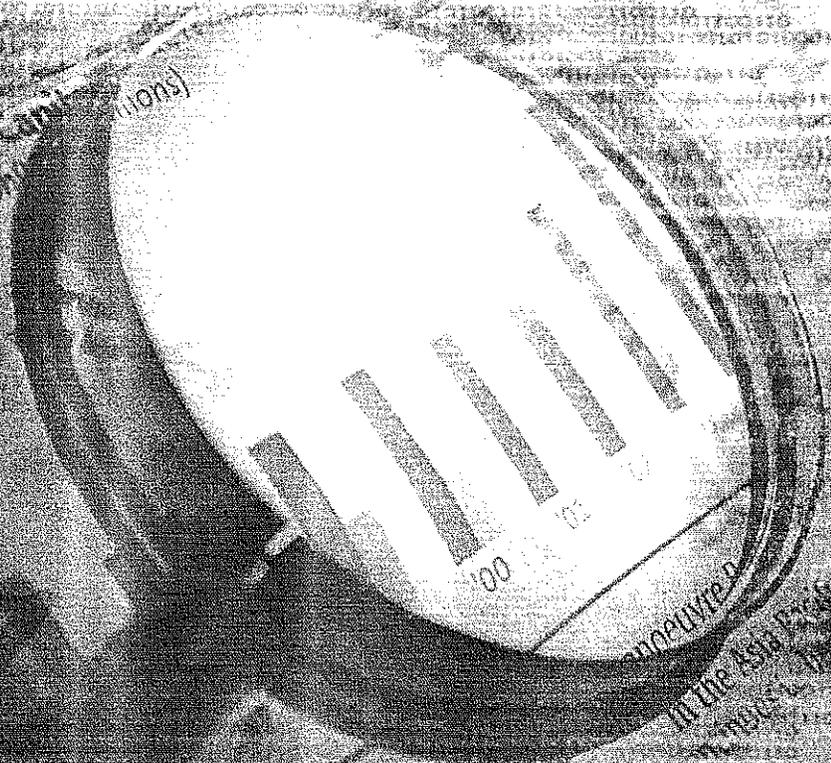


Comprehensive Annual Financial Report

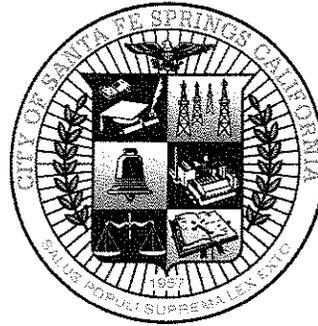


City of Santa Fe Springs, Ca

July 1, 2008 to June 30, 2009

Comprehensive Annual Financial Report

City of Santa Fe Springs, CA
Year Ended June 30, 2009



Santa Fe Springs City Council

Luis M. González, Mayor
Betty Putnam, Mayor Pro-Tem
William K. Rounds, Councilmember
Joseph D. Serrano Sr., Councilmember
Juanita Trujillo, Councilmember

Planning Commissioners

Michael Madrigal
Richard Moore
Larry Oblea
Lillian Puentes
Laurie Rios

Traffic Commissioners

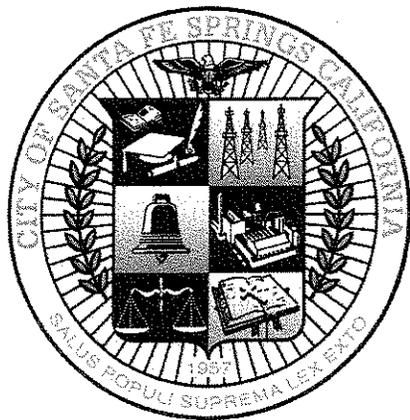
Sally Gaitan
Sarah Garcia
Ted Radoumis
Arcelia Valenzuela
Manuel Zevallos

Executive Management Team

Frederick W. Latham, City Manager
Steve Skolnik, City Attorney
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



**CITY OF SANTA FE SPRINGS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**CITY OF SANTA FE SPRINGS
INTRODUCTION SECTION**

December 17, 2009

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

Introduction

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

The enclosed financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as recommended by the Governmental Accounting Standards Board (GASB) and include the report of the independent certified public accountants, 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.

**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:

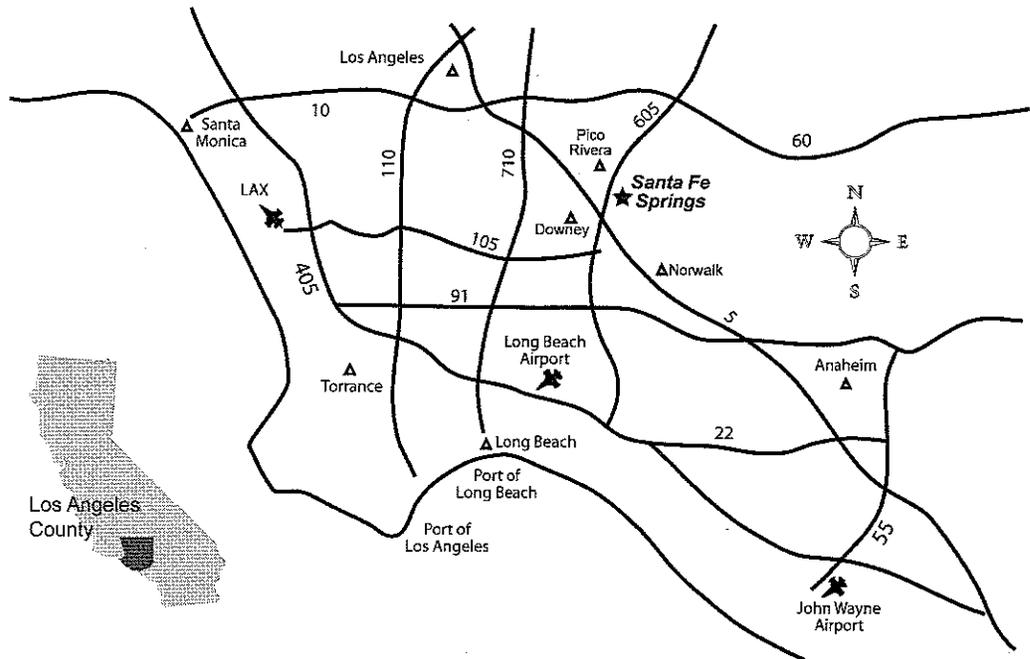
- (1) The safeguarding of assets against loss from unauthorized use or disposition; and
- (2) The reliability of financial records for preparing financial statements and maintaining accountability for assets.

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 five department heads (Fire Chief, Director of Finance & Administrative Services, Director of Police Services, Director of Public Works, Director of Planning and Development), Director of Parks and Recreation, Director of Family and Human Services, Director of Library and Cultural Services, and the Assistant to the City Manager.

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 2008-09, however, witnessed a 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 recent years. 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

**Accomplishments
& Outlook (cont.)**

evidenced by the continued financial commitment provided to both Fire 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 11th 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. The State has long held the CUPA as a business training module and regarded the City's CUPA as 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. The department recently restructured its regional dispatch services agreement at a significant savings. It has also been exploring the feasibility of providing vehicle maintenance services to other fire departments in the region.

