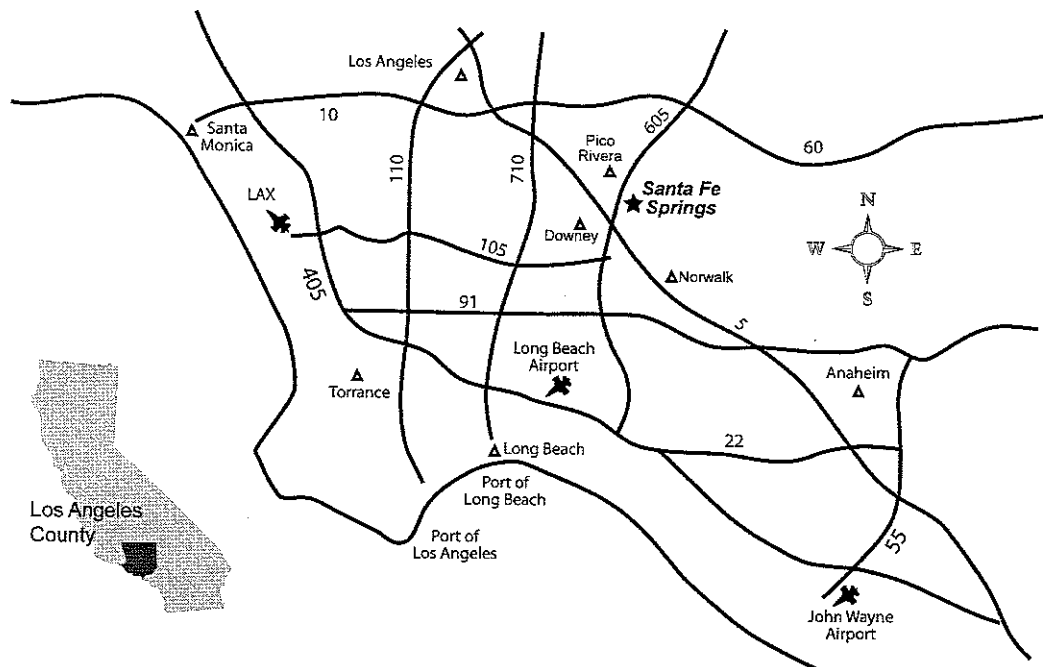
- (1) The safeguarding of assets against loss from unauthorized use or disposition; and
- (2) The reliability of financial records for preparing financial statements and maintaining accountability for assets.

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, certain Special Revenue Funds, and Debt Services 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 17,700; 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 14 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 City's six department heads; Director of Community Services, Director of Finance & Administrative Services, Fire Chief, Director of Police Services, Director of Public Works, Director of Planning and Development, and the Assistant to the City Manager.

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**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 continually experienced strong development and redevelopment activity in the community. Fiscal Year 2007-08 witnessed only a slight decrease in development activity levels. This is noteworthy given the widespread economic slump.

The City's primary revenue source, sales and use taxes, decreased after hitting an all-time high during the prior year. Its impact is considerable as it accounts for the vast majority of the City's General Fund revenues. A decrease in interest earnings and franchise tax revenues during the year are consistent with the overall slowdown in the economy.

---

**Initiatives**

The City's strategic operating plan is interchangeable with the published mission statement: "Our mission is to improve the quality of community life in the City of Santa Fe Springs; to foster the public trust through the effective management of public resources; to provide a safe, well-planned and aesthetically pleasing environment; to encourage personal enrichment through educational, cultural, and social and leisure programs; to serve the public in a responsive and courteous manner; and, to promote social harmony in all aspects of community life", as clarified in the objectives outlined below:

- Community safety protection through a variety of interdepartmental and interdisciplinary approaches
- City employee safety, training, and fair compensation practices
- High-quality community development and business retention projects
- Rehabilitation, replacement and expansion of the City's housing stock
- Maintenance, reconstruction, and where appropriate, development of the City's infrastructure
- Quality of life concerns, ranging from environmental, community and cultural preservations to supportive community services programs for our seniors, youth, adults, and families

---

**Accomplishments & Outlook**

Traditionally, a two-year operating budget and a six-year Capital Improvement Program are two of the most significant planning tools that the City has utilized to achieve and monitor the City mission. The City continues to spend down an infusion of capital funding from the issuance of tax allocation bonds which has provided the funding for over 150 projects currently included in the City's six-year Capital Improvement Program. Public safety is the highest priority in the community as evidenced by the continued financial commitment provided to both Fire

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**Accomplishments  
& Outlook (cont.)**

and Police Services. The community has two nationally recognized emergency preparedness programs in place since the late 1980's: the Business Emergency Preparedness Network and the Safe Neighborhood Teams.

A "terrorism element" has been formally added to the community's civil defense master plan structure as a result of the September 11<sup>th</sup> attacks. The Fire-Rescue and Police Services Departments continue to combine their manpower to provide the resources and tools to deal with emergency and security issues that may arise in the community and region. The City continues to purchase specialized equipment as dictated by the terrorism element of the plan and has been successful in applying for Homeland Security grant funding.

#### Fire-Rescue Department

The Fire Department is comprised of 67 members working out of four fire stations providing not only the traditional services of fire suppression, prevention and EMS, but also a full-service Environmental Protection Division. The environmental protection and response components are considered model systems in the State of California and the City's status as a Certified Unified Program Agency (CUPA) makes Santa Fe Springs a "one stop shop" for administering all the hazardous materials, hazardous waste and tank programs in the City. A significant accomplishment in the Environmental Protection Division was the positive outcome of the State's audit of the CUPA's previous three years of transactions and activities. The State commended the City on the CUPA's business training module and even commented that the Santa Fe Springs CUPA was one of the best programs in the State. The Fire-Rescue Department has expanded its capabilities and services provided to the local and statewide community by developing its Urban Search and Rescue (US&R) team. The team was designated by OES as a "Heavy" team and is part of the Regional US&R team (Regional Task Force 2). The Fire Department also staffs a Hazardous Materials Response Team vehicle with all staff trained to Haz-Mat Specialist level. The City has replaced all front-line response vehicles, including engines and trucks.

#### 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, Los Angeles County Probation Services and City public safety officers. Together, this team works out of the City-owned 8,000 square foot Police Services Center providing dedicated police and municipal code enforcement services. Patrol vehicles are deployed from a state-of-the-art staging facility located at the City's Municipal Services Yard. The City's Department of Police Services is on the forefront of public safety issues, including crime prevention utilizing interdisciplinary

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**Accomplishments  
& Outlook (cont.)**

strategies through an array of intervention programs provided by trained City staff, as well as collaborative efforts of numerous other professional public agencies.

The City continued its partnership with the Whittier Union High School District to provide a uniformed and armed school resource police officer at the local high school. The department continues to utilize the latest technology available to enhance and more efficiently deploy public safety personnel.

As previously mentioned, both the Department of Police Services and the City's Fire-Rescue Department played major roles in modifying the City's Emergency Response Plan to deal with the on-going national threat of terrorism and Mitigating Natural Hazard. Together, the departments provide on-going training to the City's emergency response personnel and work closely with the business/residential community to protect potential targets within the City. As with the Fire-Rescue Department, Police Services continues to be successful in applying for Homeland Security grant funding, as well as State Office of Traffic Safety grants. During the fiscal year, additional staffing resources were provided to combat gang and graffiti crimes and to engage in family and youth intervention programs.

#### Department of Public Works

The City's Department of Public Works is responsible for efficiently developing, constructing and maintaining the City's infrastructure, including parks and facilities, in a safe and environmentally sensitive manner for the enhancement of the community. This encompasses routine maintenance items as well as responding to over 4,500 citizen requests. The City prides itself in having functional and well-maintained infrastructure, parks and facilities. The department also continues to provide traffic signal maintenance for four neighboring cities. Additionally, the Public Works Department administers the Capital Improvement Program through a combination of in-house engineering staff and professional engineering consultants. During Fiscal Year 2007-08, the department coordinated a multitude of public works projects including residential and industrial street reconstruction and resurfacing, city facility building improvements, removal of underground fuel storage tanks, bus stop furniture improvements, and the installation of entrance signs and fountains at various locations.

#### Department of Planning and Development

The City's Department of Planning and Development is responsible for the orderly development and redevelopment of the City. This is accomplished by utilizing high-quality standards for the preservation and development of residential, commercial and industrial areas of the City. Despite the national construction slowdown trend, in Fiscal Year 2007-08,

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**Accomplishments  
& Outlook (cont.)**

the department was instrumental in the construction of more than 240,000 square feet of new development with a valuation in excess of \$46 million. Included in this amount are seven new industrial buildings.

Also moving forward is the previously approved 522-unit housing community known as the Villages at Heritage Springs. With well abandonment and soil remediation work completed, the undergrounding of infrastructure was recently completed. This will lead to the first phase of new homes planned to debut in 2009. The *Villages at Heritage Springs* project serves as an example of Brownfield reuse, as the 54-acre property was formerly encumbered by oil field operations. In addition, with residential land values in Santa Fe Springs greater than industrial land values, the Villages at Heritage Springs project should prove to be a wise economic development investment. Concerning other housing activities, the Department of Planning and Development was instrumental through its housing division in providing 256 rebates totaling approximately \$273,000 through the City's Home Improvement Rebate Program. The rebate program leveraged the City's contribution of housing funds resulting in the investment by homeowners of over \$1.0 million in new home improvements to preserve and improve the housing stock in the City, a leverage factor of almost one to four. Under the City's Home Repair Program, which benefits very low-income homeowners, over 126 homes were repaired utilizing \$2.4 million in direct local housing funds.

#### Department of Community Services

One of the City departments that has the most direct impact upon our residents is the Department of Community Services. It includes the following divisions: Administrative Services, Parks and Recreation Services, Library and Cultural Services, and Family and Human Services. Programs available to City residents, as well as business residents, range from social, recreational, cultural, and childcare services. During the year, there were several significant accomplishments:

- To help celebrate the City's 50<sup>th</sup> Birthday Celebration, the Parks and Recreation Services Division brought in the Rio Hondo Pops Symphony as part of the Stargaze Concert Series. This event was attended by 1,200 concertgoers. To close out the year's worth of festivities for the City's 50<sup>th</sup> birthday; over 3,000 people participated in the First Night Celebration at Town Center Plaza. Approximately 500 volunteers gave over 3,000 hours of their time to decorate the City's 2008 Tournament of Roses Parade float entry "Día de los Muertos – A Celebration of Life." The entry was seen by millions of viewers around the world and was presented with the Extraordinaire Award for the most visually spectacular float. It was a fitting end to an incredible year of events marking the City's 50<sup>th</sup> anniversary of incorporation.



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**Accomplishments  
& Outlook (cont.)**

- The Library has streamlined its acquisition and cataloging workflow to return books to the shelves within one day of delivery, as well as developing a robust collection that responds to the patrons' information and entertainment needs resulted in over 176,000 visits in FY 2007-08. Over 2,200 patrons attended the First Friday series of events and 400 students from Santa Fe High School took part in the "Bringing Literature to Life" event celebrating F. Scott Fitzgerald's "The Great Gatsby." The jewel of Santa Fe Springs, Heritage Park, entertained over 60,000 visitors through a series of concerts, special events, and community gatherings. The Department is instrumental in the City's successful Art in Public Places Program and in FY 2007-08, the program installed and unveiled three piece pieces of art: The Farwell Building; Fortitude; and The Founders Plaza, along with interring the City's Time Capsule with over 50 items representing life in Santa Fe Springs.
- Fiestas Patrias, a well known community event, celebrated its 40<sup>th</sup> anniversary in 2007. In addition to the two-day celebration attended by 5,000 people, the Hispanic Heritage Student Academy was established educating residents on the region of Veracruz, Mexico. Fiestas Patrias garnered three state-wide Awards of Excellence, the highest honor the California Park and Recreation Society can bestow. Through the Christmas Basket program, the Family and Human Services Division was able to assist over 400 families and 800 children experience a Merry Christmas. The Volunteer Income Tax Assistance (VITA) Program offers free tax preparation to low income residents through the aid of specially trained volunteer preparers. VITA volunteers prepared 562 income tax returns resulting in more than \$475,000 in tax refunds being awarded to residents in the City and surrounding communities. The triennial Contract Monitoring Review conducted by the State Department of Education determined that the Child Care Section was in full compliance in all areas of reporting, curriculum, and contract management. The State review also expressed accolades for the impressive curriculum currently being implemented in all child care and development programs. The Family and Human Services Division also successfully implemented a program to assist the senior clubs in securing liability insurance for their excursions and special events.

**City Manager**

The City's overall administrative function falls under the direction of the City Manager who also serves as the head of the City's economic development team. During Fiscal Year 2007-08, under the leadership of the City Manager's office, all of the departments focused significant time and attention on the preliminary phase of the redevelopment of the before-mentioned 54-acre property commonly known as the *Villages at Heritage*

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**Accomplishments  
& Outlook (cont.)**

*Springs*. The new *Villages at Heritage Springs* will be the culmination of a unique redevelopment project that transforms an area from Brownfield status to a 522-unit master-planned residential community.

Department of Finance and Administrative Services

The City Manager's office works very closely with the multi-faceted Department of Finance and Administrative Services. The department is responsible for a number of activities, including managing and safeguarding financial resources in accordance with specific principles and practices, fostering a positive image of the City, and administering personnel services. 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 comprehensive annual financial report for the fiscal year ended June 30, 2007. This report must 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 received the GFOA award over the last several decades.

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**Cash  
Management**

The City's investment policy is reviewed annually and presented to the City Council for approval. The City's investment philosophy is to invest conservatively in order to minimize risk with the ordered priorities of safety, liquidity and yield.

---

**Risk  
Management**

The City of Santa Fe Springs' risk management program includes a number of elements blended together to provide a comprehensive approach to managing risk. The City is a founding member of the California Joint Powers Insurance Authority (CJPIA) that is a consortium of 119 cities and other public agencies providing risk coverage for its members through the pooling of risks and purchased insurance as well. This coverage includes workers compensation, general and vehicle liability, property (including earthquake coverage on designated buildings), environmental risks, and crime and fidelity bonds. The goal of the CJPIA is to have fewer and lower claims for its members through the emphasis placed on providing training to its members on safety and liability issues. Each city is assigned a professional risk manager who works closely with the various city staff members responsible for overseeing risk management efforts. Claims administration is handled through third-party administrators.

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**Risk  
Management  
(cont.)**

Additionally, the City's Creating Awareness Regarding Employee Safety (CARES) Committee takes an active role in monitoring safety concerns in the workplace and community, and is pro-active in providing safety recommendations.

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**Debt  
Administration**

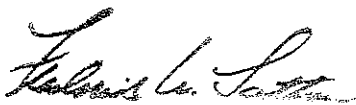
At June 30, 2008, the City of Santa Fe Springs oversees nine outstanding bond issues comprised of; five Consolidated Redevelopment Project tax-exempt tax allocation issues, a Consolidated Redevelopment Project taxable tax allocation bond issue, two City water revenue bonds and a special assessment district bond. Included in the above are the three most recent bonds the Commission issued during FY 2006-07: \$27.7 million in Tax Allocation Bonds (2006 Series A), \$18.8 million in Taxable Tax Allocation Bonds (2006 Series B), and \$43 million in Tax Allocation Refunding Bonds (2007 Series A).

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. Over the past several years, the City and Commission have worked together to reduce the Commissions' borrowing costs and increase General Fund interest earnings.