Department of Police Services

The Department of Police Services oversees the City's community-based approach to law enforcement which blends contract Whittier Police Department officers and City public safety 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

**Accomplishments
& Outlook (cont.)**

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

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, the department applied and received two Driving Under the Influence (DUI) State Office of Traffic grants for its Every 15 Minutes Program, a DUI education program (\$10,000) at St. Paul High School and a special citywide DUI Enforcement Program in the amount of \$111,000.

The department's commitment to the Community Oriented Policing and Problem Solving (COPPS) philosophy was further strengthened by the geographical deployment of existing staffing resources. This enhancement to the COPPS philosophy resulted in a decrease in crime and a reduction in the number of traffic accidents over the previous year.

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 numerous citizen requests for service. 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 2008-09, the Department coordinated a multitude of public works projects including residential, arterial and industrial street reconstruction and resurfacing, park and city facility building improvements, median improvements and water system improvements.

**Accomplishments
& Outlook (cont.)**

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 2008-09, the department was instrumental in the construction of more than 175,000 square feet of new development with a valuation in excess of \$37 million. Included in this amount are seven new industrial buildings.

Also moving forward is the 522-unit Villages at Heritage Springs housing project. With model units completed and the first phase of for-sale homes now available, the Villages project provides new homeownership opportunities for both first-time homebuyers and move-up buyers. In addition, this eco-friendly project features solar electric systems on each home, tank-less water heaters and other energy efficient upgrades, making it the largest energy efficient housing project under construction in the western United States.

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 is proving 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 165 rebates totaling approximately \$161,000 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 approximately \$650,000 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 148 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: 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:

Accomplishments & Outlook (cont.)

The Library has begun a five-million dollar renovation and successfully made the transition into a temporary facility. As a testament to its continued popularity in the community, attendance and circulation statistics have remained steady. The Library received a \$20,000 California State Library grant to provide services and programs for the Boomer population with over 1,500 people in attendance at various programs (including job search classes, film screenings, lectures, craft classes, author appearances, book discussions, and yoga classes). The Library also held its first annual Santa Fe Springs Reads program, with over 400 in attendance. The Twilight Prom, hosted in October 2008, garnered 300 students and was repeated at Santa Fe High School this year. First Friday attendance topped 1,700 this past year. The Library also received a Target grant for \$1,700, bringing an excellent children's author and allowing a give away of a book to every child. This year the library has expanded its outreach to the Four Winds Apartment complex, bringing programs such as Homework Help and Summer Reading to the children, and busing them to the Summer Reading craft programs held at the Library.

- The Library's literacy program continues to be a vital service linking the schools with the Library and the City of Santa Fe Springs. The Literacy Program also provides adult learners with the resources they need to be productive citizens. During this past year, adult literacy students received over 1,200 hours of instruction; Reading Club students 1,300 hours of instruction and English Language and Literacy Intensive class in the schools received 4,700 hours of instruction. More than 1,800 books were distributed to adults and children.
- 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 2008-2009, unveiled the 83rd piece in Santa Fe Spring's collection, The Construction Worker.
- The Parks and Recreation Division continues to provide recreational opportunities to all segments of the community. Over 400 children participated in the summer Day Camp program designed to provide exciting activities and opportunities for children in Kindergarten through 7th grade. Some new adventures for the children included rock climbing, kayak and sailing lessons, and nature hikes. Throughout the year over 700 youths have participated in the City's Youth Sports programs, and were exposed to the fundamentals of sports. The Stargaze Concert Series continued with an appearance from Eddie Money and The Guess Who. This event was attended by

**Accomplishments
& Outlook (cont.)**

1,300 concertgoers who enjoyed going down memory lane with some old "Rock n Roll." The Annual Tree Lighting Event hosted local talent from our community and schools to help celebrate the holiday season with the official Tree Lighting. The audience of 500 family and friends made this community event truly memorable. To ring in the New Year approximately 3,000 people participated in the First Night Celebration at Town Center Plaza.

- In March 2009, the Family and Human Services (FHS) Division received the following awards from the California Parks and Recreation Society (CPRS): 1) *Neighborhood/Community Life Award of Excellence* in the category of commemorating and acknowledging the effective management of a three-fold increased social services caseload in 2008 to prevent poverty and despair during the national recession while extending a sense of unity through the holiday seasons with the Turkey Give Away and the Neighborly Elf Christmas Basket programs. 2) *Economic Impact Award of Excellence* in recognition of the City's FHS Support Fund. This award commemorated and acknowledged the unprecedented sense of unity and hope created through the 2008 Mariachi Benefit Concert, which contributed over \$60,000 in financial support to the FHS Fund. 3) *Creating Community Award of Distinction* for the FHS Fund, which is the highest honor that CPRS can bestow to a member agency. This award recognized the City as having the best Community Services agency throughout the entire State of California.
- 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 369 income tax returns resulting in more than \$636,200 in tax refunds being awarded to residents in the City and surrounding communities.
- The Child Care Section provided services to over 500 children ages 0 to 12 years of age. Services included early care, education and intervention programs for preschoolers and before and after school child care programs for elementary age students. Despite the \$275,000 loss in funding for school age child care programs from the State Dept. of Education, the City was able to maintain subsidized child care services for eligible school age families through a transfer of services to another state funded community-based organization that provided vouchers to these displaced families. During the Fiscal Year 2008-09, the FHS Division provided a variety of social and recreational services to over 40,000 senior patrons at both of the City's senior centers.

Accomplishments & Outlook (cont.) 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. The City Manager's Office also encompasses; the City Clerk functions; Human Resources; Transportation Services; Family and Youth Intervention Services; and, Solid Waste Management and Recycling programs.

Fiscal Year 2008-09 presented the City with the worst economic crisis in 80 years, under the Leadership of the City Manager and the City Manager's Office, the City acted responsibly to maintain balanced budgets without significantly reducing essential services to the Community. Additionally, the City Manager's Office focused much attention and provided a tremendous amount of personal and professional support to employees during this period of economic crisis.

Other areas of focus for the City Manager's Office during Fiscal Year 2008-09 included:

- Completed documentation on grant job creation goals related to the Golden Springs Business Park Development EDI/BEDI grants and related Section 108 federal loan totaling 23 million dollars.
- Provided leadership and support to the Los Angeles Radio Interoperability Communication System Joint Powers authority, which is a regional effort to create one emergency radio system for all public agencies in Los Angeles County.
- Received top League of California Cities Helen Putnam Award for Family & Youth Intervention's Diversity Programs.
- Developed and implemented a Summer Skills Institute for the Family & Youth Intervention Program's youth clients.
- Partnered with surrounding municipalities and Cal Poly Pomona to engage in a Leadership Academy for top and mid-level management employees, thus providing growth opportunity while still saving costs.
- Received a 72% AB 939 diversion rate for the most recent year in review by the State Integrated Waste Management Board (IWMB), ranking the City 26th out of the 415 cities in the State for its solid waste diversion activity and programs.
- Developed and implemented a "Home Sharps" disposal program, which allows residents to safely dispose of used needles and syringes.
- Partnered with local business to coordinate the preparation of 5000 personal hygiene boxes that were sent to soldiers serving in Iraq.

-
- Accomplishments & Outlook (cont.)**
- Coordinated annual VIP business visits with City Management Team and Chamber of Commerce representatives to garner feedback from business community.
 - Coordinated effort to amend by-laws of all City Council-appointed committees to ensure consistency.

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, 2008. 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.

**Long-Term
Financial
Planning**

Over the course of the last year it has become increasingly clear that there are several fundamental policy issues and changes that must be confronted in order to move forward in a financially prudent manner. The deterioration of the economy, the State's incessant attacks on local resources and the steep increase in some employee benefit costs have all contributed to this condition.

Within the next year, staff will be presenting to the City Council various revenue and expenditure options and their impact over a multi-year period.

**Financial
Policies**

In June 2009 the City entered into an agreement with CalPERS to Prefund Other Post Employment Benefits (OPEBs) through the California Employers' Retiree Benefit Trust Fund (CERBT). It is important to recognize the benefit of "prefunding" through a trust rather than using the "pay as you go" method. The trust option allows the City to decrease the use of taxpayer dollars by using investment earnings to pay for a significant portion of future OPEB costs. As the number of retirees and the amount of benefit costs increases, cities utilizing the "pay as you go" method will experience a greater financial burden on future budgets.

**Financial
Policies (cont.)**

In recognition of this imminent problem, the City selected the CalPERS CERBT.

The Council recognized the benefit of “prefunding” through a trust rather than using the “pay as you go” method. The trust option allows the City to decrease the use of taxpayer dollars by using investment earnings to pay for a significant portion of future OPEB costs. As the number of retirees and the amount of benefit costs increases, cities utilizing the “pay as you go” method will experience a greater financial burden on future budgets. In recognition of this imminent problem, selecting the CalPERS CERBT was the most prudent approach.

**Debt
Administration**

At June 30, 2009, 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.

Acknowledgements

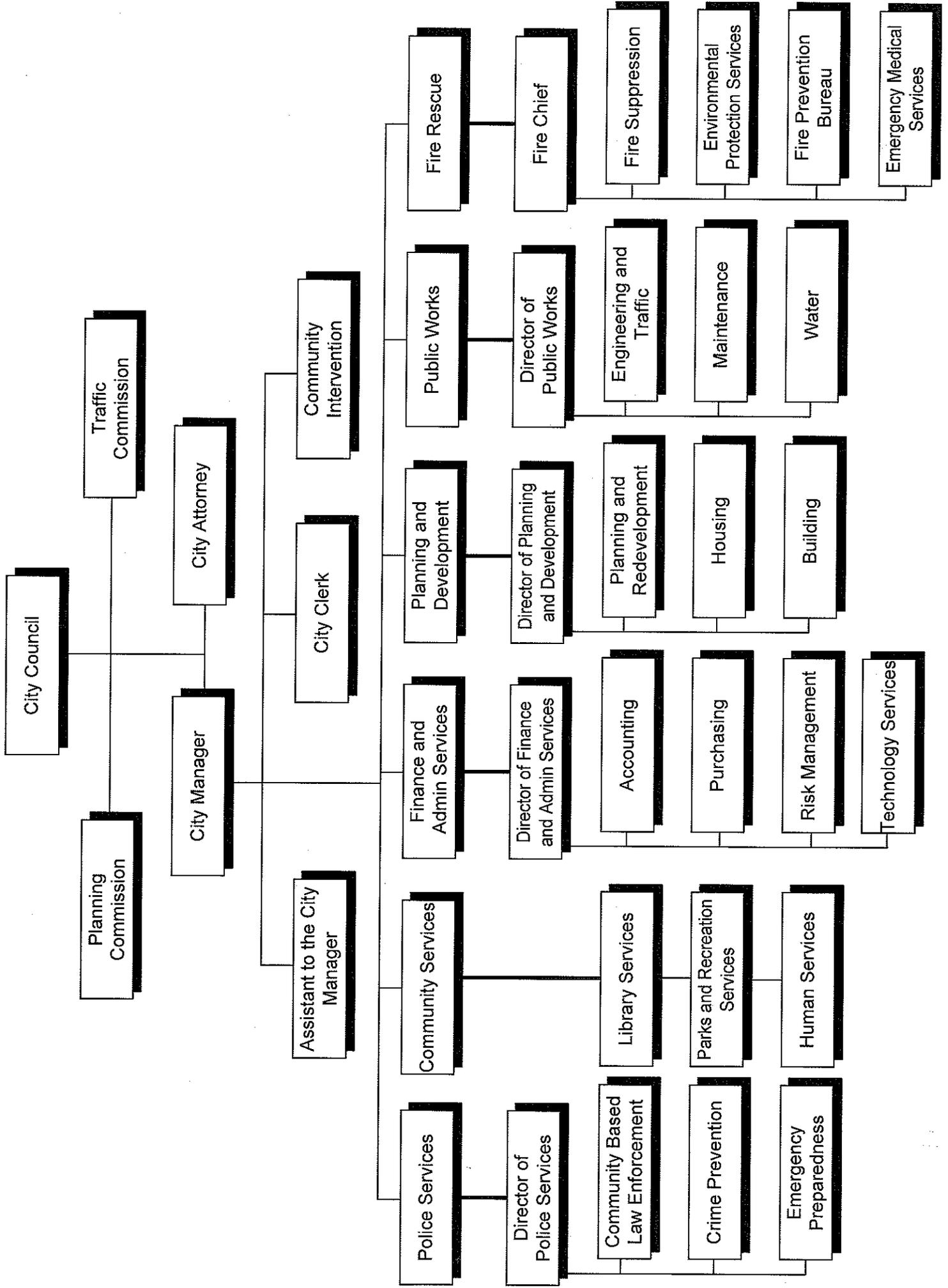
We would like to extend our appreciation to the City Council and various departments for their cooperation and support in planning and conducting the financial operations of the City during the past fiscal year. Specifically, we would like to thank the Department of Finance & Administrative Services 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, 2008

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.



A stylized handwritten signature in black ink, appearing to read "J.R. Emer".