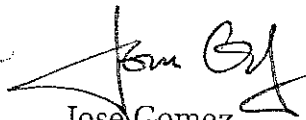
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**Acknowledgements**

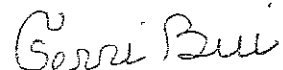
We would like to extend our appreciation to the City Council and various departments for their cooperation and support in planning and conducting the financial operations of the City during the past fiscal year. Specifically, we would like to thank the Department of Finance & Administrative Services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



Frederick W. Latham  
City Manager

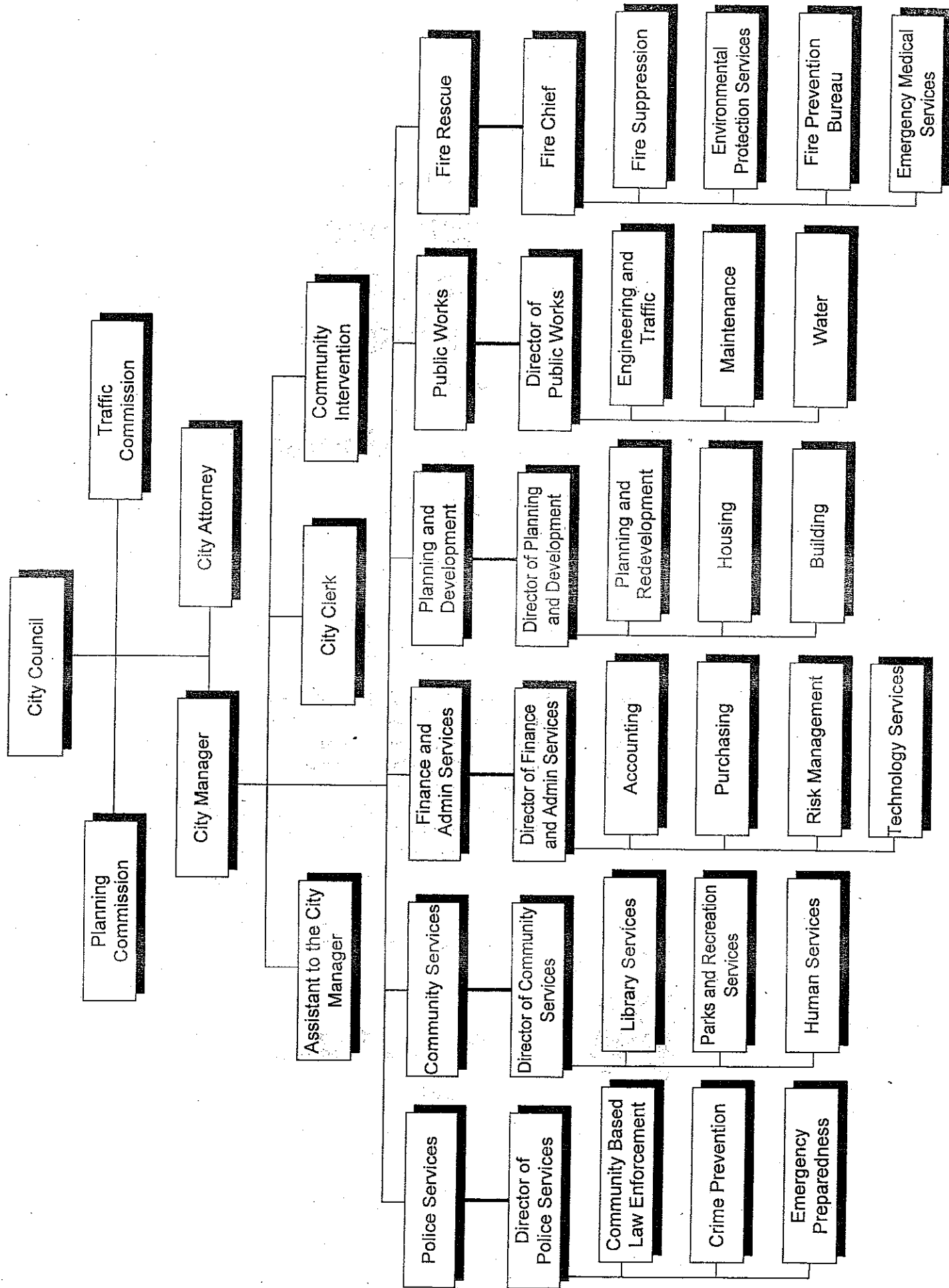


Jose Gomez  
Director of Finance and  
Administrative Services



Terri Bui  
Accounting Manager

# City of Santa Fe Springs – Organizational Chart



# 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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



**MACIAS GINI & O'CONNELL LLP**  
Certified Public Accountants & Management Consultants

NEWPORT BEACH  
1201 Dove Street, Suite 680  
Newport Beach, CA 92660  
949.221.0025

SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

The Honorable City Council of  
the City of Santa Fe Springs, California

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Fe Springs, California, (City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Santa Fe Springs' management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – An amendment of GASB Statements No. 25 and 27*, respectively.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2009 on our consideration of the City of Santa Fe Springs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on



the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Macias Jini & O'Connell LLP*

Certified Public Accountants  
Newport Beach, California

January 15, 2009

## 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, 2008. 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 assets increased over the course of the fiscal year by \$5,509,730 to \$118,143,435. The governmental net assets increased by \$6,163,394 or 6.4%, and the business-type net assets decreased by \$653,664 or 3.9%.
- The general fund, on the current financial resources basis, reported a decrease in fund balance of \$2,689,373 resulting primarily from declining sales tax revenue. This reduction is about \$140,000 less than authorized by City Council budgetary action.

### Overview of the Financial Statements

This annual report consists of five parts: management 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 over-all financial status in a manner similar to a private sector business.

- The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. In time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities presents information on how the City's net assets changed during the fiscal year. All changes in net assets 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 government-wide financial statements include not only the City but also the legally separate Community Development Commission of the City of Santa Fe Springs and the City of Santa Fe Springs Public Financing Authority for which the City is financially accountable. The City's Water Utility operates as a proprietary fund and is reported on a business-type activity basis 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 as an agent 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 progress in funding its obligation to provide pension benefits to its employees. In addition to these required elements, we have included supplementary statements and schedules that provide details about our 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 assets 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 assets and how they have changed during the fiscal year. Over time, increases and decreases in net assets 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 Assets**  
**June 30, 2007 and 2008**  
(in millions)

	<u>Governmental</u> <u>Activities</u>		<u>Business-</u> <u>type</u> <u>Activities</u>		<u>Total</u>		<u>Total</u> <u>Percent</u> <u>Change</u>
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	
Current and other assets	\$ 136.7	\$ 129.0	\$ 7.9	\$ 7.6	\$ 144.6	\$ 136.6	-5.5%
Capital assets	<u>129.5</u>	<u>140.9</u>	<u>17.4</u>	<u>17.1</u>	<u>146.9</u>	<u>158.0</u>	7.6%
Total assets	<u>266.2</u>	<u>269.9</u>	<u>25.3</u>	<u>24.7</u>	<u>291.5</u>	<u>294.6</u>	1.1%
Long-term liabilities	162.7	159.5	7.8	7.6	170.5	167.1	-2.0%
Other liabilities	<u>7.5</u>	<u>8.3</u>	<u>0.9</u>	<u>1.1</u>	<u>8.4</u>	<u>9.4</u>	11.9%
Total liabilities	<u>170.2</u>	<u>167.8</u>	<u>8.7</u>	<u>8.7</u>	<u>178.9</u>	<u>176.5</u>	-1.3%
Net assets							
Invested in capital assets, net of debt	16.8	31.9	10.2	10.1	27.0	42.0	55.6%
Restricted	11.1	5.5			11.1	5.5	-50.5%
Unrestricted	<u>68.0</u>	<u>64.7</u>	<u>6.5</u>	<u>5.9</u>	<u>74.5</u>	<u>70.6</u>	-5.2%
	<u>\$ 95.9</u>	<u>\$ 102.1</u>	<u>\$ 16.7</u>	<u>\$ 16.0</u>	<u>\$ 112.6</u>	<u>\$ 118.1</u>	4.9%

As noted earlier, net assets 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 exceed liabilities by \$118.1 million at the close of the fiscal year. The largest portion of the City's net assets, 59.7%, is unrestricted as to use. Approximately 35.6% reflects the City's investment in capital assets net of bonded debt.

The City's net assets increased by \$5.5 million during the fiscal year. This was primarily the result of additions to capital assets funded by State and Federal grants.

**Changes in Net Assets**  
For the Years Ended June 30, 2007 and 2008  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2007	2008	2007	2008	2007	2008	
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 8.1	\$ 9.7	\$ 8.7	\$ 9.0	\$ 16.8	\$ 18.7	11.3%
Operating grants and contributions	4.4	3.8			4.4	3.8	-13.6%
Capital grants and contributions	0.8	2.7	0.2	0.1	1.0	2.8	180.0%
General revenues:							
Sales and use taxes	26.4	25.7			26.4	25.7	-2.7%
Property taxes	29.8	30.8			29.8	30.8	3.4%
Franchise taxes	3.1	2.9			3.1	2.9	-6.5%
Motor vehicle in lieu	1.4	1.5			1.4	1.5	7.1%
Business operations taxes	0.9	0.8			0.9	0.8	-11.1%
Other taxes	0.7	0.7			0.7	0.7	0.0%
Investment income	5.0	4.9	0.3	0.2	5.3	5.1	-3.8%
Other	1.3	0.3			1.3	0.3	-76.9%
Total revenues	<u>81.9</u>	<u>83.8</u>	<u>9.2</u>	<u>9.3</u>	<u>91.1</u>	<u>93.1</u>	2.2%
<b>Expenses</b>							
Governmental activities:							
General government	9.0	10.7			9.0	10.7	18.9%
Public safety	24.9	25.1			24.9	25.1	0.8%
Community development	19.6	13.7			19.6	13.7	-30.1%
Transportation	7.3	6.8			7.3	6.8	-6.8%
Culture and leisure	9.7	9.4			9.7	9.4	-3.1%
Human services	4.2	5.1			4.2	5.1	21.4%
Unallocated depreciation	0.1	0.1			0.1	0.1	0.0%
Interest on long-term debt	6.3	7.9			6.3	7.9	25.4%
Business-type activities							
Water			8.1	8.7	8.1	8.7	7.4%
Total expenses	<u>81.1</u>	<u>78.8</u>	<u>8.1</u>	<u>8.7</u>	<u>89.2</u>	<u>87.5</u>	-1.9%
Excess (deficiency) before transfers	0.8	5.0	1.1	0.6	1.9	5.6	194.7%
Loss on sale of property		(0.1)				(0.1)	
Transfers	1.6	1.3	(1.6)	(1.3)			
<b>Increase (decrease) in net assets</b>	<u>2.4</u>	<u>6.2</u>	<u>(0.5)</u>	<u>(0.7)</u>	<u>1.9</u>	<u>5.5</u>	189.5%
Net assets - beginning	<u>93.5</u>	<u>95.9</u>	<u>17.2</u>	<u>16.7</u>	<u>110.7</u>	<u>112.6</u>	1.7%
Net assets - ending	<u>\$ 95.9</u>	<u>\$ 102.1</u>	<u>\$ 16.7</u>	<u>\$ 16.0</u>	<u>\$ 112.6</u>	<u>\$ 118.1</u>	4.9%

The City's total revenues were \$93.1 million for the fiscal year ended June 30, 2008. Revenues from governmental activities totaled \$83.8 million and revenues from business-type activities totaled \$9.3 million. Program revenues comprise 27.2% of total revenues with the largest portion of this, \$18.7 million resulting from charges for services. Sales and use taxes comprise 27.6% of total revenues and 38% of general revenues. Property taxes, primarily property tax increment, comprise 33.1% of total revenues and 45.6% of general revenues. In recent years, property taxes have surpassed sales and use taxes. This is a new trend for the City that reflects a pattern of new development and redevelopment resulting in businesses that are primarily distribution operations rather than commercial/retail establishments. Total revenues increased by 2.2%, reflective of continued development and redevelopment in the City despite the weakening economy.

Expenses of the City for the year totaled \$87.5 million. Governmental activity expenses totaled \$78.8 million or 90% of total expenses. Business-type activities, the Water Utility, incurred \$8.7 million of expenses during 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
	2007	2008		2007	2008	
General government	\$ 9.0	\$ 10.7	18.9%	\$ 8.2	\$ 9.6	17.1%
Public safety	24.9	25.1	0.8%	21.4	22.1	3.3%
Community development	19.6	13.7	-30.1%	16.9	10.0	-40.8%
Transportation	7.3	6.8	-6.8%	4.6	1.9	-58.7%
Culture and leisure	9.7	9.4	-3.1%	7.8	7.8	0.0%
Human services	4.2	5.1	21.4%	2.3	3.2	39.1%
Unallocated depreciation	0.1	0.1	0.0%	0.1	0.1	0.0%
Interest on long-term debt	6.3	7.9	25.4%	6.3	7.9	25.4%
Total	\$ <u>81.1</u>	\$ <u>78.8</u>	<u>-2.8%</u>	\$ <u>67.6</u>	\$ <u>62.6</u>	<u>-7.4%</u>

Business-type Activities

Program revenues of the City's only business-type activity, the Water Utility, totaled \$9.1 million. Expenses of the Water Utility were \$8.7 million. Water rates include a factor to provide for a modest annual water infrastructure replacement program. Net income before transfers was \$0.6 million. Transfers out totaled \$1.3 million. Virtually all of this was a transfer 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 assets, rather than as expenses in the statement of activities. Capital assets, \$17.1 million (net of accumulated depreciation), decreased by \$342,972. Capital assets depreciated in aggregate more than the current year's additions to capital assets.



### 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 the 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 balance of available resources. The City's governmental funds reported a combined fund balance at June 30, 2008 of \$119.5 million, a decrease of approximately \$8.3 million from the previous fiscal year. This reflects the expenditure of bond funds on capital improvements.

The General Fund is the chief operating fund of the City. At the end of Fiscal Year 2007-08, the General Fund's unreserved fund balance was \$15.1 million with an additional \$13.6 million reserved. Specific details on the reserves are contained in Note 15. Revenues decreased moderately from the prior year while expenditures increased moderately, the fund balance in the General Fund decreased by \$2,689,373 during Fiscal Year 2007-08. This was mainly due to the weakening economy and several large one time expenditures.

Within the governmental funds designation, the City has three other major funds: the Consolidated Redevelopment Project Debt Service Fund, the Consolidated Redevelopment Project Capital Projects Fund, and the Washington Boulevard Redevelopment Project Debt Service Fund. The Consolidated Redevelopment Project Debt Service Fund is used to account for the accumulation of resources and payment of principal and interest on all Community Development Commission tax allocations bonds and other debt within the Consolidated Redevelopment Project Area. Note 14 – Long-Term Liabilities provides more details on these obligations. Fiscal Year 2007-08 property tax revenues allocated to the Commission on behalf of the Consolidated Redevelopment Project, \$22.6 million (net of 20% housing set-aside contribution) were approximately \$353,858 more than the previous fiscal year. Total expenditures within this fund increased by approximately \$470,172 which resulted in a 2.8% increase over the previous fiscal year. This increase was due primarily to an increase in AB1290 tax increment pass through costs. The City/Commission maximizes the use of property tax increment through debt issuance and administration.

The Consolidated Redevelopment Project Capital Projects Fund is used to account for financial resources segregated for the acquisition of and rehabilitation of capital facilities within the Consolidated Redevelopment Project Area as well as the acquisition of and rehabilitation of the supply of low and moderate income housing needs in the City. Fund balance decreased by \$8 million, the result of resources expended on various capital improvements including facilities, infrastructure, land acquisition and economic development initiatives. Revenues, transfers in, expenditures, and transfers out within this fund vary significantly from year to year and there is not a consistent pattern of source or amount to the extent that percentage comparisons between years are irrelevant. As mentioned in the Transmittal Letter, a number of projects throughout the project area were completed during the fiscal year.

### General Fund Budgetary Highlights

The difference between the original budget and the final amended budget for expenditures was approximately a \$244,300 decrease. The budget to actual variance was a negative \$868,719, 1.6%. Revenues were below their budgeted amount by approximately \$1.1 million due to decreased tax revenues. Note 1 – Summary of Significant Accounting Policies 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, 2008, amounts to \$140.9 million (net of accumulated depreciation) an increase of approximately \$11.4 million over the previous year. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, equipment and infrastructure. The current fiscal year included \$8.9 million of land acquisitions and \$2.5 million of additions to infrastructure. Note 8 – Changes in Capital Assets provides more detailed information on the capital assets. The redevelopment activities of the Community Development Commission provide the resources to replace and improve the capital assets of the community. The City's Community Development Commission provides the majority of the resources that allow the City to improve its capital assets through the redevelopment process.

The City's investment in capital assets for its business-type activities, Water Utility Fund, as of June 30, 2008, amounts to \$17.1 million (net of accumulated depreciation). 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, 2008, the City had \$167.1 million in long-term liabilities outstanding as shown in the following table. More detailed information is included in Note 14 – Long-Term Liabilities.

Under the terms of an agreement between the City's Washington Boulevard Redevelopment Project and the County of Los Angeles, approximately \$457,100 of new debt was added to the amount of property tax increment owed for a total outstanding of approximately \$4.4 million. The Consolidated Redevelopment Project 2006 Tax Allocation Bonds increased by \$1.7 million due to accretion on capital appreciation bonds.

Outstanding Debt (in millions)							Total Percentage Change
	Governmental Activities		Business-type Activities		Total		
	2007	2008	2007	2008	2007	2008	
Revenue bonds			\$7.8	\$7.6	\$7.8	\$7.6	-2.6%
Tax allocation bonds	\$149.0	\$144.9			149.0	144.9	-2.8%
Capitalized lease obligations	0.1	0.1			0.1	0.1	0.0%
Compensated absences	2.5	2.8			2.5	2.8	12.0%
Tax increment loan from							
Los Angeles County	3.9	4.4			3.9	4.4	12.8%
ERAF loan	3.4	3.0			3.4	3.0	-11.8%
Heritage Springs Village loan	2.7	2.7			2.7	2.7	0.0%
SunTrust loan payable	1.0	1.5			1.0	1.5	
Loan payable	0.1	0.1			0.1	0.1	0.0%
Total	\$162.7	\$159.5	\$7.8	\$7.6	\$170.5	\$167.1	-2.0%

All water revenue and tax allocation bonds are insured issues.

#### Economic Factors and Next Year's Budgets

The City of Santa Fe Springs faces significant financial challenges in the years ahead. Major factors expected to affect the budget include:

- State and local economies showing weaknesses, with particular concern for local businesses that are directly impacted by the slowdown in the housing industry.
- Potential Community Development Commission revenue losses to the State of California
- The City's funding policy to address the impact of implementing Governmental Accounting Standards Board (GASB) Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.
- Increasing demands for public services including unfunded mandates by both federal and state governments

All of these were factors considered in adopting the Fiscal Year 2008-09 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 & Administrative Services, City of Santa Fe Springs, 11710 Telegraph Road, Santa Fe Springs, California.