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

**CITY OF SANTA FE SPRINGS
FINANCIAL SECTION**



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, 2009, 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, 2009, 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 18 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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 accounting principles generally accepted in the United States of America. 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 Fini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

December 16, 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, 2009. 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 \$338,203 to \$118,481,638. The governmental net assets increased by \$1,612,689 or 1.6%, and the business-type net assets decreased by \$1,274,486 or 8.0%.
- The general fund, on the current financial resources basis, reported a decrease in fund balance of \$1,804,384 resulting primarily from declining sales tax revenue. This reduction is about \$883,400 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 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, 2008 and 2009
 (in millions)

	Governmental Activities		Business- type Activities		Total		Total Percent Change
	2008	2009	2008	2009	2008	2009	
Current and other assets	\$ 129.0	\$ 128.9	\$ 7.6	\$ 6.8	\$ 136.6	\$ 135.7	-0.7%
Capital assets	<u>140.9</u>	<u>141.2</u>	<u>17.1</u>	<u>16.4</u>	<u>158.0</u>	<u>157.6</u>	-0.3%
Total assets	<u>269.9</u>	<u>270.1</u>	<u>24.7</u>	<u>23.2</u>	<u>294.6</u>	<u>293.3</u>	-0.4%
Long-term liabilities	159.5	156.7	7.6	7.6	167.1	164.3	-1.7%
Other liabilities	<u>8.3</u>	<u>9.6</u>	<u>1.1</u>	<u>0.9</u>	<u>9.4</u>	<u>10.5</u>	11.7%
Total liabilities	<u>167.8</u>	<u>166.3</u>	<u>8.7</u>	<u>8.5</u>	<u>176.5</u>	<u>174.8</u>	-1.0%
Net assets							
Invested in capital assets, net of debt	32.8	38.0	10.0	12.6	42.8	50.6	18.2%
Restricted	5.5	7.6	-	-	5.5	7.6	38.2%
Unrestricted	<u>63.8</u>	<u>58.2</u>	<u>6.0</u>	<u>2.1</u>	<u>69.8</u>	<u>60.3</u>	-13.6%
	<u>\$ 102.1</u>	<u>\$ 103.8</u>	<u>\$ 16.0</u>	<u>\$ 14.7</u>	<u>\$ 118.1</u>	<u>\$ 118.5</u>	0.3%

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 \$118.4 million at the close of the fiscal year. The largest portion of the City's net assets, 50.1%, is unrestricted as to use. Approximately 42.7% reflects the City's investment in capital assets net of bonded debt.

The City's net assets increased by \$338,203 during the fiscal year. This was primarily the result of additions to capital assets funded by various grants.

Changes in Net Assets
As of June 30, 2008 and 2009
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2008	2009	2008	2009	2008	2009	
Revenues							
Program revenues:							
Charges for services	\$ 9.7	\$ 9.2	\$ 9.0	\$ 9.2	\$ 18.7	\$ 18.4	-1.6%
Operating grants and contributions	3.8	3.2	-	-	3.8	3.2	-15.8%
Capital grants and contributions	2.7	1.8	0.1	0.2	2.8	2.0	-28.6%
General revenues:							
Sales and use taxes	25.7	23.2	-	-	25.7	23.2	-9.7%
Property taxes	30.8	33.5	-	-	30.8	33.5	8.8%
Franchise taxes	2.9	2.9	-	-	2.9	2.9	0.0%
Motor vehicle in lieu	1.5	1.5	-	-	1.5	1.5	0.0%
Business operations taxes	0.8	0.8	-	-	0.8	0.8	0.0%
Other taxes	0.7	0.7	-	-	0.7	0.7	0.0%
Investment income	4.9	3.0	0.2	0.1	5.1	3.1	-39.2%
Other	0.3	0.4	-	-	0.3	0.4	33.3%
Total revenues	<u>83.8</u>	<u>80.2</u>	<u>9.3</u>	<u>9.5</u>	<u>93.1</u>	<u>89.7</u>	-3.7%
Expenses							
Governmental activities:							
General government	10.7	4.1	-	-	10.7	4.1	-61.7%
Public safety	25.1	27.8	-	-	25.1	27.8	10.8%
Community development	13.7	20.6	-	-	13.7	20.6	50.4%
Transportation	6.8	7.2	-	-	6.8	7.2	5.9%
Culture and leisure	9.4	7.8	-	-	9.4	7.8	-17.0%
Human services	5.1	4.1	-	-	5.1	4.1	-19.6%
Unallocated depreciation	0.1	0.1	-	-	0.1	0.1	0.0%
Interest on long-term debt	7.9	8.1	-	-	7.9	8.1	2.5%
Business-type activities:							
Water	-	-	8.7	9.5	8.7	9.5	9.2%
Total expenses	<u>78.8</u>	<u>79.8</u>	<u>8.7</u>	<u>9.5</u>	<u>87.5</u>	<u>89.3</u>	2.1%
Excess (deficiency) before transfers	5.0	0.4	0.6	-	5.6	0.4	-92.9%
Loss on sale of property	(0.1)	-	-	-	(0.1)	-	
Transfers	1.3	1.3	(1.3)	(1.3)	-	-	
Increase (decrease) in net assets	<u>6.2</u>	<u>1.7</u>	<u>(0.7)</u>	<u>(1.3)</u>	<u>5.5</u>	<u>0.4</u>	-92.7%
Net assets - beginning	95.9	102.1	16.7	16.0	112.6	118.1	4.9%
Net assets - ending	<u>\$ 102.1</u>	<u>\$ 103.8</u>	<u>\$ 16.0</u>	<u>\$ 14.7</u>	<u>\$ 118.1</u>	<u>\$ 118.5</u>	0.3%

The City's total revenues were \$89.7 million for the fiscal year ended June 30, 2009. Revenues from governmental activities totaled \$80.2 million and revenues from business-type activities totaled \$9.5 million. Program revenues comprise 26.3% of total revenues with the largest portion of this, \$18.4 million resulting from charges for services. Sales and use taxes comprise 25.9% of total revenues and 35.1% of general revenues. Property taxes, primarily property tax increment, comprise 37.3% of total revenues and 50.7% 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 decreased by 3.7%, reflective of continued weakening in the economy.

Expenses of the City for the year totaled \$89.3 million. Governmental activity expenses totaled \$79.8 million or 89% of total expenses. Business-type activities, the Water Utility, incurred \$9.5 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
	2008	2009		2008	2009	
General government	\$ 10.7	\$ 4.1	-61.7%	\$ 9.6	\$ 3.0	-68.8%
Public safety	25.1	27.8	10.8%	22.1	24.3	10.0%
Community development	13.7	20.6	50.4%	10.0	17.1	71.0%
Transportation	6.8	7.2	5.9%	1.9	4.5	136.8%
Culture and leisure	9.4	7.8	-17.0%	7.8	6.4	-17.9%
Human services	5.1	4.1	-19.6%	3.2	2.2	-31.3%
Unallocated depreciation	0.1	0.1	0.0%	0.1	0.1	0.0%
Interest on long-term debt	7.9	8.1	2.5%	7.9	8.1	2.5%
Total	<u>\$ 78.8</u>	<u>\$ 79.8</u>	<u>1.3%</u>	<u>\$ 62.6</u>	<u>\$ 65.7</u>	<u>5.0%</u>

Business-type Activities

Program revenues of the City's only business-type activity, the Water Utility, totaled \$9.4 million. Expenses of the Water Utility were \$9.5 million. Water rates include a factor to provide for a modest annual water infrastructure replacement program. Net income before transfers was \$22,755. 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, \$16.4 million (net of accumulated depreciation), decreased by approximately \$684,921. Capital asset deletions and depreciation exceeded the current year's additions, resulting in the aforementioned decrease.

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, 2009 of \$118.2 million, a decrease of approximately \$1.3 million from the previous fiscal year. This reflects the expenditure of bond funds on capital improvements, as well as material declines to sales tax revenue.

The General Fund is the chief operating fund of the City. At the end of Fiscal Year 2008-09, the General Fund's unreserved fund balance was \$11.6 million with an additional \$15.3 million reserved. Specific details on the reserves are contained in Note 15. Revenues decreased moderately from the prior year while expenditures also decreased moderately, but not enough to keep up with declining revenues. The fund balance in the General Fund decreased by \$1,804,384 during Fiscal Year 2008-09. This was mainly due to the weakening economy and declines in sales tax revenue.

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 2008-09 property tax revenues allocated to the Commission on behalf of the Consolidated Redevelopment Project, \$24.8 million (net of 20% housing set-aside contribution) were approximately \$2.2 million more than the previous fiscal year. Total expenditures within this fund increased by approximately \$1.8 million which resulted in a 10.5% increase over the previous fiscal year. This increase was due to an increase in AB1290 tax increment pass through costs and escalating debt service payments. 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 \$1 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 a \$113,900 decrease. The budget to actual variance was \$417,203, less than 1%. Revenues were below their budgeted amount by \$452,853 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, 2009, amounts to \$141.2 million (net of accumulated depreciation) an increase of approximately \$0.3 million over the previous year. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, equipment and 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, 2009, amounts to \$16.4 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, 2009, the City had \$162.6 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 \$546,900 of new debt was added to the amount of property tax increment owed for a total outstanding of approximately \$5.0 million.

Outstanding Debt
(in millions)

	Governmental		Business-type		Total		Total Percentage Change
	Activities		Activities				
	2008	2009	2008	2009	2008	2009	
Revenue bonds	\$ -	\$ -	\$7.6	\$7.5	\$ 7.6	\$ 7.5	-1.3%
Tax allocation bonds	144.9	140.1	-	-	144.9	140.1	-3.3%
Capitalized lease obligations	0.1	0.1	-	-	0.1	0.1	0.0%
Compensated absences	2.8	3.0	-	-	2.8	3.0	7.1%
Tax increment loan from							
Los Angeles County	4.4	5.0	-	-	4.4	5.0	13.6%
ERAF loan	3.0	2.7	-	-	3.0	2.7	-10.0%
Heritage Springs Village loan	2.7	2.7	-	-	2.7	2.7	0.0%
SunTrust loan payable	1.5	1.5	-	-	1.5	1.5	
Loan payable	0.1	-	-	-	0.1	-	-100.0%
Total	\$ 159.5	\$ 155.1	\$ 7.6	\$ 7.5	\$ 167.1	\$ 162.6	-2.7%

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 2009-10 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, 2009

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets:			
Cash and investments	\$ 80,517,006	\$ 1,033,816	\$ 81,550,822
Cash and investments with fiscal agent	23,970,729	3,726,803	27,697,532
Accounts receivable	1,995,321	1,697,651	3,692,972
Loans and notes receivable	2,611,742	-	2,611,742
Accrued interest receivable	261,513	-	261,513
Due from other governments	4,927,770	-	4,927,770
Inventory	781,104	150,587	931,691
Deposits and other assets	613,448	-	613,448
Deferred charges	2,821,071	241,194	3,062,265
Land and buildings held for resale	10,397,639	-	10,397,639
Capital assets:			
Not being depreciated	61,932,449	3,915,468	65,847,917
Being depreciated, net	79,277,758	12,474,209	91,751,967
Total assets	<u>270,107,550</u>	<u>23,239,728</u>	<u>293,347,278</u>
Liabilities:			
Accounts payable	1,974,719	364,262	2,338,981
Interest payable	1,799,376	59,654	1,859,030
Contracts payable	39,421	1,412	40,833
Due to other governments	145,842	-	145,842
Other accrued liabilities	964,837	191,607	1,156,444
Deposits	2,213,092	304,843	2,517,935
Unearned revenue	2,550,736	-	2,550,736
Noncurrent liabilities:			
Other postemployment benefits obligation	1,583,118	126,882	1,710,000
Due within one year	7,136,099	185,000	7,321,099
Due in more than one year	147,953,012	7,271,728	155,224,740
Total liabilities	<u>166,360,252</u>	<u>8,505,388</u>	<u>174,865,640</u>
Net assets:			
Invested in capital assets, net of related debt	37,986,259	12,659,705	50,645,964
Restricted for:			
Public safety	125,256	-	125,256
Transportation	384,320	-	384,320
Housing	7,133,506	-	7,133,506
Unrestricted	58,117,957	2,074,635	60,192,592
Total net assets	<u>\$ 103,747,298</u>	<u>\$ 14,734,340</u>	<u>\$ 118,481,638</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, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 4,182,328	\$ 1,137,500	\$ 85,148	\$ -
Public safety	27,819,575	2,924,531	628,496	-
Community development	20,631,199	3,048,561	86,523	378,153
Transportation	7,169,870	455,206	705,914	1,465,175
Culture and leisure	7,856,203	934,448	494,950	-
Human services	4,128,929	653,585	1,248,228	-
Unallocated depreciation	61,695	-	-	-
Interest on long-term liabilities	8,087,433	-	-	-
Total governmental activities	79,937,232	9,153,831	3,249,259	1,843,328
Business-type activities:				
Water	9,455,272	9,221,517	-	176,868
Total primary government	<u>\$ 89,392,504</u>	<u>\$ 18,375,348</u>	<u>\$ 3,249,259</u>	<u>\$ 2,020,196</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
 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**

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,959,680)	\$ -	\$ (2,959,680)
(24,266,548)	-	(24,266,548)
(17,117,962)	-	(17,117,962)
(4,543,575)	-	(4,543,575)
(6,426,805)	-	(6,426,805)
(2,227,116)	-	(2,227,116)
(61,695)	-	(61,695)
(8,087,433)	-	(8,087,433)
(65,690,814)	-	(65,690,814)
-	(56,887)	(56,887)
(65,690,814)	(56,887)	(65,747,701)
23,237,402	-	23,237,402
33,478,543	-	33,478,543
2,857,707	-	2,857,707
1,505,277	-	1,505,277
805,857	-	805,857
723,819	-	723,819
3,006,525	79,642	3,086,167
391,132	-	391,132
1,297,241	(1,297,241)	-
67,303,503	(1,217,599)	66,085,904
1,612,689	(1,274,486)	338,203
102,134,609	16,008,826	118,143,435
<u>\$ 103,747,298</u>	<u>\$ 14,734,340</u>	<u>\$ 118,481,638</u>