**CITY OF SANTA FE SPRINGS**

**Statement of Net Assets**

**June 30, 2008**

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments	\$ 80,863,769	\$ 2,088,177	\$ 82,951,946
Cash and investments with fiscal agent	23,442,126	3,955,876	27,398,002
Accounts receivable	1,995,133	1,146,520	3,141,653
Loans and notes receivable	808,199	-	808,199
Accrued interest receivable	504,082	890	504,972
Due from other governments	5,909,739	-	5,909,739
Inventory	753,345	150,786	904,131
Deposits and other assets	685,476	5,804	691,280
Deferred charges	3,016,705	253,441	3,270,146
Land and buildings held for resale	11,045,917	-	11,045,917
Capital assets:			
Not being depreciated	59,542,093	4,121,951	63,664,044
Being depreciated, net	81,400,592	12,952,647	94,353,239
Total assets	<u>269,967,176</u>	<u>24,676,092</u>	<u>294,643,268</u>
<b>Liabilities:</b>			
Accounts payable	2,409,235	46,872	2,456,107
Interest payable	1,875,903	60,583	1,936,486
Contracts payable	123,446	1,412	124,858
Due to other governments	46,136	-	46,136
Other accrued liabilities	925,130	678,191	1,603,321
Deposits	2,089,497	258,792	2,348,289
Unearned revenue	895,245	-	895,245
Noncurrent liabilities:			
Due within one year	6,611,131	175,000	6,786,131
Due in more than one year	152,856,844	7,446,416	160,303,260
Total liabilities	<u>167,832,567</u>	<u>8,667,266</u>	<u>176,499,833</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	31,856,729	10,160,632	42,017,361
Restricted for:			
Public safety	398,552	-	398,552
Transportation	208,686	-	208,686
Housing	4,894,289	-	4,894,289
Unrestricted	64,776,353	5,848,194	70,624,547
Total net assets	<u>\$ 102,134,609</u>	<u>\$ 16,008,826</u>	<u>\$ 118,143,435</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SANTA FE SPRINGS**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Governmental activities:				
General government	\$ 10,752,925	\$ 1,048,110	\$ 96,948	\$ -
Public safety	25,158,056	2,586,088	438,534	-
Community development	13,673,467	3,464,909	188,849	18,178
Transportation	6,800,109	698,895	1,479,690	2,683,040
Culture and leisure	9,490,393	1,186,328	538,981	-
Human services	5,070,440	747,761	1,091,941	-
Unallocated depreciation	13,421	-	-	-
Interest on long-term liabilities	7,935,213	-	-	-
Total governmental activities	78,894,024	9,732,091	3,834,943	2,701,218
Business-type activities:				
Water	8,728,782	9,008,023	-	142,589
Total primary government	<u>\$ 87,622,806</u>	<u>\$ 18,740,114</u>	<u>\$ 3,834,943</u>	<u>\$ 2,843,807</u>

General revenues:

Sales and use taxes  
Property taxes  
Franchise taxes  
Motor vehicle in lieu tax - general purpose  
Business operations taxes  
Other taxes  
Investment income  
Other revenues  
Loss on sale of property  
Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

The Notes to the Financial Statements are an integral part of this statement.

**Net (Expense) Revenue and Changes in  
Net Assets**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (9,607,867)	\$ -	\$ (9,607,867)
(22,133,434)	-	(22,133,434)
(10,001,531)	-	(10,001,531)
(1,938,484)	-	(1,938,484)
(7,765,084)	-	(7,765,084)
(3,230,738)	-	(3,230,738)
(13,421)	-	(13,421)
(7,935,213)	-	(7,935,213)
(62,625,772)		(62,625,772)
-	421,830	421,830
(62,625,772)	421,830	(62,203,942)
25,716,341	-	25,716,341
30,792,418	-	30,792,418
2,902,765	-	2,902,765
1,446,785	-	1,446,785
816,384	-	816,384
734,885	-	734,885
4,845,514	225,296	5,070,810
287,751	-	287,751
(54,467)	-	(54,467)
1,300,790	(1,300,790)	-
68,789,166	(1,075,494)	67,713,672
6,163,394	(653,664)	5,509,730
95,971,215	16,662,490	112,633,705
<u>\$ 102,134,609</u>	<u>\$ 16,008,826</u>	<u>\$ 118,143,435</u>



**CITY OF SANTA FE SPRINGS**

**Balance Sheet  
Governmental Funds  
June 30, 2008**

		<b>Consolidated Redevelopment Project</b>	<b>Washington Boulevard Redevelopment Project</b>
	<b>General</b>	<b>Debt Service</b>	<b>Debt Service</b>
<b>Assets:</b>			
Cash and investments	\$ 15,442,015	\$ 14,681,170	\$ 1,409,127
Cash and investments with fiscal agent	1,279,726	22,162,400	-
Accounts receivable	1,020,070	202,210	10,667
Loans and notes receivable	100,755	-	-
Accrued interest receivable	119,368	-	-
Due from other governments	3,599,877	1,053,994	48,510
Due from other funds	674,876	-	-
Inventory	753,345	-	-
Deposits and other assets	679,548	-	-
Land and buildings held for resale			
Advances to other funds	11,483,725	-	-
<b>Total assets</b>	<b>\$ 35,153,305</b>	<b>\$ 38,099,774</b>	<b>\$ 1,468,304</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,972,315	\$ -	\$ -
Contracts payable	-	-	-
Due to other governments	46,136	-	-
Due to other funds	-	-	-
Other accrued liabilities	837,554	-	-
Deposits	1,444,677	64,050	-
Deferred revenue	885,690	-	-
Advances from other funds	1,250,000	9,336,000	3,147,725
<b>Total liabilities</b>	<b>6,436,372</b>	<b>9,400,050</b>	<b>3,147,725</b>
<b>Fund balances (deficits):</b>			
Reserved	13,617,551	28,699,724	-
Unreserved, reported in:			
General fund	15,099,382	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	(1,679,421)
Capital projects funds	-	-	-
<b>Total fund balances (deficits)</b>	<b>28,716,933</b>	<b>28,699,724</b>	<b>(1,679,421)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 35,153,305</b>	<b>\$ 38,099,774</b>	<b>\$ 1,468,304</b>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

The Notes to the Financial Statements are an integral part of this statement.

Consolidated Redevelopment Project Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 46,546,419	\$ 2,785,038	\$ 80,863,769
-	-	23,442,126
291,905	470,281	1,995,133
707,444	-	808,199
379,817	4,897	504,082
504,954	702,404	5,909,739
-	-	674,876
-	-	753,345
5,928	-	685,476
11,045,917	-	11,045,917
2,250,000	-	13,733,725
<u>\$ 61,732,384</u>	<u>\$ 3,962,620</u>	<u>\$ 140,416,387</u>

\$ 232,830	\$ 204,090	\$ 2,409,235
76,179	47,267	123,446
-	-	46,136
-	674,876	674,876
78,067	9,509	925,130
355,545	225,225	2,089,497
-	9,555	895,245
-	-	13,733,725
<u>742,621</u>	<u>1,170,522</u>	<u>20,897,290</u>

14,009,289	-	56,326,564
-	-	15,099,382
-	2,158,778	2,158,778
-	-	(1,679,421)
46,980,474	633,320	47,613,794
<u>60,989,763</u>	<u>2,792,098</u>	<u>119,519,097</u>
<u>\$ 61,732,384</u>	<u>\$ 3,962,620</u>	

140,942,685

(158,327,173)  
\$ 260,461,782

**CITY OF SANTA FE SPRINGS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<u>General</u>	<u>Consolidated Redevelopment Project Debt Service</u>	<u>Washington Boulevard Redevelopment Project Debt Service</u>
<b>Revenues:</b>			
Taxes	\$ 32,168,270	\$ 22,618,988	\$ 416,631
Licenses and permits	1,701,480	-	-
Fines, forfeitures and seizures	542,613	-	-
Interest and rentals	2,041,829	1,140,671	43,187
From other agencies	3,530,681	-	-
Charges for current services	5,304,139	-	-
Other	1,062,214	-	-
Total revenues	<u>46,351,226</u>	<u>23,759,659</u>	<u>459,818</u>
<b>Expenditures:</b>			
Current:			
General government	3,982,364	-	-
Public safety	25,824,532	-	-
Community development	8,119,655	5,064,287	321,932
Transportation	4,641,050	-	-
Culture and leisure	8,511,379	-	-
Human services	4,117,257	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Transportation	-	-	-
Culture and leisure	-	-	-
Human services	-	-	-
Debt service:			
Interest	5,988	5,937,430	229,522
Principal retirement	223,144	6,037,467	4,620
Total expenditures	<u>55,425,369</u>	<u>17,039,184</u>	<u>556,074</u>
Excess (deficiency) of revenues over expenditures	(9,074,143)	6,720,475	(96,256)
<b>Other financing sources (uses):</b>			
Loan issuance	605,000	-	457,127
Lease purchase agreements	107,588	-	-
Transfers in	6,649,119	986,578	-
Transfers out	(976,937)	(4,842,000)	-
Net change in fund balances	(2,689,373)	2,865,053	360,871
Fund balances (deficits), beginning of year	31,406,306	25,834,671	(2,040,292)
Fund balances (deficits), end of year	<u>\$ 28,716,933</u>	<u>\$ 28,699,724</u>	<u>\$ (1,679,421)</u>

The Notes to the Financial Statements are an integral part of this statement.

<b>Consolidated Redevelopment Project Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,758,905	\$ -	\$ 60,962,794
-	-	1,701,480
-	5,670	548,283
2,529,643	137,344	5,892,674
81,804	3,966,316	7,578,801
-	924	5,305,063
19,157	620,989	1,702,360
<u>8,389,509</u>	<u>4,731,243</u>	<u>83,691,455</u>
128,818	-	4,111,182
-	-	25,824,532
5,733,260	261,109	19,500,243
-	-	4,641,050
-	-	8,511,379
-	-	4,117,257
6,435,837	160,713	6,596,550
147,926	40,174	188,100
521,297	2,398,066	2,919,363
966,523	2,500,037	3,466,560
340,103	939,878	1,279,981
784,174	-	784,174
-	2,192	6,175,132
-	43,800	6,309,031
<u>15,057,938</u>	<u>6,345,969</u>	<u>94,424,534</u>
(6,668,429)	(1,614,726)	(10,733,079)
-	-	1,062,127
-	-	107,588
4,867,746	3,107,809	15,611,252
<u>(6,239,506)</u>	<u>(2,252,019)</u>	<u>(14,310,462)</u>
(8,040,189)	(758,936)	(8,262,574)
69,029,952	3,551,034	127,781,671
<u>\$ 60,989,763</u>	<u>\$ 2,792,098</u>	<u>\$ 119,519,097</u>

**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**  
**For the Fiscal Year Ended June 30, 2008**

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

Net change in fund balances - total governmental funds	\$ (8,262,574)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	11,486,112
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The net effect of the disposal of capital assets (i.e. scrap, obsolete) is to decrease net assets.	(54,467)
--	----------

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term liabilities and related items.	3,482,140
---	-----------

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In addition, some 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.	<div style="border-top: 1px solid black; border-bottom: 3px double black;">(487,817)</div>
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Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 6,163,394</div>
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The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SANTA FE SPRINGS**  
**Statement of Net Assets - Enterprise Fund (Water Utility)**  
**June 30, 2008**

**Assets:**

Current assets:

Cash and investments	\$ 2,088,177
Accounts receivable	1,146,520
Inventory	150,786
Deposits and other assets	5,804
Deferred charges	253,441
Assets held by trustee:	
Cash and investments	3,955,876
Accrued interest receivable	890
Total current assets	<u>7,601,494</u>

Capital assets:

Source of supply plant	3,031,289
Transmission and distribution plant	25,602,487
Pumping and treatment plant	83,216
General plant	1,057,112
Land and water rights	3,384,974
Construction in progress	<u>736,977</u>
	33,896,055
Less allowance for depreciation	<u>16,821,457</u>
Net capital assets	<u>17,074,598</u>
Total assets	<u>24,676,092</u>

**Liabilities:**

Current liabilities:

Accounts payable	46,872
Interest payable	60,583
Contracts payable	1,412
Other accrued liabilities	678,191
Deposits	258,792
Current portion of bonds payable	<u>175,000</u>
Total current liabilities	<u>1,220,850</u>

Noncurrent liabilities:

Bonds payable	<u>7,446,416</u>
Total liabilities	<u>8,667,266</u>

**Net assets:**

Invested in capital assets, net of related debt	10,160,632
Unrestricted	<u>5,848,194</u>
Total net assets	<u>\$ 16,008,826</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SANTA FE SPRINGS**  
**Statement of Revenues, Expenses and Changes in Net Assets - Enterprise Fund**  
**(Water Utility)**  
**For the Fiscal Year Ended June 30, 2008**

**Operating revenues:**

Sale of water	\$ 8,718,483
Other	<u>130,181</u>
Total operating revenues	<u>8,848,664</u>

**Operating expenses:**

Water purchase	3,665,425
System maintenance and operation	1,897,115
Billing and collection	680,994
Administration	1,341,773
Amortization	11,552
Depreciation	<u>753,335</u>
Total operating expenses	<u>8,350,194</u>

Operating income	<u>498,470</u>
------------------	----------------

**Nonoperating revenues (expenses):**

Interest revenue	225,296
Trunk line connection fees	159,359
Interest expense	<u>(378,588)</u>

Total nonoperating revenues (expenses)	<u>6,067</u>
--	--------------

Income before capital contributions and transfers	504,537
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Capital contributions	142,589
Transfers out	<u>(1,300,790)</u>

Change in net assets	(653,664)
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Total net assets, beginning of year	<u>16,662,490</u>
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Total net assets, end of year	<u><u>\$ 16,008,826</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SANTA FE SPRINGS**  
**Statement of Cash Flows - Enterprise Fund**  
**(Water Utility)**  
**For the Fiscal Year Ended June 30, 2008**

**Cash flows from operating activities:**

Receipts from water sales	\$ 8,806,484
Receipts from other operating activities	26,283
Payments to vendors	(4,067,865)
Payments for salaries	(2,135,372)
Payments for interfund services used	<u>(1,127,281)</u>
Net cash provided by operating activities	<u>1,502,249</u>

**Cash flows from noncapital financing activities:**

Transfers out	<u>(1,300,790)</u>
---------------	--------------------

**Cash flows from capital and related financing activities:**

Acquisition and construction of water plant	(399,352)
Contributed capital	142,589
Trunk line connection fees	159,359
Principal payments on long-term debt	(170,000)
Interest payments on long-term debt	<u>(379,405)</u>
Net cash used for capital and related financing activities	<u>(646,809)</u>

**Cash flows from investing activities:**

Interest received	<u>235,156</u>
Net increase (decrease) in cash and cash equivalents	(210,194)
Cash and cash equivalents, beginning of year	<u>6,254,247</u>
Cash and cash equivalents, end of year	<u>\$ 6,044,053</u>

**Reconciliation of operating income to net cash provided (used) by operating activities:**

Operating income	\$ 498,470
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	753,335
Amortization	11,552
Changes in assets and liabilities:	
(Increase) or decrease in accounts receivable	66,398
(Increase) or decrease in inventory	(8,887)
(Increase) or decrease in deposits and other assets	(5,803)
Increase or (decrease) in accounts payable	(319,220)
Increase or (decrease) in accrued expenses	582,897
Increase or (decrease) in deposits	<u>(76,493)</u>
Net cash provided by operating activities	<u>\$ 1,502,249</u>

The Notes to the Financial Statements are an integral part of this statement.



**CITY OF SANTA FE SPRINGS**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2008**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 597,089
Cash and investments with fiscal agent	314,654
Due from other governments	<u>71,695</u>
 Total assets	 <u><u>\$ 983,438</u></u>
 <b>Liabilities:</b>	
Due to other governments	\$ 585,581
Due to bondholders	<u>397,857</u>
 Total liabilities	 <u><u>\$ 983,438</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***The Financial Reporting Entity***

The City of Santa Fe Springs 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 of Santa Fe Springs (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 of Santa Fe Springs 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 or the component unit provides services almost entirely to the City.

***Blended Component Units:***

The Community Development Commission of the City of Santa Fe Springs (Commission) was established on November 7, 1992, pursuant to the State of California Health and Safety Code, Section 34114 entitled "Community Redevelopment Law." The City Council members are designated as Commissioners of the Commission. The purpose of the Commission is to coordinate the administration of the Redevelopment Agency and the Housing Authority. Both the Redevelopment Agency and the Housing Authority are separate legal entities and component units of the Community Development Commission. The Commission's financial data and transactions are reported in the debt service and capital projects funds.

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.

The financial statements of the Commission are available at City Hall located at 11710 Telegraph Road, Santa Fe Springs, California. Separate PFA financial statements are not available.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***Joint Venture***

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 year ended June 30, 2008 were based on the following percentages:

Downey	34.87%
Santa Fe Springs	24.38%
Montebello	19.53%
Compton	21.22%

During the year ended June 30, 2008 the City of Santa Fe Springs contributed \$306,934 for the operation of the Center. Condensed, unaudited financial information (in thousands) as of and for the year ended June 30, 2008, is as follows:

Total Assets	\$ 0
Total Liabilities	0
Total Fund Balance	0
Total Revenue	1,258
Total Expenditures	1,258
Net change in fund balance	0

Financial information can be obtained from the City of Downey. City Hall is located at 11111 Brookshire Avenue, Downey, California.

***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 assets 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.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

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. 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 assets. The statement of activities presents changes in net assets. 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. 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.

***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 assets 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the current fiscal period. The primary sources susceptible to accrual are property tax, sales tax, transient occupancy tax, franchise fees, motor vehicle in lieu, highway users tax, investment income, and grant revenues. 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 are recorded only when payment is due.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

The City reports the following major governmental funds:

The General Fund is the government'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 Consolidated Redevelopment Project Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term liabilities of the Consolidated Redevelopment Project Area of the Community Development Commission of the City of Santa Fe Springs.

The Washington Boulevard Redevelopment Project Debt Service Fund is used to account for the accumulation of resources and payment of principal and interest on all Community Development Commission debt within the Washington Boulevard Redevelopment Project Area.

The Consolidated Redevelopment Project Capital Projects Fund is used for the acquisition of and rehabilitation of capital facilities within the Consolidated Redevelopment Project Area of the Community Development Commission of the City of Santa Fe Springs.

***Proprietary Fund Financial Statements***

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to customers for sales and services. Operating expenses for 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 nonoperating 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 Fund financial statements include a statement of assets and liabilities. The City's fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency 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:

The Section 8 Rental Assistance Program Fund is used to account for the deposit of monies from the federal Department of Housing and Urban Development for the City's Housing Assistance Payment Program. The Program is administered by the Housing Authority of the County of Los Angeles, California.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

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

In accordance with Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

***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.

***Budgeting***

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 is adopted for the General Fund, certain Special Revenue Funds, and Debt Service Funds. 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. Appropriations authorized during the fiscal year ended June 30, 2008 were reduced by \$244,350 in the General Fund.

The basis for budgeting in the General Fund, Special Revenue Funds and Debt Service 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.

***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.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

Transportation - includes those activities which have a primary objective of enhancing the movement of people and goods to, from, and within the City.

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.

Unallocated depreciation expense - includes a portion of infrastructure depreciation expense which was not allocatable to any of the other activities.

Interest on long-term liabilities - includes the payment of interest of long-term liabilities.

***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. A fund balance reserve has been established in the General Fund to reflect the City Council authorized level of investment in inventory in the fund financial statements.

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.

***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 when received from the County, except at year end when property taxes received within 60 days are accrued as revenue. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien	January 1
Levy	July 1 to June 30
Due	November 1 - 1st installment March 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 management pool are considered cash equivalents.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***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 valued 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 valued at their estimated fair market value on the date received.

To meet the criteria for capitalization, an asset must have a useful life in excess of one year, and in the case of buildings, building improvements, and improvements other than buildings, equal or exceed a capitalization threshold of \$20,000. The capitalization threshold for equipment is \$5,000. Land, except for land held for resale as discussed below, is capitalized regardless of cost.

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:

<u>Assets</u>	<u>Years</u>
Computers	3
Furniture	10
Machinery and equipment	7
Vehicles	8
Water service meters and hydrants	25
Water transmission and distribution mains	50
Infrastructure	20-75
Buildings and improvements	20-75



**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***Land and Buildings Held for Resale***

Land and related buildings acquired by the Community Development 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. If resale of the land is not anticipated in the near future, a corresponding portion of the fund balance, which is not available for current expenditure, is reserved in the governmental fund financial statements.

***Vacation and Sick Pay***

The City Manager and department heads employed in that capacity as of March 9, 2000, with five years of full-time service to the City in any capacity will be paid 100% of unused sick leave upon termination of employment with the City for any reason. Department heads not meeting the criteria above will be paid 50% of unused sick leave. 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.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

***Governmental Fund Balance Sheet and Government-wide Statement of Net Assets Differences***

The governmental fund balance sheet includes a reconciliation between fund balances - all governmental funds and net assets as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$158,327,173 difference are as follows:

Bonds payable	\$ (145,470,669)
Less: Deferred charge on refunding (to be amortized as interest expense)	3,600,385
Less: Deferred charge for issuance costs (to be amortized over life of debt)	3,016,705
Plus: Net premium/discount (to be amortized as interest expense)	(3,110,046)
Accrued interest payable	(1,875,903)
Capitalized lease obligations	(96,936)
Compensated absences	(2,752,882)
Tax increment loan payable	(4,447,249)
ERAF loan	(3,025,000)
Villages at Heritage Springs loan	(2,690,000)
Loans payable	(1,475,578)
	<hr/>
Net adjustment	\$ (158,327,173)

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities Differences***

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the increase in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$11,486,112 difference are as follows:

Capital outlay	\$ 15,714,063
Depreciation Expense	<u>(4,227,951)</u>
Net adjustment	<u><u>\$ 11,486,112</u></u>

Another element of that reconciliation explains that "the issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of the \$3,482,140 difference are as follows:

**Debt issued or incurred:**

Tax allocation bonds accretion	\$ (1,657,176)
Capital lease financing	(107,588)
Tax increment loan	(457,127)
Other loan financing	(605,000)

**Principal repayments:**

Tax allocation bonds	5,705,000
Capitalized lease obligations	144,000
ERAF loan	330,002
Loans payable	<u>130,029</u>
Net adjustment	<u><u>\$ 3,482,140</u></u>

Another element of that reconciliation states that "governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In addition, some 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." The details of this \$487,817 difference are as follows:

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

Accrued interest	\$ (80,509)
Amortization of deferred charge on refunding	(260,893)
Amortization of issuance costs	(195,634)
Amortization of net bond premiums/discounts	238,494
Compensated absences	<u>(189,275)</u>
Net adjustment	<u><u>\$ (487,817)</u></u>

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

**Statement of net assets:**

Cash and investments	\$ 82,951,946
Cash and investments with fiscal agent	27,398,002

**Fiduciary funds:**

Cash and investments	597,089
Cash and investments with fiscal agent	<u>314,654</u>

Total	<u><u>\$ 111,261,691</u></u>
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Cash and investments were comprised of the following as of June 30, 2008:

Cash on hand	\$ 49,926
Deposits with financial institutions	1,992,567
Investments	<u>109,219,198</u>
Total	<u><u>\$ 111,261,691</u></u>

***Investments Authorized by the City's Investment Policy***

The City of Santa Fe Springs' Statement of Investment Policy, is reviewed and adopted by the City Council each year. The investment policy is more conservative and restrictive than the investment vehicles authorized by Section 53601 of the California Government Code. 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:

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentages of Portfolio *</b>	<b>Maximum Investment in One Issuer</b>
U.S. Treasury bills	5 years	60%	None
U.S. Treasury notes	5 years	30%	None
Federal Agency issues	5 years	20%	None
Negotiable certificate of deposit	5 years	30%	None
Certificate deposit	5 years	10%	None
Bankers' acceptances	180 days	40%	None
Commercial paper	270 days	10%	10%
Repurchase and reverse 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 Government Code restrictions.

The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

***Investments Authorized by Debt Agreements***

Investment 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.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentages of Portfolio</b>	<b>Maximum Investment In One Investor</b>
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

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***Disclosures Relating to Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value 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.

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 distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Total Investment</u>	<u>Remaining Maturity 12 Months or Less</u>
Local agency investment fund	\$ 81,506,542	\$ 81,506,542
Held by bond trustee:		
Money market funds	17,914,943	17,914,943
Local agency investment fund	9,797,713	9,797,713
Total	<u>\$ 109,219,198</u>	<u>\$ 109,219,198</u>

***Disclosures Relating to Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization and the U.S. government securities are exempt from disclosure. The fiscal agent funds held in money market funds are rated AAA at June 30, 2008.

***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 at June 30, 2008.

***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

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

***Investment in State Investment Pool***

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

LAIF management has indicated that as of June 30, 2008, the amortized cost of the pool was \$70,027,950,242 and the estimated fair value of the pool was \$70,024,464,150. Included in the LAIF's investment portfolio are certain derivative securities or similar products in the form of structures notes, totaling \$6,113.006 million and asset backed securities totaling \$4,188.272 million.

**NOTE 4 - LOANS AND NOTES RECEIVABLE**

Deferred payment loans, \$36,911 are payable upon sale or transfer of the property. Payments received on these loans, principal and interest, are recycled back into the City's housing program. Notes receivable consist of interest bearing installment notes, \$60,000, due from the sale of Commission owned land, \$28,438 in notes receivable for monies advanced by the Commission for property owner assistance, \$63,844 in notes receivable from City employees for monies advanced for home computer purchases and an installment note of \$33,000 on an advance of Commission monies to property owners to clean up hazardous materials on private property. The City also issued a \$586,006 loan to Bloomfield Partners to assist with the completion of various public improvements required in conjunction with the development of 19.6 acre site. Principal and interest, beginning in fiscal year 2005/2006, is payable on a 15 year, fully amortized schedule with interest accruing from the date of the loan at an annual rate of 5.75%.

**NOTE 5 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists primarily of sales and use taxes due from the State of California, \$2,982,947; property taxes due from the County of Los Angeles, \$1,476,868; grant monies due from the Federal Government, \$585,431; grant monies due from the State of California, \$533,235; grant monies due from the County of Los Angeles \$10,939; and monies due from other cities and districts for facilities and property maintenance, \$320,319.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

**NOTE 6 - INTERFUND ACTIVITY**

Advances from other funds and advances to other funds consist of loans as follows:

A loan from the General Fund to the Consolidated Redevelopment Project Debt Service Fund, \$8,336,000, at an interest rate of 6.0%, with principal and interest payable on or before September 30, 2008.

A loan from the Consolidated Redevelopment Project Capital Projects Fund to the Consolidated Redevelopment Project Debt Service Fund, \$1,000,000, at a zero interest rate, with principal payable on or before May 13, 2014.

A loan from the General Fund to the Washington Boulevard Redevelopment Project Debt Service Fund, \$3,147,725 at a zero interest rate. Per terms of an agreement with the County of Los Angeles, principal repayment is deferred until, at a minimum the Washington Boulevard Project has received \$10,750,000 in total funds from this loan and the loan of property tax increment from Los Angeles County as described in Note 14.

A loan from the Consolidated Redevelopment Project Capital Projects Housing Fund was made to the General Fund in the amount of \$1,250,000 to cover certain costs. There is no set repayment schedule.

Interfund receivables and payables at June 30, 2008 were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 674,876	\$ -
Other governmental funds	<u>-</u>	<u>674,876</u>
	<u>\$ 674,876</u>	<u>\$ 674,876</u>

The interfund 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  
JUNE 30, 2008 (CONTINUED)**

The following is a summary of interfund transfers for the fiscal year ended June 30, 2008:

	<b>Transfers In</b>				<b>Total</b>
	<b>Consolidated Redevelopment Project</b>			<b>Other Governmental</b>	
<b>Transfers Out:</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Funds</b>	
General fund	\$ -	\$ -	\$ -	\$ 976,937	\$ 976,937
Consolidated redevelopment project:					
Debt service fund	-	-	4,842,000	-	4,842,000
Capital projects fund	3,494,003	986,578	-	1,758,925	6,239,506
Other governmental funds	1,896,242	-	-	355,777	2,252,019
Enterprise fund (Water Utility)	1,258,874	-	25,746	16,170	1,300,790
<b>Total</b>	<b>\$ 6,649,119</b>	<b>\$ 986,578</b>	<b>\$ 4,867,746</b>	<b>\$ 3,107,809</b>	<b>\$ 15,611,252</b>

Interfund transfers were primarily used to fund capital improvements from the General Fund, Other Governmental Funds, and the Consolidated Redevelopment Project Capital Projects Fund, to fund Housing Debt Service, to fund Housing activities within the General Fund, to partially fund specific General Fund activities, where allowable, from the Other Governmental Funds, and to fund certain indirect costs of the water utility including use of the City's rights of way and maintenance of the City's infrastructure used by the water utility and paid from the General Fund.

**NOTE 7 - DEPOSITS AND OTHER ASSETS**

Deposits and other assets consist of \$20,059 of deposits for land purchases and \$671,221 for prepaid items.



**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

**NOTE 8 - CHANGES IN CAPITAL ASSETS**

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

	<b>Governmental Activities</b>			
	<b>June 30, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2008</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 47,339,997	\$ 8,925,495	\$ -	\$ 56,265,492
Construction in progress	2,202,352	1,784,562	710,313	3,276,601
Total capital assets, not being depreciated	49,542,349	10,710,057	710,313	59,542,093
<b>Capital assets, being depreciated:</b>				
Buildings	19,830,679	-	6,000	19,824,679
Improvements other than buildings	19,996,459	834,665	-	20,831,124
Equipment	12,045,362	1,611,338	376,273	13,280,427
Infrastructure	95,398,500	3,268,316	17,276	98,649,540
Total capital assets, being depreciated	147,271,000	5,714,319	399,549	152,585,770
<b>Less accumulated depreciation:</b>				
Buildings	7,552,095	332,479	-	7,884,574
Improvements other than buildings	10,321,024	671,583	-	10,992,607
Equipment	7,969,203	689,998	327,806	8,331,395
Infrastructure	41,459,987	2,533,891	17,276	43,976,602
Total accumulated depreciation	67,302,309	4,227,951	345,082	71,885,178
Total capital assets, being depreciated, net	79,968,691	1,486,368	54,467	81,400,592
Government activities capital assets, net	<u>\$ 129,511,040</u>	<u>\$ 12,196,425</u>	<u>\$ 764,780</u>	<u>\$ 140,942,685</u>

**CITY OF SANTA FE SPRINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008 (CONTINUED)**

**Business-type Activities - Water Utility Plant**

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2008</u>
<b>Capital assets, not being depreciated:</b>				
Land and water rights	\$ 3,384,974	\$ -	\$ -	\$ 3,384,974
Construction in progress	800,861	273,854	337,738	736,977
Total capital assets, not being depreciated	<u>4,185,835</u>	<u>273,854</u>	<u>337,738</u>	<u>4,121,951</u>
<b>Capital assets, being depreciated:</b>				
Source of supply plant	3,025,811	5,478	-	3,031,289
Transmission and distribution plant	25,133,718	468,769	-	25,602,487
Pumping and treatment plant	83,216	-	-	83,216
General plant	1,057,112	-	-	1,057,112
Total capital assets, being depreciated	<u>29,299,857</u>	<u>474,247</u>	<u>-</u>	<u>29,774,104</u>
<b>Less accumulated depreciation:</b>				
Source of supply plant	1,466,440	58,058	-	1,524,498
Transmission and distribution plant	13,829,840	638,587	-	14,468,427
Pumping and treatment plant	83,216	-	-	83,216
General plant	688,626	56,690	-	745,316
Total accumulated depreciation	<u>16,068,122</u>	<u>753,335</u>	<u>-</u>	<u>16,821,457</u>
Total capital assets, being depreciated, net	<u>13,231,735</u>	<u>(279,088)</u>	<u>-</u>	<u>12,952,647</u>
Water utility capital assets, net	<u>\$ 17,417,570</u>	<u>\$ (5,234)</u>	<u>\$ 337,738</u>	<u>\$ 17,074,598</u>

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

Depreciation expense of \$4,981,286 was charged to the following functions:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General government	\$ 148,660	\$ -
Public safety	483,061	-
Community development	655,873	-
Transportation	150,223	-
Culture and leisure	2,694,542	-
Human services	34,556	-
Unallocated	61,036	-
Water utility	-	753,335
	<u>-</u>	<u>753,335</u>
Total depreciation expense	<u>\$ 4,227,951</u>	<u>\$ 753,335</u>

**NOTE 9 - CONTRACTS PAYABLE**

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

**NOTE 10 - DUE TO OTHER GOVERNMENTS**

Due to other governments consists of \$585,581 held in a fiduciary fund for the County of Los Angeles Community Development Commission (CDC) to provide a Section 8 rental assistance program in Santa Fe Springs, \$41,284 of sales and use taxes due to the State of California; and \$4,852 of CUPA surcharge fees due to the State of California.

**NOTE 11 - OTHER ACCRUED LIABILITIES**

Other accrued liabilities consists of accrued payroll costs, \$866,626; accrued water purchase and pump tax costs, \$604,550 and accrued building inspection costs, \$132,145.

**NOTE 12 - DEPOSITS**

Deposits consist primarily of money advanced by property owners for various improvements including street lights, traffic signals, and water system improvements; and money held for a public benefit group providing scholarships for local students.