CITY OF SANTA FE SPRINGS
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>Consolidated Redevelopment Project Debt Service</u>	<u>Washington Boulevard Redevelopment Project Debt Service</u>
Assets:			
Cash and investments	\$ 14,192,143	\$ 17,474,289	\$ 2,025,215
Cash and investments with fiscal agent	1,368,755	22,601,974	-
Accounts receivable	1,121,630	93,742	6,607
Loans and notes receivable	104,298	-	-
Accrued interest receivable	54,198	-	-
Due from other governments	3,055,840	643,223	56,288
Due from other funds	661,275	-	-
Inventory	781,104	-	-
Deposits and other assets	612,198	-	-
Land and buildings held for resale	-	-	-
Advances to other funds	12,413,463	-	-
Total assets	<u>\$ 34,364,904</u>	<u>\$ 40,813,228</u>	<u>\$ 2,088,110</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 1,422,899	\$ -	\$ -
Contracts payable	-	-	-
Due to other governments	88,525	57,317	-
Due to other funds	-	-	-
Other accrued liabilities	853,185	-	-
Deposits	1,528,738	43,650	-
Deferred revenue	2,121,147	-	-
Advances from other funds	1,437,861	9,646,000	3,767,463
Total liabilities	<u>7,452,355</u>	<u>9,746,967</u>	<u>3,767,463</u>
Fund balances (deficits):			
Reserved	15,279,818	31,066,261	-
Unreserved, reported in:			
General fund	11,632,731	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	(1,679,353)
Capital projects funds	-	-	-
Total fund balances (deficits)	<u>26,912,549</u>	<u>31,066,261</u>	<u>(1,679,353)</u>
Total liabilities and fund balances	<u>\$ 34,364,904</u>	<u>\$ 40,813,228</u>	<u>\$ 2,088,110</u>

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.

Net assets of governmental activities

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

Consolidated Redevelopment Project Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 44,778,293	\$ 2,047,066	\$ 80,517,006
-	-	23,970,729
287,836	485,506	1,995,321
2,507,444	-	2,611,742
207,315	-	261,513
246,166	926,253	4,927,770
-	-	661,275
-	-	781,104
1,250	-	613,448
10,397,639	-	10,397,639
2,437,861	-	14,851,324
<u>\$ 60,863,804</u>	<u>\$ 3,458,825</u>	<u>\$ 141,588,871</u>

\$ 281,397	\$ 270,423	\$ 1,974,719
35,563	3,858	39,421
-	-	145,842
-	661,275	661,275
106,974	4,678	964,837
412,320	228,384	2,213,092
29,589	400,000	2,550,736
-	-	14,851,324
<u>865,843</u>	<u>1,568,618</u>	<u>23,401,246</u>
15,344,194	-	61,690,273
-	-	11,632,731
-	1,955,895	1,955,895
-	-	(1,679,353)
<u>44,653,767</u>	<u>(65,688)</u>	<u>44,588,079</u>
<u>59,997,961</u>	<u>1,890,207</u>	<u>118,187,625</u>
<u>\$ 60,863,804</u>	<u>\$ 3,458,825</u>	

141,210,207

(155,650,534)
\$ 103,747,298

CITY OF SANTA FE SPRINGS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>General</u>	<u>Consolidated Redevelopment Project Debt Service</u>	<u>Washington Boulevard Redevelopment Project Debt Service</u>
Revenues:			
Taxes	\$ 29,560,444	\$ 24,788,554	\$ 445,753
Licenses and permits	1,524,535	-	-
Fines, forfeitures and seizures	526,600	-	-
Interest and rentals	2,225,153	557,307	34,449
From other agencies	3,710,350	-	-
Charges for current services	5,211,993	-	-
Other	1,285,272	10,614	-
Total revenues	<u>44,044,347</u>	<u>25,356,475</u>	<u>480,202</u>
Expenditures:			
Current:			
General government	3,256,859	-	-
Public safety	26,691,447	-	-
Community development	6,130,886	5,822,165	422,003
Transportation	4,503,733	-	-
Culture and leisure	7,507,153	-	-
Human services	3,905,691	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Transportation	-	-	-
Culture and leisure	-	-	-
Human services	-	-	-
Debt service:			
Interest	114,362	6,658,041	250,302
Principal retirement	228,666	6,353,910	4,760
Total expenditures	<u>52,338,797</u>	<u>18,834,116</u>	<u>677,065</u>
Excess (deficiency) of revenues over expenditures	(8,294,450)	6,522,359	(196,863)
Other financing sources (uses):			
Proceed from sale of assets	80,445	-	-
Loan issuance	280,000	-	546,931
Transfers in	6,592,304	996,178	-
Transfers out	(462,683)	(5,152,000)	(350,000)
Net change in fund balances	(1,804,384)	2,366,537	68
Fund balances (deficits), beginning of year	28,716,933	28,699,724	(1,679,421)
Fund balances (deficits), end of year	<u>\$ 26,912,549</u>	<u>\$ 31,066,261</u>	<u>\$ (1,679,353)</u>

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

Consolidated Redevelopment Project Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 6,308,577	\$ -	\$ 61,103,328
-	-	1,524,535
-	3,148	529,748
1,190,242	55,665	4,062,816
11	1,930,779	5,641,140
-	484	5,212,477
402,801	479,950	2,178,637
<u>7,901,631</u>	<u>2,470,026</u>	<u>80,252,681</u>
124,792	-	3,381,651
-	-	26,691,447
6,077,665	464,451	18,917,170
-	-	4,503,733
-	-	7,507,153
-	-	3,905,691
25,766	217,783	243,549
99,017	5,132	104,149
314,525	1,010,489	1,325,014
1,414,286	70,475	1,484,761
1,834,441	251,186	2,085,627
28,784	-	28,784
-	-	7,022,705
-	-	6,587,336
<u>9,919,276</u>	<u>2,019,516</u>	<u>83,788,770</u>
(2,017,645)	450,510	(3,536,089)
-	-	80,445
-	-	826,931
5,796,590	1,228,861	14,613,933
(4,770,747)	(2,581,262)	(13,316,692)
(991,802)	(901,891)	(1,331,472)
<u>60,989,763</u>	<u>2,792,098</u>	<u>119,519,097</u>
<u>\$ 59,997,961</u>	<u>\$ 1,890,207</u>	<u>\$ 118,187,625</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, 2009

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

Net change in fund balances - total governmental funds	\$ (1,331,472)
--	----------------

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.	273,588
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The net effect of the disposal of capital assets (i.e. scrap, obsolete) is to decrease net assets.	(6,066)
--	---------

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.	3,058,431
---	-----------

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.	(381,792)
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Change in net assets of governmental activities	\$ <u>1,612,689</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 Net Assets - Enterprise Fund (Water Utility)
June 30, 2009

Assets:

Current assets:

Cash and investments	\$ 1,033,816
Accounts receivable	1,697,651
Inventory	150,587
Deferred charges	241,194
Cash and investments with fiscal agent:	
Cash and investments	3,726,803
Total current assets	<u>6,850,051</u>

Capital assets:

Source of supply plant	3,032,091
Transmission and distribution plant	25,884,676
Pumping and treatment plant	83,216
General plant	1,057,112
Land and water rights	3,384,974
Construction in progress	530,494
Less allowance for depreciation	<u>(17,582,886)</u>
Net capital assets	<u>16,389,677</u>
Total assets	<u>23,239,728</u>

Liabilities:

Current liabilities:

Accounts payable	364,262
Interest payable	59,654
Contracts payable	1,412
Other accrued liabilities	191,607
Deposits	304,843
Current portion of bonds payable	<u>185,000</u>
Total current liabilities	<u>1,106,778</u>

Noncurrent liabilities:

Other postemployment benefits obligation	126,882
Bonds payable	<u>7,271,728</u>
Total liabilities	<u>8,505,388</u>