**NOTE 13 - DEFERRED REVENUE**

Deferred revenue consists of monies being held as collateral or interest subsidy for low interest home improvement loans, \$309,650; direct home improvement loans, \$36,911; and taxes, fees and other revenues collected in advance of the 2008/2009 fiscal year, \$548,684.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

**NOTE 14 - LONG-TERM LIABILITIES**

*Summary*

The following is a summary of long-term liabilities as of June 30, 2008:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Long-term debt:</b>		
Revenue bonds	\$ -	\$ 7,621,416
Tax allocation bonds	144,980,330	-
Capitalized lease obligations	96,936	-
	<u>145,077,266</u>	<u>7,621,416</u>
<b>Other long-term liabilities:</b>		
Compensated absences	2,752,882	-
ERAF loan	3,025,000	-
Tax increment loan - L.A. County	4,447,249	-
Village at Heritage Springs loan	2,690,000	-
Loan payable SunTrust	1,456,908	-
Other loan payable	18,670	-
	<u>159,467,975</u>	<u>7,621,416</u>
Total long-term liabilities	<u>\$ 159,467,975</u>	<u>\$ 7,621,416</u>

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

**Activity**

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2008:

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Consolidated Redevelopment					
Project tax allocation bonds:					
2001 refunding issue	\$ 24,475,000	\$ -	\$ 950,000	\$ 23,525,000	\$ 980,000
2002 refunding issue	29,525,000	-	2,845,000	26,680,000	2,945,000
2003 refunding taxable issue	6,085,000	-	360,000	5,725,000	370,000
2006 issue	46,418,493	1,657,176	1,550,000	46,525,669	1,280,000
2007 refunding issue	43,015,000	-	-	43,015,000	425,000
Issuance discounts/premiums	3,348,540	-	238,494	3,110,046	-
Deferred amount on refunding	(3,861,278)	-	(260,893)	(3,600,385)	-
Capitalized lease obligations	133,348	107,588	144,000	96,936	61,121
Compensated absences	2,563,607	522,727	333,452	2,752,882	-
Tax increment loan from Los					
Angeles County	3,990,122	457,127	-	4,447,249	-
ERAF loan	3,355,000	-	330,000	3,025,000	340,000
Village at Heritage Springs Loan	2,690,000	-	-	2,690,000	-
Sun Trust loan payable	974,850	605,000	122,942	1,456,908	202,708
Other loan payable	25,757	-	7,087	18,670	7,302
	<u>\$ 162,738,439</u>	<u>\$ 3,349,618</u>	<u>\$ 6,620,082</u>	<u>\$ 159,467,975</u>	<u>\$ 6,611,131</u>

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Water revenue bonds:					
2003 Series A	\$ 4,505,000	\$ -	\$ 40,000	\$ 4,465,000	\$ 45,000
2005 Series A	3,460,000	-	130,000	3,330,000	130,000
Issuance discount/premiums	55,583	-	3,116	52,467	-
Deferred amount on refunding	(239,480)	-	(13,429)	(226,051)	-
	<u>\$ 7,781,103</u>	<u>\$ -</u>	<u>\$ 159,687</u>	<u>\$ 7,621,416</u>	<u>\$ 175,000</u>

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

The total annual debt service requirements to maturity on bonds, capital leases, and business assistance agreements for governmental activities of \$225,232,411 including interest payments of \$48,597,721 and capital appreciation of \$26,566,507, and for business-type activities of \$13,622,569, including interest payments of \$5,827,569, are as follows:

Year Ending June 30	<u>Governmental Activities</u>				
	Tax Allocation Bonds			Capitalized Lease Obligations	
	Principal	Interest	Capital Appreciation	Principal	Interest
2009	\$ 6,000,000	\$ 5,588,855	\$ -	\$ 61,121	\$ 6,393
2010	6,235,000	5,348,548	-	35,815	2,333
2011	6,465,000	5,071,797	-	-	-
2012	6,755,000	4,768,238	-	-	-
2013	7,050,000	4,452,384	-	-	-
2014-2018	41,495,000	16,682,501	-	-	-
2019-2023	50,940,720	5,589,650	5,344,280	-	-
2024-2028	18,364,775	96,281	20,365,225	-	-
2029	507,998	-	857,002	-	-
Totals	143,813,493	\$ 47,598,253	\$ 26,566,507	\$ 96,936	\$ 8,726
Cumulative Accretion	1,657,176	*			
Total Principal, June 30, 2008	\$ 145,470,669				

\* Accretion is included as capital appreciation in the debt service payment schedule.

Year Ending June 30	ERAF Loan		Other Loan Payable	
	Principal	Interest	Principal	Interest
2009	\$ 340,000	\$ 160,012	\$ 7,302	\$ 506
2010	360,000	143,230	7,522	285
2011	375,000	125,168	3,846	58
2012	395,000	106,062	-	-
2013	415,000	85,682	-	-
2014-2016	1,140,000	119,866	-	-
Totals	\$ 3,025,000	\$ 740,020	\$ 18,670	\$ 849

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

<u>Year Ending June 30</u>	<u>SunTrust Loan Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 202,708	\$ 64,600
2010	211,653	55,655
2011	220,994	46,314
2012	230,748	36,560
2013	240,933	26,374
2014-2015	349,872	20,370
Totals	<u>\$ 1,456,908</u>	<u>\$ 249,873</u>

<u>Business-Type Activities</u>		
<u>Year Ending June 30</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 175,000	\$ 363,498
2010	185,000	357,923
2011	190,000	351,910
2012	195,000	345,260
2013	200,000	338,298
2014-2018	1,150,000	1,557,488
2019-2023	1,445,000	1,255,263
2024-2028	1,845,000	884,679
2029-2033	2,410,000	373,250
Totals	<u>\$ 7,795,000</u>	<u>\$ 5,827,569</u>

***Tax Allocation Bonds:***

***Consolidated Redevelopment Project 2001 Tax Allocation Refunding Bonds***

Serial bonds totaling \$16,575,000 are payable annually on September 1 ranging from \$950,000 to \$1,870,000 through September 1, 2019. Term bonds totaling \$5,850,000 and \$1,100,000 are due on September 1, 2022 and 2024, respectively. Interest is payable on September 1 and March 1 in each year at rates of 3.5% to 5.0% per annum. Bonds due on or after September 1, 2012 are subject to redemption in whole or part, at the option of the Commission upon a redemption price equal to the principal amount plus a premium as follows:

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

<b><u>Redemption Dates</u></b>	<b><u>Redemption Price (% of Principal)</u></b>
September 1, 2011 through August 31, 2012	101.0
September 1, 2012 and thereafter	100.0

***Consolidated Redevelopment Project 2002 Tax Allocation Refunding Bonds***

Serial bonds totaling \$26,680,000 are payable annually on September 1 ranging from \$595,000 to \$3,745,000 through September 1, 2022. Interest is payable on September 1 and March 1 in each year at rates of 3.5% to 5.5% per annum. Bonds due on or after September 1, 2011 are subject to redemption in whole or part, at the option of the Commission upon a redemption price equal to the principal amount plus a premium as follows:

<b><u>Redemption Dates</u></b>	<b><u>Redemption Price (% of Principal)</u></b>
September 1, 2010 through August 31, 2011	101.0
September 1, 2011 and thereafter	100.0

***Consolidated Redevelopment Project 2003 Taxable Tax Allocation Refunding Bonds***

Term bonds are due on September 1, 2008, 2013 and 2024. Interest is payable on September 1 and March 1 in each year at rates of 3.5% to 5.75% per annum. Bonds due on or after September 1, 2014 are subject to redemption in whole or part, on any date on or after September 1, 2013 at the option of the Commission upon a redemption price equal to the principal amount plus accrued interest to the redemption date, without premium. The bonds are subject to mandatory sinking fund redemption annually in amounts ranging from \$95,000 to \$465,000. The balance outstanding at June 30, 2008 was \$5,725,000.

***Consolidated Redevelopment Project 2006 Tax Allocation Bonds***

Series A bonds are structured with a mix of current interest bonds and 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.

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 balance outstanding at June 30, 2008 was \$46,525,669 including accretion on the capital appreciation bonds of \$1,657,176.



**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***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.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***Capitalized Lease Obligations:***

Capitalized lease obligations consist of lease purchase agreements which have been accounted for as purchases. Ownership of the assets will be transferred to the City upon expiration of the leases. The assets have been capitalized and the related debt is included in long-term liabilities as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Car lease beginning Feb 1, 2007 for \$27,946 - 6.8%; annual payments, including interest, of \$9,315; expiring on Feb 1, 2009	\$ 8,722	\$ 593	\$ 9,315
Car lease beginning March 25, 2007 for \$29,760 - 6.8%; annual payments, including interest, of \$9,920; expiring on March 25, 2009	9,289	631	9,920
Car lease beginning June 13, 2007 for \$30,340 - 6.8%; annual payments, including interest, of \$10,130; expiring on June 13, 2009	9,485	645	10,130
Car lease beginning October 24, 2007 for \$27,795 - 6.6%; annual payments, including interest, of \$9,265; expiring on October 24, 2009	16,845	1,685	18,530
Car lease beginning November 19, 2007 for \$27,982 - 6.6%; annual payments, including interest, of \$9,327; expiring on November 19, 2009	16,958	1,697	18,655
Car lease beginning January 30, 2008 for \$27,982 - 6.25%; annual payments, including interest, of \$9,297; expiring on January 30, 2010	16,986	1,609	18,595
Car lease beginning May 1, 2008 for \$30,776 - 6.6%; annual payments, including interest, of \$10,259; expiring on May 1, 2010	18,651	1,866	20,517
	<u>\$ 96,936</u>	<u>\$ 8,726</u>	<u>\$ 105,662</u>

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***Compensated Absences***

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

***Tax Increment Loan Payable***

A loan of property tax increment was issued by the County of Los Angeles to the Washington Boulevard Redevelopment Project Debt Service Fund, with a remaining outstanding balance of \$4,447,249, 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 are deferred until such time as the 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.

***ERAF Loan***

The Commission received a loan with an outstanding balance of \$3,025,000 from the California Statewide Communities Development Authority for the purpose of making the ERAF payment to the County of Los Angeles and covering the loan administration expense. Principal and interest are payable in installments each March 1 and November 1 commencing November 1, 2005 and ending March 1, 2015, from any available monies of the Commission not obligated for other uses. Interest on each installment has been calculated at an annual interest rate varying from 3.87% - 5.01% depending on the average interest rates of the underlying debt issued by the California Statewide Communities Development Authority to fund the loans. The loan is not subject to early prepayment.

***Village at Heritage Springs Loan***

A disposition and development agreement was entered into between the Community Development Commission of the City of Santa Fe Springs and Villages at Heritage Springs, LLC on November 17, 2005. This agreement included an interest-free loan of \$2,690,000 to help absorb the cost of acquisition of third party properties. The Commission may elect to increase the amount up to a total of \$2,775,000. This loan is payable in seven equal annual installments on September 30 of each fiscal year. Payments begin the September 30 following the fiscal year in which the Commission receives \$400,000 in property tax increment directly attributable to the project.

***SunTrust Loan Payable***

In May 2007, the City entered into a loan agreement for \$974,250 with SunTrust Leasing Corporation for a fire truck. Payments are due annually in the amount of \$163,923 on May 21 each year at an annual interest rate of 4.25%; with the loan expiring on May 21, 2014. In July 2007, the agreement was amended for an additional \$605,000 for the purchase of three additional fire trucks. Payments are due annually in the amount of \$103,384 on July 16 of each year at an annual interest rate of 4.69% with the loan expiring on July 16, 2014. The current balance outstanding is \$1,456,908.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***Other Loan Payable***

In November 2005, the City entered into a loan agreement for an unsecured note for \$36,000 at 3% per annum, principal and interest payable bi-annually for 5 years. The current balance outstanding is \$18,670.

***Water Revenue Bonds, 2003 Series A***

Serial bonds totaling \$915,000 are payable annually on May 1 in amounts ranging from \$45,000 to \$85,000 through May 1, 2023. Term bonds totaling \$1,140,000, and \$2,410,000 are due on May 1, 2028, and 2033, respectively. Interest is payable semiannually on May 1 and November 1 in each year at rates of 3.0% to 4.9%. Series A bonds maturing on or before May 1, 2014 are subject to redemption, in whole, or in part by lot, at the option of the Authority prior to their stated maturities, on any date commencing on or after May 1, 2013 at a redemption price equal to the principal amount thereof together with accrued interest thereon to the date fixed for redemption, without premium. The total amount outstanding as of June 30, 2008 is \$4,465,000.

The Installment Sale Agreement between the Authority and the City, requires that water rates be fixed so that the net revenues shall be at least 1.20 times the interest on and principal payments of the bonds as they become due and payable.

***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 of Santa Fe Springs 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 is payable semiannually on November 1 and May 1. Funding sources for the repayment are installment payments payable by the City to the Santa Fe Springs Public Financing Authority. The total amount outstanding as of June 30, 2008 is \$3,330,000.

***Prior Year Defeasance of Debt***

In prior years, the City defeased certain other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on all old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The defeased debt outstanding at June 30, 2008 was \$6,180,000, \$25,925,000 and \$11,425,000 for the 1997, 1998 and 2002 Tax Allocation Bonds, respectively.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

**NOTE 15 - FUND BALANCES**

Certain fund balances of the various funds are reserved, designated and undesignated as follows:

	<u>General</u>	<u>Consolidated Redevelopment Project Debt Service</u>	<u>Consolidated Redevelopment Project Capital Projects</u>
Reserved for inventory of materials and supplies	\$ 753,345	\$ -	\$ -
Reserved for debt service	-	28,699,724	-
Reserved for land held for resale	-	-	11,045,917
Reserved for long-term loans and notes receivable	100,755	-	707,444
Reserved for restricted cash and investments	1,279,726	-	-
Reserved for advances	11,483,725	-	2,250,000
Reserved for deposits and other assets	-	-	5,928
Designated for subsequent years expenditures	2,079,506	-	26,190,234
Designated for waste management	564,832	-	-
Designated for contingencies	12,455,044	-	-
Undesignated	-	-	20,790,240
Total	<u>\$ 28,716,933</u>	<u>\$ 28,699,724</u>	<u>\$ 60,989,763</u>

**NOTE 16 - 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 119 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 coverages. The Authority's pool 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 9-member Executive Committee.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***(b) Self-Insurance Programs of the Authority***

***General Liability***

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

***Workers' Compensation***

The City of Santa Fe Springs also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties—Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

***(c) Purchased Insurance***

***Environmental Insurance***

The City of Santa Fe Springs participates in the pollution legal liability and remediation legal liability insurance 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 a limit of \$50,000,000 for the 3-year period from July 1, 2005 through July 1, 2008. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

***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. The 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. Total all-risk property insurance coverage is \$87,009,238. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

***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. The City of Santa Fe Springs property currently has earthquake protection in the amount of \$40,119,667. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

***Crime Insurance***

The City of Santa Fe Springs purchases crime insurance coverage in the amount of \$1,000,000 with \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

***(d) Adequacy of Protection***

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**NOTE 17 - RETIREMENT PLAN**

***Full-time Employees***

During the year ended June 30, 2008, the City of Santa Fe Springs implemented GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and 27*. The reporting changes required by this Statement amend applicable note disclosure and Required Supplementary Information to more closely align the financial reporting requirements for pensions with those for other postemployment benefits.

The City of Santa Fe Springs contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined pension benefit plan for the miscellaneous employees and a cost-sharing multiple-employer public employee defined pension benefit 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

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

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 the PERS retirement system but participate in a defined contribution plan. Benefit provisions and all other requirements are established by State statute and City ordinance. PERS issues a separate comprehensive annual financial report. Copies of PERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Participants are required to contribute 9% for public safety employees and 8% for miscellaneous employees of their annual covered salary. The City contributes the required contributions of the miscellaneous and public safety employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amount necessary to fund the benefits for its members, using the actuarial rates recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2008 was 16.750% for miscellaneous employees and 31.213% for safety. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS.

The funded status of the miscellaneous plan based on the June 30, 2007 actuarial valuation is as follows (in thousands):

<b>Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Liability (Excess Assets)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Actuarial Accrued Liability % of Payroll</b>
\$ 101,049	\$ 82,693	\$ 18,336	81.8%	\$ 13,160	139.5%

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

For fiscal year ended June 30, 2008, the City's annual pension cost of \$4,594,672 was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20%; and (c) 3.25% cost of living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of PERS assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008 was 30 years for the miscellaneous plan.



**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

The following is a summary of information for PERS for a three-year period ending each June 30:

**Three-Year Trend Information for PERS (Dollar Amounts in Thousands)**

<u>Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$ 4,293	100%	0
2007	4,213	100%	0
2008	4,595	100%	0

***Part-time Employees***

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan was created in accordance with Internal Revenue Code Section 457. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and the City Council resolved to match the employees' contributions of 3.75%. The City's contribution for each employee (and interest earned by the accounts) is fully vested immediately.

For the year ended June 30, 2008, the City's covered payroll for part-time employees was \$3,417,145. The City made employer contributions of \$128,143 (3.75% of covered payroll), and employees contributed \$128,143 (3.75% of covered payroll). Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and are not included in the financial statements in accordance with GASB Statement No. 32.