Net assets:

Invested in capital assets, net of related debt	12,659,705
Unrestricted	<u>2,074,635</u>
Total net assets	<u>\$ 14,734,340</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, 2009

Operating revenues:	
Sale of water	\$ 9,108,771
Other	103,788
	<hr/>
Total operating revenues	9,212,559
	<hr/>
Operating expenses:	
Water purchase	3,505,291
System maintenance and operation	2,209,648
Billing and collection	796,678
Administration	1,797,098
Amortization	11,552
Depreciation	761,429
	<hr/>
Total operating expenses	9,081,696
	<hr/>
Operating income	130,863
	<hr/>
Nonoperating revenues (expenses):	
Interest revenue	79,642
Trunk line connection fees	8,958
Interest expense	(373,576)
	<hr/>
Total nonoperating revenues (expenses)	(284,976)
	<hr/>
Loss before capital contributions and transfers	(154,113)
	<hr/>
Capital contributions	176,868
Transfers out	(1,297,241)
	<hr/>
Change in net assets	(1,274,486)
	<hr/>
Total net assets, beginning of year	16,008,826
	<hr/>
Total net assets, end of year	<u>\$ 14,734,340</u>

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, 2009

Cash flows from operating activities:	
Receipts from water sales	\$ 8,540,745
Receipts from other operating activities	172,539
Payments to vendors	(4,707,641)
Payments for salaries	(2,396,236)
Payments for interfund services used	(1,246,955)
	<u>362,452</u>
Cash flows from noncapital financing activities:	
Transfers out	(1,297,238)
Cash flows from capital and related financing activities:	
Acquisition and construction of water plant	(65,501)
Capital contributions	176,868
Trunk line connection fees	8,958
Principal payments on long-term debt	(175,000)
Interest payments on long-term debt	(374,505)
	<u>(429,180)</u>
Cash flows from investing activities:	
Interest received	80,532
Net decrease in cash and cash equivalents	(1,283,434)
Cash and cash equivalents, beginning of year	6,044,053
Cash and cash equivalents, end of year	<u>\$ 4,760,619</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 130,863
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	761,429
Amortization	11,552
Changes in assets and liabilities:	
(Increase) or decrease in accounts receivable	(551,131)
(Increase) or decrease in inventory	196
(Increase) or decrease in deposits and other assets	5,804
Increase or (decrease) in accounts payable	317,390
Increase or (decrease) in accrued expenses	(486,584)
Increase or (decrease) in deposits	46,051
Increase or (decrease) in other postemployment benefits obligation	126,882
	<u>\$ 362,452</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, 2009

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 648,452
Cash and investments with fiscal agent	<u>314,946</u>
Total assets	<u><u>\$ 963,398</u></u>
Liabilities:	
Due to other governments	\$ 645,067
Due to bondholders	<u>318,331</u>
Total liabilities	<u><u>\$ 963,398</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, 2009**

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 of the City of Santa Fe Springs and the Housing Authority of the City of Santa Fe Springs. Both the Redevelopment Agency and the Housing Authority are separate legal entities and component units of the 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, 2009 (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, 2009 were based on the following percentages:

Downey	34.58%
Santa Fe Springs	24.48%
Montebello	19.68%
Compton	21.26%

During the year ended June 30, 2009 the City of Santa Fe Springs contributed \$334,297 for the operation of the Center. Condensed, unaudited financial information (in thousands) as of and for the year ended June 30, 2009, is as follows:

Total Assets	\$ -
Total Liabilities	-
Total Fund Balance	-
Total Revenue	1,356
Total Expenditures	1,356
Net change in fund balance	-

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, 2009 (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. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been satisfied. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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, 2009 (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 Commission.

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 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 Commission.

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, 2009 (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*, for its business type activities and proprietary fund, 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 business type activities and proprietary fund 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.

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, 2009 (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 because inventory does not reflect currently available financial resources.

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

Property Taxes

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

Lienv	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, 2009 (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, 2009 (CONTINUED)**

Land and Buildings Held for Resale

Land and related buildings acquired by the 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 \$155,650,534 difference are as follows:

Bonds payable	\$ (140,589,525)
Less: Deferred charge on refunding (to be amortized as interest expense)	3,339,492
Less: Deferred charge for issuance costs (to be amortized over life of debt)	2,821,071
Plus: Net premium/discount (to be amortized as interest expense)	(2,871,552)
Accrued interest payable	(1,799,376)
Capitalized lease obligations	(35,815)
Compensated absences	(2,993,168)
Tax increment loan payable	(4,994,180)
ERAF loan	(2,685,000)
Villages at Heritage Springs loan	(2,690,000)
Loans payable	(1,569,363)
Other postemployment benefit obligation	(1,583,118)
	<hr/>
Net adjustment	\$ (155,650,534)
	<hr/>

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (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 decrease 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 \$273,588 difference are as follows:

Capital outlay	\$ 4,654,442
Depreciation Expense	<u>(4,380,854)</u>
Net adjustment	<u><u>\$ 273,588</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 \$3,058,431 difference are as follows:

Debt issued or incurred:

Tax allocation bonds accretion	\$ (1,118,856)
Tax increment loan	(546,931)
Other postemployment benefits obligation	(1,583,118)
Other loan financing	(280,000)

Principal repayments:

Tax allocation bonds	6,000,000
Capitalized lease obligations	61,121
ERAF loan	340,000
Loans payable	<u>186,215</u>

Net adjustment	<u><u>\$ 3,058,431</u></u>
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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 \$381,792 difference are as follows:

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

Accrued interest	\$ 76,527
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>(240,286)</u>
Net adjustment	<u>\$ (381,792)</u>

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 81,550,823
Cash and investments with fiscal agent	27,697,532

Fiduciary funds:

Cash and investments	648,452
Cash and investments with fiscal agent	<u>314,946</u>

Total	<u>\$ 110,211,753</u>
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Cash and investments were comprised of the following as of June 30, 2009:

Cash on hand	\$ 45,175
Deposits with financial institutions	3,015,370
Investments	<u>107,151,208</u>
Total	<u>\$ 110,211,753</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. The City's investment policy does not allow investments in negotiable certificates of deposit, reverse repurchase agreements, guaranteed small business administration notes, medium term corporate notes, and financial futures or financial option contracts. Investment vehicles not specifically mentioned in the City's investment policy are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of the bond indentures. Investments are limited to:

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentages of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury bills	5 years	60%	None
U.S. Treasury notes	5 years	30%	None
Federal Agency issues	5 years	20%	None
Certificates of deposit	5 years	10%	None
Bankers' acceptances	180 days	40%	None
Commercial paper	270 days	10%	10%
Repurchase agreements	1 year	None	None
Mutual funds	N/A	20%	None
County Pool investment funds	N/A	None	None
Local agency investment fund (LAIF)	N/A	None	None

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentages of Portfolio</u>	<u>Maximum Investment in One Investor</u>
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, 2009 (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:

Investment Type	Weighted Average Maturity (in Days)	
Local agency investment fund	235	\$ 79,138,729
Held by bond trustee:		
Money market funds	40	17,946,102
Local agency investment fund	235	<u>10,066,377</u>
Total		<u>\$ 107,151,208</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. The fiscal agent funds held in money market funds are rated AAA at June 30, 2009.