**NOTE 18 - POST-EMPLOYMENT HEALTH CARE BENEFITS**

Employees who retire from the City are eligible to receive health care benefits covering themselves and any qualified family members. The statutory authority is contained in the State of California Government Code, Section 20000, et seq. Currently, 171 retirees meet the eligibility requirements. The City pays up to \$1,184 per month per retiree toward all premiums charged under a health benefit plan administered by the Public Employees' Retirement System (PERS) in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. Premiums are recorded as an expenditure as paid. Expenditures for post-retirement health care benefits for fiscal year 2008 was \$1,476,094.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

**NOTE 19 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2008, expenditures exceeded appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Overage</u>
General Fund	\$ 54,556,650	\$ 55,425,369	\$ 868,719
<b>Debt Service:</b>			
Washington Boulevard Redevelopment Project Fund	123,300	556,074	432,774
<b>Special Revenue:</b>			
Supplemental Law Enforcement Services Fund	-	45,992	45,992

These overages were funded by either revenues received higher than budgeted amounts or from available fund balance.

**NOTE 20 - DEFICIT FUND BALANCE**

The Washington Boulevard Redevelopment Project Debt Service Fund had a deficit fund balance of \$1,679,421 at June 30, 2008. This is due to the requirements of GASB Statement No. 34, which requires that all advances to other funds reported previously as long-term debt must be reported in the fund which will repay them. The Washington Boulevard Redevelopment Project Debt Service Fund has outstanding advances from the General Fund of \$3,147,725, as described in note 6.

The Capital Improvements Capital Projects Fund had a deficit fund balance of \$24,614, at June 30, 2008. This is due to expenditures exceeding revenues for the year. The deficit will be funded by future revenues.

**NOTE 21 - CONTINGENT LIABILITIES**

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 22 - NON-CITY OBLIGATION DEBT**

The City of Santa Fe Springs 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 of Santa Fe Springs or the Community Development Commission have been pledged to the payment of the obligations. The outstanding balance at June 30, 2008 is \$2,105,000.

**CITY OF SANTA FE SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 (CONTINUED)**

**NOTE 23 – SUBSEQUENT EVENT**

The State Legislature passed AB 1389, which became effective September 30, 2008. The bill includes requirement for a payment to the Educational Revenue Augmentation Fund (ERAF) by each redevelopment agency by May 10, 2009. The California Redevelopment Association's estimate of the Community Development Commission of the City of Santa Fe Springs' payment is \$2,201,865.

**CITY OF SANTA FE SPRINGS**  
**Schedule of Funding Progress for Public Employees Retirement System**  
 (most recent data available)

**Miscellaneous Plan**  
**(Dollar Amounts in Thousands)**

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Entry Age Normal Accrued Liability</b>	<b>(b-a) Unfunded/ (Overfunded) Liability (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>[(b-a)/c] UAAL as a % of Covered Payroll</b>
6/30/05	\$71,739	\$86,930	\$15,191	82.5%	\$10,577	143.623%
6/30/06	77,067	94,244	17,156	81.8%	12,179	140.900%
6/30/07	82,693	101,049	18,356	81.8%	13,160	139.500%

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Taxes	\$ 34,287,700	\$ 34,287,700	\$ 32,168,270	\$ (2,119,430)
Licenses and permits	1,875,600	1,872,600	1,701,480	(171,120)
Fines, forfeitures and seizures	585,000	550,000	542,613	(7,387)
Interest and rentals	2,177,400	2,177,400	2,041,829	(135,571)
From other agencies	3,337,700	3,398,500	3,530,681	132,181
Charges for current services	4,205,600	4,667,400	5,304,139	636,739
Other	366,700	540,200	1,062,214	522,014
Total revenues	<u>46,835,700</u>	<u>47,493,800</u>	<u>46,351,226</u>	<u>(1,142,574)</u>
<b>Expenditures:</b>				
Current:				
General government	4,942,400	5,017,100	3,982,364	1,034,736
Public safety	25,799,100	25,655,550	25,824,532	(168,982)
Community development	5,908,300	5,937,200	8,119,655	(2,182,455)
Transportation	4,947,100	4,883,800	4,641,050	242,750
Culture and leisure	9,019,800	8,906,500	8,511,379	395,121
Human services	3,928,200	3,900,400	4,117,257	(216,857)
Debt service:				
Interest	31,600	31,600	5,988	25,612
Principal retirement	224,500	224,500	223,144	1,356
Total expenditures	<u>54,801,000</u>	<u>54,556,650</u>	<u>55,425,369</u>	<u>(868,719)</u>
Excess (deficiency) of revenues over expenditures	(7,965,300)	(7,062,850)	(9,074,143)	(2,011,293)
<b>Other financing sources (uses):</b>				
Loan issuance	-	-	605,000	605,000
Lease purchase agreements	-	-	107,588	107,588
Transfers in	6,681,200	7,893,400	6,649,119	(1,244,281)
Transfers out	(3,562,435)	(3,660,435)	(976,937)	2,683,498
Net change in fund balance	(4,846,535)	(2,829,885)	(2,689,373)	140,512
Fund balance, beginning of year	<u>31,406,306</u>	<u>31,406,306</u>	<u>31,406,306</u>	<u>-</u>
Fund balance, end of year	<u>\$ 26,559,771</u>	<u>28,576,421</u>	<u>\$ 28,716,933</u>	<u>\$ 140,512</u>

The Note to Required Supplementary Information is an integral part of this statement.

**City of Santa Fe Springs**  
**Note to Required Supplementary Information**  
**June 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Budgeting***

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 is adopted for the General Fund, certain Special Revenue Funds, and Debt Service Funds. The City does not adopt a budget for the California Law Enforcement Equipment Program Special Revenue 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. Supplemental appropriations authorized during the fiscal year ended June 30, 2008 were reduced by \$244,350 in the General Fund.

The basis for budgeting in the General Fund, Special Revenue Funds and Debt Service 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.

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**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Consolidated Redevelopment Project Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Taxes	\$ -	\$ 21,431,200	\$ 22,618,988	\$ 1,187,788
Interest and rentals	-	1,000,000	1,140,671	140,671
Total revenues	-	22,431,200	23,759,659	1,328,459
<b>Expenditures:</b>				
Current:				
Community development	5,315,000	5,315,000	5,064,287	250,713
Debt service:				
Interest	6,663,400	6,663,400	5,937,430	725,970
Principal retirement	6,442,500	6,442,500	6,037,467	405,033
Total expenditures	18,420,900	18,420,900	17,039,184	1,381,716
Excess (deficiency) of revenues over expenditures	(18,420,900)	4,010,300	6,720,475	2,710,175
<b>Other financing sources (uses):</b>				
Transfers in	984,100	984,100	986,578	2,478
Transfers out	(4,000,000)	(4,000,000)	(4,842,000)	(842,000)
Net change in fund balance	(21,436,800)	994,400	2,865,053	1,870,653
Fund balance, beginning of year	25,834,671	25,834,671	25,834,671	-
Fund balance, end of year	\$ 4,397,871	\$ 26,829,071	\$ 28,699,724	\$ 1,870,653



**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Washington Boulevard Redevelopment Project Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ -	\$ 409,600	\$ 416,631	\$ 7,031
Interest and rentals	-	35,000	43,187	8,187
From other agencies	190,000	190,000	-	(190,000)
Total revenues	190,000	634,600	459,818	(174,782)
<b>Expenditures:</b>				
Current:				
Community development	82,400	82,400	321,932	(239,532)
Debt service:				
Interest	36,300	36,300	229,522	(193,222)
Principal retirement	4,600	4,600	4,620	(20)
Total expenditures	123,300	123,300	556,074	(432,774)
Excess (deficiency) of revenues over expenditures	66,700	511,300	(96,256)	(607,556)
<b>Other financing source:</b>				
Loan issuance	-	-	457,127	457,127
Net change in fund balance	66,700	511,300	360,871	(150,429)
Fund balance (deficit), beginning of year	(2,040,292)	(2,040,292)	(2,040,292)	-
Fund balance (deficit), end of year	<u>\$ (1,973,592)</u>	<u>\$ (1,528,992)</u>	<u>\$ (1,679,421)</u>	<u>\$ (150,429)</u>

## **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 Gasoline 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.

#### ***Traffic Congestion Relief***

This fund is used to account for traffic congestion relief funds received under State Assembly Bill 2928. These funds are utilized solely for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair that provides traffic congestion relief.

#### ***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 and 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.

#### ***Narcotics Forfeitures/Seizures***

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

#### ***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.

#### ***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)**

### ***Street Lighting Maintenance District***

This fund is used to account for revenues received for street lighting services in selected areas within the City. Monies are collected within the special revenue fund and are subsequently transferred to the General Fund to partially fund the costs of providing these services. 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 for street maintenance and repair services in selected areas within the City. Monies are collected within the special revenue fund and are subsequently transferred to the General Fund to partially fund the costs of providing these services. 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.

### ***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.

### ***California Law Enforcement Equipment Program***

This fund is used to account for a State of California block grant providing for new law enforcement personnel, equipment, or programs.

### ***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***

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.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **CAPITAL PROJECTS FUNDS**

#### ***Capital Improvements***

This 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.

#### ***Washington Boulevard Redevelopment Project***

This fund is used to account for financial resources segregated for the acquisition of and rehabilitation of capital facilities within the Washington Boulevard Redevelopment Project Area.

**CITY OF SANTA FE SPRINGS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**

	<u>Special Revenue Funds</u>			
	<u>State Gasoline Tax</u>	<u>Traffic Congestion Relief</u>	<u>County Transit Tax</u>	<u>Narcotics Forfeitures/ Seizures</u>
<b>Assets:</b>				
Cash and investments	\$ -	\$ -	\$ 312,674	\$ 199,337
Accounts receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	107,149	-	40,000	-
	<u>107,149</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Total assets	<u>\$ 107,149</u>	<u>\$ -</u>	<u>\$ 352,674</u>	<u>\$ 199,337</u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	107,149	-	-	-
Other accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Deferred revenue	-	-	9,555	-
	<u>-</u>	<u>-</u>	<u>9,555</u>	<u>-</u>
Total liabilities	107,149	-	9,555	-
Fund Balances:				
Unreserved:				
Undesignated	-	-	343,119	\$ 199,337
	<u>-</u>	<u>-</u>	<u>343,119</u>	<u>\$ 199,337</u>
Total liabilities and fund balances	<u>\$ 107,149</u>	<u>\$ -</u>	<u>\$ 352,674</u>	<u>\$ 199,337</u>

Special Revenue Funds					
Art In Public Places	Air Quality Improve- ment	Street Lighting Maintenance District	Heritage Springs Street Maintenance District	Public Safety Augmen- tation	California Law Enforcement Equipment Program
\$ 1,561,290	\$ -	\$ -	\$ 55,433	\$ -	\$ 3,176
-	-	-	-	-	-
-	-	-	-	-	-
-	5,571	14,489	-	26,472	-
<u>\$ 1,561,290</u>	<u>\$ 5,571</u>	<u>\$ 14,489</u>	<u>\$ 55,433</u>	<u>\$ 26,472</u>	<u>\$ 3,176</u>
\$ 9,750	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	5,571	14,489	-	26,472	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,750	5,571	14,489	-	26,472	-
<u>\$ 1,551,540</u>	<u>-</u>	<u>-</u>	<u>55,433</u>	<u>-</u>	<u>3,176</u>
<u>\$ 1,561,290</u>	<u>\$ 5,571</u>	<u>\$ 14,489</u>	<u>\$ 55,433</u>	<u>\$ 26,472</u>	<u>\$ 3,176</u>

(Continued)

**CITY OF SANTA FE SPRINGS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2008**

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
	Community			
	Supplemental Law Enforcement Services	Develop- ment Block Grant	Capital Improvements	Washington Boulevard Redevelopment Project
<b>Assets:</b>				
Cash and investments	\$ 6,173	\$ -	\$ -	\$ 646,955
Accounts receivable	-	-	460,281	10,000
Accrued interest receivable	-	-	-	4,897
Due from other governments	-	58,083	450,640	-
	<u>-</u>	<u>58,083</u>	<u>450,640</u>	<u>-</u>
Total assets	<u>\$ 6,173</u>	<u>\$ 58,083</u>	<u>\$ 910,921</u>	<u>\$ 661,852</u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable	\$ -	-	\$ 194,340	\$ -
Contracts payable	-	-	47,267	-
Due to other funds	-	58,083	463,112	-
Other accrued liabilities	-	-	5,591	3,918
Deposits	-	-	225,225	-
Deferred revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	58,083	935,535	3,918
<b>Fund Balances:</b>				
Unreserved:				
Undesignated	<u>6,173</u>	<u>-</u>	<u>(24,614)</u>	<u>657,934</u>
Total liabilities and fund balances	<u>\$ 6,173</u>	<u>\$ 58,083</u>	<u>\$ 910,921</u>	<u>\$ 661,852</u>

Total

\$ 2,785,038  
470,281  
4,897  
702,404

\$ 3,962,620

\$ 204,090  
47,267  
674,876  
9,509  
225,225  
9,555

1,170,522

2,792,098

\$ 3,962,620



**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Special Revenue Funds</u>			
	<u>State Gasoline Tax</u>	<u>Traffic Congestion Relief</u>	<u>County Transit Tax</u>	<u>Narcotics Forfeitures/ Seizures</u>
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 21,285	\$ 10,076
Fines and forfeitures	-	-	-	5,670
From other agencies	318,775	-	561,445	-
Charges for current services	-	-	-	-
Other	-	-	47,448	-
Total revenues	<u>318,775</u>	<u>-</u>	<u>630,178</u>	<u>15,746</u>
<b>Expenditures:</b>				
Current:				
Community development	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	-	-	-	-
Culture and leisure	-	-	-	-
Debt service:				
Interest	-	-	-	-
Principal retirement	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>318,775</u>	<u>-</u>	<u>630,178</u>	<u>15,746</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	37
Transfers out	<u>(318,775)</u>	<u>(155,741)</u>	<u>(792,991)</u>	<u>(74,037)</u>
Total other financing sources and (uses)	<u>(318,775)</u>	<u>(155,741)</u>	<u>(792,991)</u>	<u>(74,000)</u>
Net change in fund balances	-	(155,741)	(162,813)	(58,254)
Fund balances (deficits), beginning of year	<u>-</u>	<u>155,741</u>	<u>505,932</u>	<u>257,591</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,119</u>	<u>\$ 199,337</u>

Special Revenue Funds					
Art In Public Places	Air Quality Improve- ment	Street Lighting Maintenance District	Heritage Springs Street Maintenance District	Public Safety Augmen- tation	California Law Enforcement Equipment Program
\$ 72,172	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	21,318	-	-	154,988	-
-	-	-	-	-	-
260,188	-	208,235	-	-	-
332,360	21,318	208,235	-	154,988	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
332,360	21,318	208,235	-	154,988	-
(433,013)	(21,318)	(208,235)	(7,900)	(154,988)	-
(433,013)	(21,318)	(208,235)	(7,900)	(154,988)	-
(100,653)	-	-	(7,900)	-	-
1,652,193	-	-	63,333	-	\$ 3,176
\$ 1,551,540	\$ -	\$ -	\$ 55,433	\$ -	\$ 3,176

**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
	<u>Community</u>			
	<u>Supplemental</u>	<u>Develop-</u>		<u>Washington</u>
	<u>Law</u>	<u>ment</u>		<u>Boulevard</u>
	<u>Enforcement</u>	<u>Block</u>	<u>Capital</u>	<u>Redevelopment</u>
	<u>Services</u>	<u>Grant</u>	<u>Improvements</u>	<u>Project</u>
<b>Revenues:</b>				
Interest and rentals	\$ 3,686	\$ -	\$ -	\$ 30,125
Fines and forfeitures	-	-	-	-
From other agencies	100,000	31,021	2,778,769	-
Charges for current services	-	-	924	-
Other	-	-	105,118	-
Total revenues	<u>103,686</u>	<u>31,021</u>	<u>2,884,811</u>	<u>30,125</u>
<b>Expenditures:</b>				
Current:				
Community development	-	-	-	261,109
Capital outlay:				
General government	-	-	160,713	-
Public safety	-	-	40,174	-
Community development	-	-	2,398,066	-
Transportation	-	-	2,500,037	-
Culture and leisure	-	-	939,878	-
Debt service:				
Interest	2,192	-	-	-
Principal retirement	43,800	-	-	-
Total expenditures	<u>45,992</u>	<u>-</u>	<u>6,038,868</u>	<u>261,109</u>
Excess (deficiency) of revenues over expenditures	<u>57,694</u>	<u>31,021</u>	<u>(3,154,057)</u>	<u>(230,984)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	3,107,772	-
Transfers out	<u>(54,000)</u>	<u>(31,021)</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>(54,000)</u>	<u>(31,021)</u>	<u>3,107,772</u>	<u>-</u>
Net change in fund balances	3,694	-	(46,285)	(230,984)
Fund balances (deficits), beginning of year	<u>2,479</u>	<u>-</u>	<u>21,671</u>	<u>888,918</u>
Fund balances (deficits), end of year	<u>\$ 6,173</u>	<u>\$ -</u>	<u>\$ (24,614)</u>	<u>\$ 657,934</u>

<u>Total</u>	
\$	137,344
	5,670
	3,966,316
	924
	<u>620,989</u>
	<u>4,731,243</u>
	261,109
	160,713
	40,174
	2,398,066
	2,500,037
	939,878
	2,192
	<u>43,800</u>
	<u>6,345,969</u>
	<u>(1,614,726)</u>
	3,107,809
	<u>(2,252,019)</u>
	<u>855,790</u>
	(758,936)
	<u>3,551,034</u>
\$	<u><u>2,792,098</u></u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**State Gasoline Tax Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From other agencies	\$ -	\$ 345,000	\$ 318,775	(26,225)
<b>Other financing uses:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(318,775)</u>	<u>(318,775)</u>
Net change in fund balance	-	345,000	-	(345,000)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 345,000</u>	<u>\$ -</u>	<u>\$ (345,000)</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Traffic Congestion Relief Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Other financing uses:</b>				
Transfers out	<u>\$ (75,000)</u>	<u>\$ (95,000)</u>	<u>\$ (155,741)</u>	<u>\$ (60,741)</u>
Fund balance, beginning of year	<u>155,741</u>	<u>155,741</u>	<u>155,741</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 80,741</u></u>	<u><u>\$ 60,741</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (60,741)</u></u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**County Transit Tax Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Interest and rentals	\$ 22,000	\$ 22,000	\$ 21,285	\$ (715)
From other agencies	523,400	523,400	561,445	38,045
Other	-	-	47,448	47,448
Total revenues	545,400	545,400	630,178	84,778
<b>Other financing uses:</b>				
Transfers out	(798,100)	(798,100)	(792,991)	5,109
Net change in fund balance	(252,700)	(252,700)	(162,813)	89,887
Fund balance, beginning of year	505,932	505,932	505,932	-
Fund balance, end of year	<u>\$ 253,232</u>	<u>\$ 253,232</u>	<u>\$ 343,119</u>	<u>\$ 89,887</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Narcotics Forfeitures/Seizures Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 10,076	\$ 10,076
Fines and forfeitures	-	-	5,670	5,670
Total revenues	-	-	15,746	15,746
<b>Other financing sources (uses):</b>				
Transfers in	-	-	37	37
Transfers out	(206,000)	(156,000)	(74,037)	81,963
Net change in fund balance	(206,000)	(156,000)	(58,254)	97,746
Fund balance, beginning of year	257,591	257,591	257,591	-
Fund balance, end of year	<u>\$ 51,591</u>	<u>\$ 101,591</u>	<u>\$ 199,337</u>	<u>\$ 97,746</u>



**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Art In Public Places Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 72,172	\$ 72,172
Other	-	-	260,188	260,188
Total revenues	-	-	332,360	332,360
<b>Other financing uses:</b>				
Transfers out	(500,000)	(525,000)	(433,013)	91,987
Net change in fund balance	(500,000)	(525,000)	(100,653)	424,347
Fund balance, beginning of year	1,652,193	1,652,193	1,652,193	-
Fund balance, end of year	<u>\$ 1,152,193</u>	<u>\$ 1,127,193</u>	<u>\$ 1,551,540</u>	<u>\$ 424,347</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Air Quality Improvement Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From other agencies	\$ -	\$ -	\$ 21,318	21,318
<b>Other financing uses:</b>				
Transfers out	<u>(17,200)</u>	<u>(17,200)</u>	<u>(21,318)</u>	<u>(4,118)</u>
Net change in fund balance	(17,200)	(17,200)	-	17,200
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (17,200)</u>	<u>\$ (17,200)</u>	<u>\$ -</u>	<u>\$ 17,200</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Street Lighting Maintenance District Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Other	\$ -	\$ 262,000	\$ 208,235	\$ (53,765)
<b>Other financing uses:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(208,235)</u>	<u>(208,235)</u>
Net change in fund balance	-	262,000	-	(262,000)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 262,000</u>	<u>\$ -</u>	<u>\$ (262,000)</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Heritage Springs Street Maintenance District Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other financing uses:</b>				
Transfers out	\$ (10,500)	\$ (10,800)	\$ (7,900)	\$ 2,900
Net change in fund balance	(10,500)	(10,800)	(7,900)	2,900
Fund balance, beginning of year	<u>63,333</u>	<u>63,333</u>	<u>63,333</u>	<u>-</u>
Fund balance, end of year	<u>\$ 52,833</u>	<u>\$ 52,533</u>	<u>\$ 55,433</u>	<u>\$ 2,900</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Public Safety Augmentation Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
From other agencies	\$ -	\$ -	\$ 154,988	\$ 154,988
<b>Other financing uses:</b>				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(154,988)</u>	<u>(54,988)</u>
Net change in fund balance	(100,000)	(100,000)	-	100,000
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Fund balance (deficit), end of year				

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Supplemental Law Enforcement Services Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 3,686	\$ 3,686
From other agencies	-	-	100,000	100,000
	<u>-</u>	<u>-</u>	<u>103,686</u>	<u>103,686</u>
<b>Expenditures:</b>				
Debt service:				
Interest	-	-	2,192	(2,192)
Principal retirement	-	-	43,800	(43,800)
	<u>-</u>	<u>-</u>	<u>45,992</u>	<u>(45,992)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>57,694</u>	<u>57,694</u>
<b>Other financing uses:</b>				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(54,000)</u>	<u>46,000</u>
Net change in fund balance	(100,000)	(100,000)	3,694	103,694
Fund balance, beginning of year	<u>2,479</u>	<u>2,479</u>	<u>2,479</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (97,521)</u>	<u>\$ (97,521)</u>	<u>\$ 6,173</u>	<u>\$ 103,694</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
From other agencies	\$ -	\$ -	\$ 31,021	\$ 31,021
<b>Other financing uses:</b>				
Transfers out	<u>(71,750)</u>	<u>(71,750)</u>	<u>(31,021)</u>	<u>40,729</u>
Net change in fund balance	(71,750)	(71,750)	-	71,750
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (71,750)</u>	<u>\$ (71,750)</u>	<u>\$ -</u>	<u>\$ 71,750</u>

## **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**

#### ***Section 8 Rental Assistance Program Fund***

This fund is used to account for the deposit of monies from the Federal Department of Housing and Urban Development for the City's Housing Assistance Payment Program authorized under the United States Housing Act of 1937, with the objective of providing decent, safe, and sanitary housing for eligible families pursuant to Section 8 of the Act. The Program is administered by the Housing Authority of the County of Los Angeles, California.

#### ***Heritage Springs Assessment District Fund***

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



**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**June 30, 2008**

	<b>Section 8 Rental Assistance Program</b>	<b>Heritage Springs Assessment District</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 585,581	\$ 11,508	\$ 597,089
Cash and investments with fiscal agent	-	314,654	314,654
Due from other governments	-	71,695	71,695
	<u>585,581</u>	<u>397,857</u>	<u>983,438</u>
Total assets	<u>\$ 585,581</u>	<u>\$ 397,857</u>	<u>\$ 983,438</u>
<b>Liabilities:</b>			
Due to other governments	\$ 585,581	\$ -	\$ 585,581
Due to bondholders	-	397,857	397,857
	<u>585,581</u>	<u>397,857</u>	<u>983,438</u>
Total liabilities	<u>\$ 585,581</u>	<u>\$ 397,857</u>	<u>\$ 983,438</u>

**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**

<b><u>Section 8 Rental Assistance Program</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
<b>Assets:</b>				
Cash and investments	\$ 532,261	\$ 1,949,180	\$ 1,895,860	\$ 585,581
<b>Liabilities:</b>				
Due to other governments	\$ 532,261	\$ 1,949,180	\$ 1,895,860	\$ 585,581

**Heritage Springs Assessment District**

<b>Assets:</b>				
Cash and investments	\$ 116,343	\$ 171,401	\$ 276,236	\$ 11,508
Cash and investments with fiscal agent	240,645	242,359	168,350	314,654
Due from other governments	-	71,695	-	71,695
<b>Total assets</b>	<b>\$ 356,988</b>	<b>\$ 485,455</b>	<b>\$ 444,586</b>	<b>\$ 397,857</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 356,988	\$ 250,658	\$ 209,789	\$ 397,857

**Total Agency Funds**

<b>Assets:</b>				
Cash and investments	\$ 648,604	\$ 2,120,581	\$ 2,172,096	\$ 597,089
Cash and investments with fiscal agent	240,645	242,359	168,350	314,654
Due from other governments	-	71,695	-	71,695
<b>Total assets</b>	<b>\$ 889,249</b>	<b>\$ 2,434,635</b>	<b>\$ 2,340,446</b>	<b>\$ 983,438</b>
<b>Liabilities:</b>				
Due to other governments	\$ 532,261	\$ 1,949,180	\$ 1,895,860	\$ 585,581
Due to bondholders	356,988	250,658	209,789	397,857
<b>Total liabilities</b>	<b>\$ 889,249</b>	<b>\$ 2,199,838</b>	<b>\$ 2,105,649</b>	<b>\$ 983,438</b>

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**CITY OF SANTA FE SPRINGS**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2008**

**STATISTICAL SECTION**

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.

*Table of Contents*

	<i>Page(s)</i>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	90
<b>Revenue Capacity</b>	
<i>These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.</i>	96
<b>Debt Capacity</b>	
<i>These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	100
<b>Demographic and Economic Information</b>	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	108
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	110

**CITY OF SANTA FE SPRINGS**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 6,824,544	\$ 34,923,891	\$ 38,548,147	\$ 16,802,657	31,856,729
Restricted	6,141,808	6,790,590	9,519,258	11,122,372	5,501,527
Unrestricted	48,578,049	50,731,163	47,198,101	68,046,186	64,776,353
Total governmental activities net assets	<u>\$ 61,544,401</u>	<u>\$ 92,445,644</u>	<u>\$ 95,265,506</u>	<u>\$ 95,971,215</u>	<u>\$ 102,134,609</u>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	\$ 14,284,285	\$ 10,286,201	\$ 10,315,423	\$ 10,161,603	\$ 10,160,632
Unrestricted	3,829,063	7,524,600	6,862,425	6,500,887	5,848,194
Total business-type activities net assets	<u>\$ 18,113,348</u>	<u>\$ 17,810,801</u>	<u>\$ 17,177,848</u>	<u>\$ 16,662,490</u>	<u>\$ 16,008,826</u>
<b>Primary government:</b>					
Invested in capital assets, net of related debt	\$ 21,108,829	\$ 45,210,092	\$ 48,863,570	\$ 26,964,260	\$ 42,017,361
Restricted	6,141,808	6,790,590	9,519,258	11,122,372	5,501,527
Unrestricted	52,407,112	58,255,763	54,060,526	74,547,073	70,624,547
Total primary government net assets	<u>\$ 79,657,749</u>	<u>\$ 110,256,445</u>	<u>\$ 112,443,354</u>	<u>\$ 112,633,705</u>	<u>\$ 118,143,435</u>

*The City of Santa Fe Springs has elected to show only five years of data for this schedule.*

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

**CITY OF SANTA FE SPRINGS**  
**Changes in Net Assets**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 1,841,242	\$ 3,334,830	\$ 6,343,005	\$ 8,969,662	\$ 10,752,925
Public safety	19,879,000	21,246,799	22,660,078	24,794,390	25,158,056
Community development	13,495,704	17,088,952	17,111,298	19,635,755	13,673,467
Transportation	7,536,765	6,108,969	4,980,176	7,343,144	6,800,109
Culture and leisure	7,598,682	9,240,321	10,296,861	9,661,420	9,490,393
Human services	3,448,706	2,326,120	3,517,043	4,150,468	5,070,440
Unallocated depreciation	711,212	59,483	59,767	59,449	13,421
Interest on long-term liabilities	5,703,049	5,783,391	5,991,751	6,284,405	7,935,213
Total governmental activities expenses	60,214,360	65,188,865	70,959,979	80,898,693	78,894,024
Business-type activities:					
Water utility	6,858,441	6,961,198	7,354,622	8,059,941	8,728,782
Total primary government expenses	67,072,801	72,150,063	78,314,601	88,958,634	87,622,806
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government	222,473	261,725	927,573	612,834	1,048,110
Public safety	2,680,572	2,480,544	2,777,833	2,649,239	2,586,088
Community development	2,824,855	3,432,155	1,461,242	2,397,946	3,464,909
Transportation	458,777	353,878	413,577	549,718	698,895
Culture and leisure	1,190,484	968,617	1,720,559	1,186,334	1,186,328
Human services	566,077	596,186	628,775	696,758	747,761
Operating grants and contributions	4,677,366	3,483,837	3,537,619	4,386,968	3,834,943
Capital grants and contributions	1,541,741	2,445,825	2,374,859	758,661	2,701,218
Total governmental activities program revenues	14,162,345	14,022,767	13,842,037	13,238,458	16,268,252
Business-type activities:					
Charges for services:					
Water utility	8,753,664	7,895,332	8,007,277	8,724,832	9,008,023
Capital grants and contributions	183,203	236,938	76,832	104,327	142,589
Total business-type activities program revenues	8,936,867	8,132,270	8,084,109	8,829,159	9,150,612
Total primary government program revenues	23,099,212	22,155,037	21,926,146	22,067,617	25,418,864
<b>Net revenues (expenses):</b>					
Governmental activities	(46,052,015)	(51,166,098)	(57,117,942)	(67,660,235)	(62,625,772)
Business-type activities	2,078,426	1,171,072	729,487	769,218	421,830
Total net revenues (expenses)	(43,973,589)	(49,995,026)	(56,388,455)	(66,891,017)	(62,203,942)

(continued)

**CITY OF SANTA FE SPRINGS**  
**Changes in Net Assets**  
**Last Five Fiscal Years (Continued)**  
**(accrual basis of accounting)**

	Fiscal Year				
	2005	2005	2006	2007	2008
<b>General revenues and other changes in net assets:</b>					
Governmental activities:					
Taxes:					
Sales and use taxes	\$ 21,590,153	\$ 23,070,830	\$ 25,592,900	\$ 26,373,068	\$ 25,716,341
Property taxes	22,812,759	24,425,264	26,896,587	29,796,606	30,792,418
Franchise taxes	2,351,329	2,404,968	2,776,978	3,090,282	2,902,765
Motor vehicle in lieu tax - general purpose	868,719	1,561,110	1,324,255	1,390,299	1,446,785
Business operations taxes	793,574	780,041	790,175	867,675	816,384
Other taxes	598,415	598,250	673,786	660,346	734,885
Investment income	705,996	1,648,633	2,696,536	4,946,163	4,845,514
Other	502,300	1,270,288	1,090,511	1,348,127	287,751
Loss on disposal of asset	(234,818)	(541,510)	(3,559,185)	-	(54,467)
Transfers	1,615,007	1,627,294	1,655,261	1,609,356	1,300,790
Total governmental activities	<u>51,603,434</u>	<u>56,845,168</u>	<u>59,937,804</u>	<u>70,081,922</u>	<u>68,789,166</u>
Business-type activities:					
Investment income	56,843	153,675	292,821	324,780	225,296
Transfers	(1,615,007)	(1,627,294)	(1,655,261)	(1,609,356)	(1,300,790)
Total business-type activities	<u>(1,558,164)</u>	<u>(1,473,619)</u>	<u>(1,362,440)</u>	<u>(1,284,576)</u>	<u>(1,075,494)</u>
Total primary government	<u>50,045,270</u>	<u>55,371,549</u>	<u>58,575,364</u>	<u>68,797,346</u>	<u>67,713,672</u>
Special - donation of land and improvements	-	23,702,922	-	-	-
<b>Changes in Net Assets:</b>					
Governmental activities	5,551,419	5,679,070	2,819,862	2,421,687	6,163,394
Business-type activities	520,262	(302,547)	(632,953)	(515,358)	(653,664)
Total primary government	<u>\$ 6,071,681</u>	<u>\$ 5,376,523</u>	<u>\$ 2,186,909</u>	<u>\$ 1,906,329</u>	<u>\$ 5,509,730</u>

*The City of Santa Fe Springs has elected to show only five years of data for this schedule.*

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

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>General fund:</b>					
Reserved	\$ 12,241,087	\$ 14,032,267	\$ 14,272,672	\$ 14,388,788	\$ 13,617,551
Unreserved	18,081,668	18,948,412	18,851,647	17,017,518	15,099,382
<b>Total general fund</b>	<b>\$ 30,322,755</b>	<b>\$ 32,980,679</b>	<b>\$ 33,124,319</b>	<b>\$ 31,406,306</b>	<b>\$ 28,716,933</b>
<b>All other governmental funds:</b>					
Reserved	\$ 26,318,775	\$ 27,603,708	\$ 31,370,232	\$ 39,559,163	\$ 42,709,013
Unreserved, reported in:					
Special revenue funds	2,969,295	1,989,508	2,666,450	2,640,445	2,158,778
Debt service funds	(2,342,282)	(2,640,256)	(2,355,832)	(2,040,292)	(1,679,421)
Capital project funds	21,659,330	23,479,870	21,234,317	56,216,049	47,613,794
<b>Total all other governmental funds</b>	<b>\$ 48,605,118</b>	<b>\$ 50,432,830</b>	<b>\$ 52,915,167</b>	<b>\$ 96,375,365</b>	<b>\$ 90,802,164</b>

*The City of Santa Fe Springs has elected to show only five years of data for this schedule.*

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



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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Revenues:</b>					
Taxes	\$ 48,146,230	\$ 51,279,875	\$ 56,758,561	\$ 60,787,976	\$ 60,962,794
Licenses and permits	1,872,843	2,358,170	1,937,477	1,629,490	1,701,480
Fines, forfeitures and seizures	355,259	338,843	543,522	609,712	548,283
Interest and rentals	1,876,392	2,552,311	3,851,945	5,953,140	5,892,674
From other agencies	6,057,180	5,301,442	5,175,615	5,917,337	7,578,801
Charges for current services	4,439,811	4,178,852	4,897,205	4,739,147	5,305,063
Other	1,642,275	3,398,340	2,518,156	2,491,930	1,702,360
Total revenues	64,389,990	69,407,833	75,682,481	82,128,732	83,691,455
<b>Expenditures:</b>					
Current:					
General government	1,727,403	3,295,793	6,082,704	8,407,116	4,111,182
Public safety	19,517,165	20,881,213	23,632,838	25,077,753	25,824,532
Community development	11,834,822	17,149,044	16,709,315	16,535,419	19,500,243
Transportation	4,858,846	4,186,499	4,299,753	4,496,028	4,641,050
Culture and leisure	6,892,548	7,083,663	8,362,724	9,025,881	8,511,379
Human services	3,033,094	2,169,841	3,578,218	3,982,317	4,117,257
Capital outlay:					
General government	218,478	274,508	352,319	514,044	6,596,550
Public safety	174,057	4,198	65,961	374,023	188,100
Community development	1,542,804	1,077,781	555,209	966,204	2,919,363
Transportation	5,861,494	1,390,273	1,454,821	2,562,745	3,466,560
Culture and leisure	726,279	3,412,361	1,139,624	1,414,715	1,279,981
Human services	258,044	541,510	-	7,307	784,174
Loss on sale of property	234,818.00	-	3,250,937	2,394,149	-
Debt service:					
Interest	5,708,320	5,767,172	5,969,105	6,222,003	6,175,132
Principal retirement	3,467,251	4,181,415	4,303,173	4,814,783	6,309,031
Bond issuance costs	297,710	-	-	1,783,534	-
Total expenditures	66,353,133	71,415,271	79,756,701	88,578,021	94,424,534
Excess (deficiency) of revenues over (under) expenditures	(1,963,143)	(2,007,438)	(4,074,220)	(6,449,289)	(10,733,079)
<b>Other financing sources (uses):</b>					
Lease purchase agreements	305,739		82,690	108,986	107,588
Loan payable issuance	273,406	3,864,370	4,962,246	1,326,493	1,062,127
Bond issuance	6,530,000	-	-	91,911,529	-
Payment to refunded bond escrow	(6,693,972)	-	-	(45,656,679)	-
Transfers in	18,767,279	25,411,810	17,712,793	23,177,837	15,611,252
Transfers out	(17,152,272)	(23,784,516)	(16,057,532)	(21,568,481)	(14,310,462)
Total other financing sources (uses)	2,030,180	5,491,664	6,700,197	49,299,685	2,470,505
Net change in fund balances	\$ 67,037	\$ 3,484,226	\$ 2,625,977	\$ 42,850,396	\$ (8,262,574)
Debt service as a percentage of noncapital expenditures	15.9%	15.4%	13.7%	15.4%	15.1%

*The City of Santa Fe Springs has elected to show only five years of data for this schedule.*

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

# 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>
1999	\$2,426,929	\$576,564	\$21,588	\$2,981,905	\$17,022	\$2,964,883	0.497%
2000	2,606,034	589,032	16,992	3,178,074	16,852	3,161,222	0.482%
2001	2,822,745	665,129	23,831	3,464,043	16,551	3,447,492	0.524%
2002	3,023,508	705,372	17,987	3,710,893	16,311	3,694,582	0.555%
2003	3,202,358	746,690	20,584	3,928,464	16,005	3,912,459	0.524%
2004	3,394,968	797,566	22,361	4,170,173	15,658	4,154,515	0.549%
2005	3,602,267	758,572	34,258	4,326,581	15,718	4,310,863	0.567%
2006	3,937,295	760,308	35,699	4,661,904	15,733	4,646,171	0.579%
2007	4,314,351	796,390	41,222	5,069,519	15,660	5,053,859	0.589%
2008	4,649,072	893,796	42,911	5,499,957	15,586	5,484,371	0.561%

### 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.

CITY OF SANTA FE SPRINGS

Direct and Overlapping Property Tax Rates

(Per \$100 of Assessed Value)

Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total City Direct Tax Rate	0.497	0.482	0.524	0.555	0.524	0.549	0.567	0.579	0.589	0.561
Overlapping Rates:										
Los Angeles County	0.503	0.518	0.476	0.445	0.476	0.451	0.433	0.421	0.411	0.439
Elementary Schools	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.035	0.075
Los Angeles County	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000
Rio Hondo Community College District	0.000	0.000	0.000	0.000	0.000	0.000	0.022	0.018	0.015	0.014
Whittier Union High School District	0.000	0.000	0.019	0.029	0.026	0.038	0.031	0.045	0.044	0.044
Los Angeles County Flood Control District	0.002	0.002	0.002	0.001	0.001	0.000	0.000	0.000	0.000	0.000
Metropolitan Water District	0.009	0.009	0.009	0.008	0.007	0.006	0.006	0.005	0.004	0.004
Total	1.012	1.012	1.030	1.039	1.035	1.045	1.060	1.069	1.099	1.137

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, Rio Hondo College District, Whittier Union High School District, Los Angeles County Flood Control District, and Metropolitan Water District all have levied direct assessments totaling an additional 13.7%.

Source: County Auditor/Controller data, MuniServices, LLC

Source: County Auditor/Controller data

TRA 005-333

# CITY OF SANTA FE SPRINGS

## Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2007/2008		1998/1999	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Golden Springs Development Company	\$ 240,214,323	4.38%	\$	
Breitburn Energy LLP	83,731,144	1.53%		
Teachers Insurance & Annuity	66,065,383	1.21%		
McMaster-Carr Supply Company	63,267,793	1.15%	24,771,358	0.85%
ARI Heritage Corporation	54,524,090	0.99%		
Villages at Heritage Springs	50,395,820	0.92%		
Northwestern Mutual Life	48,222,540	0.88%		
Maruichi American Corporation	45,584,573	0.83%		
Vons Companies, Inc.	37,449,102	0.68%		
Centro Watt Property	37,046,437	0.68%		
Reef America Reit Corporation			32,659,092	1.12%
Procal			27,825,512	0.96%
Town Center Associates			26,000,000	0.89%
United States Steel			25,806,978	0.89%
Federal Emp Distributing Company			25,608,942	0.88%
Catellus Development Corporation			25,131,794	0.87%
Powerine Oil Company			22,344,595	0.77%
Lincoln Distribution Center SF			21,800,000	0.75%
Prudential Insurance			20,942,130	0.72%
	<u>\$ 726,501,205</u>	<u>13.25%</u>	<u>\$ 252,890,401</u>	<u>8.70%</u>

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

Source: Los Angeles County Assessor data, MuniServices, LLC

CITY OF SANTA FE SPRINGS  
Property Tax Levies and Collections  
Last Three 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
2006	\$25,002,400	\$25,379,360	101.51%	\$3,139	\$25,382,499	101.52%
2007	27,943,296	27,742,846	99.28%	3,109	27,745,955	99.29%
2008	30,606,477	29,968,507	97.92%		29,968,507	97.92%

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 of Santa Fe Springs has elected to show only three years of data for this schedule.

Source: Los Angeles County, Auditor-Controller

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# CITY OF SANTA FE SPRINGS

## Ratios of Outstanding Debt by Type

Last Four Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities
	Tax		Capitalized	Total	Revenue Bonds
	Allocation		Lease	Governmental	
	Loans	Bonds	Obligations	Activities	
2005	\$ 5,177,233	\$ 111,171,415	\$ 159,121	\$ 116,507,769	\$ 8,085,479
2006	10,004,479	107,226,731	138,902	117,370,112	7,935,290
2007	11,035,729	149,005,755	133,348	160,174,832	7,781,103
2008	11,637,827	144,980,330	96,936	156,715,093	7,621,416

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

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

The City of Santa Fe Springs has elected to show only four years of data for this schedule.

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

<u>Total Primary Government</u>	<u>Percentage of Personal Income<sup>1</sup></u>	<u>Debt Per Capita<sup>1</sup></u>
\$ 124,593,248	22.17%	\$ 6,973
125,305,402	21.24%	7,048
167,955,935	27.33%	9,410
164,336,509	26.62%	9,238



# CITY OF SANTA FE SPRINGS

## Ratio of General Bonded Debt Outstanding

### Last Four Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt	Percent of Assessed Value <sup>1</sup>	Per Capita
	Tax		
	Allocation Bonds		
2005	\$ 111,171,415	2.58%	\$ 6,222
2006	107,226,731	2.31%	6,031
2007	149,005,755	2.95%	8,348
2008	144,980,330	2.64%	8,150

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

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

The City of Santa Fe Springs has elected to show only four years of data for this schedule.

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

# CITY OF SANTA FE SPRINGS

## Direct and Overlapping Debt

June 30, 2008

2007-08 Assessed Valuation: \$5,499,958,005  
 Redevelopment Incremental Valuation: 2,806,819,252  
 Adjusted Assessed Valuation: \$2,693,138,753

	Total Debt 6/30/08	% Applicable (1)	City's Share of Debt 6/30/08
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Los Angeles County Flood Control District	\$ 99,210,000	0.282%	\$ 279,772
Metropolitan Water District	327,215,000	0.153	500,639
Cerritos Community College District	60,365,994	4.021	2,427,317
Rio Hondo Community College District	57,817,244	7.094	4,101,555
Whittier Union High School District	93,857,133	11.222	10,532,647
ABC Unified School District	53,134,966	4.938	2,623,805
Norwalk-La Mirada Unified School District	125,396,246	10.240	12,840,576
Little Lake City School District	23,650,000	35.554	8,172,021
South Whittier School District	19,108,355	25.758	4,921,930
Whittier City School District	28,365,000	0.115	32,620
City of Santa Fe Springs Heritage Springs Assessment District	2,105,000	100.	2,105,000
Los Angeles County Regional Park and Open Space Assessment District	269,995,000	0.306	<u>826,185</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$49,364,067</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Los Angeles County General Fund Obligations	\$1,019,552,788	0.306%	\$ 3,119,832
Los Angeles County Pension Obligations	352,255,398	0.306	1,077,902
Los Angeles County Superintendent of Schools Certificates of Participation	17,861,064	0.306	54,655
Norwalk-La Mirada Unified School District Certificates of Participation	35,478,721	10.240	3,633,021
Little Lake City School District Certificates of Participation	645,000	34.554	222,873
Whittier City School District Certificates of Participation	8,710,000	0.115	10,017
<b>City of Santa Fe Springs</b>	<b>0</b>	<b>100.</b>	<b>0</b>
Los Angeles County Sanitation District No. 18 Authority	21,333,796	10.472	<u>2,234,075</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$10,352,375</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$59,716,442 (2)</b>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

### Ratios to 2007-08 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....0.90%

### Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt** .....0.00%

Combined Total Debt .....2.22%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

Source: MuniServices, LLC

# CITY OF SANTA FE SPRINGS

## Legal Debt Margin Information

Last Four Fiscal Years

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
Assessed valuation	\$ 4,326,579,975	\$ 4,661,903,295	\$ 5,069,519,480	\$ 5,499,958,005
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 1,081,644,994	\$ 1,165,475,824	\$ 1,267,379,870	\$ 1,374,989,501
Debt limit percentage	15%	15%	15%	15%
Debt limit	162,246,749	174,821,374	190,106,981	206,248,425
Total net debt applicable to the limit: General obligation bonds				
Legal Debt Margin	\$ <u>162,246,749</u>	\$ <u>174,821,374</u>	\$ <u>190,106,981</u>	\$ <u>206,248,425</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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 the 1981-82 fiscal year, 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.

The City has no general obligation

The City of Santa Fe Springs has elected to show only four years of data for this schedule.

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					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ 7,696,816	\$ 5,239,870	\$ 2,456,946	\$ 70,000	\$ 227,126	8.27
2000	7,634,923	5,442,608	2,192,315	70,000	224,186	7.45
2001	7,746,661	5,443,278	2,303,383	75,000	221,176	7.78
2002	7,917,937	5,713,825	2,204,112	80,000	214,351	7.49
2003	8,044,228	5,598,419	2,445,809	85,000	210,591	8.27
2004	8,825,139	5,763,724	3,061,415	130,000	427,229	5.49
2005	8,049,007	5,769,942	2,279,065	160,000	382,566	4.20
2006	8,300,098	6,180,382	2,119,716	160,000	391,207	3.85
2007	9,049,612	6,903,387	2,146,225	165,000	383,363	3.91
2008	9,233,319	7,585,307	1,648,012	170,000	378,588	3.00

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.

The City has elected to show only four years of data for the Tax Allocation Bonds.

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

Tax Allocation Bonds			
Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 23,015,095	\$ 3,790,000	\$ 5,259,808	2.54
25,378,492	4,015,000	5,124,763	2.78
28,310,437	4,405,000	5,260,420	2.93
28,794,524	5,705,000	5,277,460	2.62

# CITY OF SANTA FE SPRINGS

## Demographic and Economic Statistics

### Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1998	16,313	415,510	25,239	6.9%
1999	16,463	479,834	27,220	6.4%
2,000	17,628	501,892	27,973	6.9%
2001	17,942	500,072	29,232	6.8%
2002	17,107	541,215	30,503	7.2%
2003	17,743	550,804	30,828	8.1%
2004	17,867	559,217	31,452	4.7%
2005	17,780	589,923	33,179	4.4%
2006	17,849	614,470	34,426	3.9%
2007	17,790	617,277	34,698	4.3%

Sources: Population - State of California, Department of Finance  
Per Capita Personal Income - U.S. Department of Commerce, Bureau of Economic Analysis  
Unemployment Rate - State of California, Employment Development Department

CITY OF SANTA FE SPRINGS

Principal Employers

Current Year and Nine Years Ago

Employer	2007/2008		1998/1999	
	Number of Employees	Percent of Total Employment	Number of Employees *	Percent of Total Employment *
The Vons Companies, Inc.	802	1.74%		
McMaster Carr Supply Company	705	1.53%		
Shaw Diversified Services, Inc.	534	1.16%		
L. A. Specialty Produce Company	457	0.99%		
Trojan Battery	379	0.82%		
Vance and Hines, Inc.	329	0.71%		
Motran Services, Inc.	321	0.70%		
Coaster Company of America	276	0.60%		
L. C. Special Markets, Inc.	275	0.60%		
Personnel Options LLC	270	0.59%		
	<u>4,348</u>	<u>9.44%</u>	<u>0</u>	<u>0.00%</u>

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

\* Data unavailable for 1998/1999. Total employment for 1998/1999 was 51,509.

Source: City of Santa Fe Springs Finance and Administrative Services Department  
Total Employment - State of California, Economic Development Department



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

	<u>Full-time and Part-time Employees as of June 30</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	47	51	52
Public safety	94	103	91
Public works	64	61	66
Planning and community development	23	25	23
Community services - administration	6	4	5
Community services - parks and recreation	122	125	128
Community services - library services	37	45	38
Community services - human services	<u>57</u>	<u>65</u>	<u>63</u>
Total	<u>450</u>	<u>479</u>	<u>466</u>

The City of Santa Fe Springs has elected to show only three years of data for this schedule.

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

# CITY OF SANTA FE SPRINGS

## Operating Indicators by Function

### Last Three Fiscal Years

	Fiscal Year Ended June 30		
	2006	2007	2008
Fire:			
Number of emergency calls	3,307	2,800	3,200
Inspections	2,874	2,459	2,540
Public works:			
Street resurfacing (miles)	0.4	1.5	1.5
Parks and recreation:			
Number of recreation classes	557	462	480
Number of facility rentals	1,157	1,501	2,105
Human services:			
Children served in the City's childcare centers	509	500	500
Water:			
Average daily consumption (thousands of gallons)	6,169	7,547	7,550

The City of Santa Fe Springs has elected to show only three years of data for this schedule.

Source: City of Santa Fe Springs

# CITY OF SANTA FE SPRINGS

## Capital Asset Statistics by Function

Last Three Fiscal Years

	Fiscal Year Ended June 30		
	2006	2007	2008
Fire:			
Fire stations	4	4	4
Public works:			
Streets (miles)	110	110	110
Traffic signals	71	71	71
Streetlights	1,076	2,407	2,407
Parks and recreation:			
Parks	8	8	8
Community centers	4	4	4
Human services:			
Child care centers	3	3	3
Water:			
Water mains (miles)	91	91	91
Number of service connections	5,730	5,730	5,730

The City of Santa Fe Springs has elected to show only three years of data for this schedule.

Source: City of Santa Fe Springs