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments held that represent 5% or more in any one issuer other than external investment pools and money market funds at June 30, 2009.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

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

The total amount invested by all public agencies in LAIF as of June 30, 2009 was \$25.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2009 had a balance of \$50.7 billion, of that amount, 14.71% was invested in medium-term and short-term structured notes and asset-backed securities.

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, \$67,387 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 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%.

Community Development Commission of the City of Santa Fe Springs ("CDC") issued a new subject loan in the amount of \$1,800,000 to Villages at Heritage Springs, LLC ("Developer") on March 26th, 2009 at 5% interest rate in order to secure the construction financing for the development of detached and attached homes. Developer shall repay the full amount of the loan within 30 days after Developer's receipt of construction financing for both the detached and attached home to be built in the Project.

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists primarily of sales and use taxes due from the State of California, \$2,115,940; property taxes due from the County of Los Angeles, \$1,037,135; grant monies due from the Federal Government, \$736,763; grant monies due from the State of California, \$421,463; grant monies due from the County of Los Angeles \$22,007; and monies due from other cities and districts for facilities and property maintenance, \$594,461.

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, \$3,494,000, at an interest rate of 12.0%, with principal payable on or before September 30, 2010.

A loan from the General Fund to the Consolidated Redevelopment Project Debt Service Fund, \$5,152,000, at an interest rate of 12.0%, with principal payable on or before September 30, 2010..

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, \$3,417,463 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 General Fund to the Washington Boulevard Redevelopment Project Debt Service Fund, \$350,000 at an interest rate of 12%. There is no set repayment schedule.

A loan from the Consolidated Redevelopment Project Capital Projects Housing Fund was made to the General Fund in the amount of \$1,437,861 to cover certain costs. There is no set repayment schedule.

Interfund receivables and payables at June 30, 2009 were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 661,275	\$ -
Other governmental funds	-	661,275
	<u>\$ 661,275</u>	<u>\$ 661,275</u>

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

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.

The following is a summary of interfund transfers for the fiscal year ended June 30, 2009:

<u>Transfers Out:</u>	<u>Transfers In</u>				<u>Total</u>
	<u>Consolidated</u>				
	<u>General Fund</u>	<u>Redevelopment Project</u>		<u>Other Governmental Funds</u>	
	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>			
General fund	\$ -	\$ -	\$ 17,265	\$ 445,418	\$ 462,683
Consolidated redevelopment project:					
Debt service fund	-	-	5,152,000	-	5,152,000
Capital projects fund	3,444,541	996,178	-	330,028	4,770,747
Washington Boulevard redevelopment project debt service fund	-	-	-	350,000	350,000
Other governmental funds	1,887,620	-	627,325	66,317	2,581,262
Enterprise fund (Water Utility)	1,260,143	-	-	37,098	1,297,241
Total	\$ 6,592,304	\$ 996,178	\$ 5,796,590	\$ 1,228,861	\$ 14,613,933

Interfund transfers were primarily used to fund capital improvements from the General Fund, Other Governmental Funds, the Consolidated Redevelopment Project Capital Projects Fund, and the Washington Boulevard Redevelopment Project Debt Service 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 \$613,448 for prepaid items.

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

NOTE 8 - CHANGES IN CAPITAL ASSETS

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

Governmental Activities				
	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 56,265,492	\$ -	\$ -	\$ 56,265,492
Construction in progress	3,276,601	3,262,348	871,992	5,666,957
Total capital assets, not being depreciated	<u>59,542,093</u>	<u>3,262,348</u>	<u>871,992</u>	<u>61,932,449</u>
Capital assets, being depreciated:				
Buildings	19,824,679	933,565	-	20,758,244
Improvements other than buildings	20,831,124	-	-	20,831,124
Equipment	13,280,427	753,324	901,352	13,132,399
Infrastructure	98,649,540	577,197	-	99,226,737
Total capital assets, being depreciated	<u>152,585,770</u>	<u>2,264,086</u>	<u>901,352</u>	<u>153,948,504</u>
Less accumulated depreciation:				
Buildings	7,884,574	343,205	-	8,227,779
Improvements other than buildings	10,992,607	664,953	-	11,657,560
Equipment	8,331,395	788,830	895,286	8,224,939
Infrastructure	43,976,602	2,583,866	-	46,560,468
Total accumulated depreciation	<u>71,185,178</u>	<u>4,380,854</u>	<u>895,286</u>	<u>74,670,746</u>
Total capital assets, being depreciated, net	<u>81,400,592</u>	<u>(2,116,768)</u>	<u>6,066</u>	<u>79,277,758</u>
Government activities capital assets, net	<u>\$ 140,942,685</u>	<u>\$ 1,145,580</u>	<u>\$ 878,058</u>	<u>\$ 141,210,207</u>

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

Business-type Activities - Water Utility Plant

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets, not being depreciated:				
Land and water rights	\$ 3,384,974	\$ -	\$ -	\$ 3,384,974
Construction in progress	736,977	179,724	386,207	530,494
Total capital assets, not being depreciated	4,121,951	179,724	386,207	3,915,468
Capital assets, being depreciated:				
Source of supply plant	3,031,289	802	-	3,032,091
Transmission and distribution plant	25,602,487	282,189	-	25,884,676
Pumping and treatment plant	83,216	-	-	83,216
General plant	1,057,112	-	-	1,057,112
Total capital assets, being depreciated	29,774,104	282,991	-	30,057,095
Less accumulated depreciation:				
Source of supply plant	1,524,498	59,519	-	1,584,017
Transmission and distribution plant	14,468,427	645,220	-	15,113,647
Pumping and treatment plant	83,216	-	-	83,216
General plant	745,316	56,690	-	802,006
Total accumulated depreciation	16,821,457	761,429	-	17,582,886
Total capital assets, being depreciated, net	12,952,647	(478,438)	-	12,474,209
Water utility capital assets, net	<u>\$ 17,074,598</u>	<u>\$ (298,714)</u>	<u>\$ 386,207</u>	<u>\$ 16,389,677</u>

Depreciation expense of \$5,142,283 was charged to the following functions:

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

	Governmental Activities	Business-type Activities
General government	\$ 141,596	\$
Public safety	556,525	
Community development	29,586	
Transportation	2,791,431	
Culture and leisure	649,561	
Human services	150,460	
Unallocated	61,695	
Water utility		761,429
Total depreciation expense	\$ 4,380,854	\$ 761,429

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 \$645,067 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, \$20,212 of sales and use taxes due to the State of California; \$68,313 of CUPA surcharge fees due to the State of California; and \$57,317 of AB 1290 pass through tax increment due to the County of Los Angeles.

NOTE 11 - OTHER ACCRUED LIABILITIES

Other accrued liabilities consists of accrued payroll costs, \$907,710; accrued water purchase and pump tax costs, \$88,093 and accrued building inspection costs, \$160,641.

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 2009/2010 fiscal year, \$2,204,175.

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

NOTE 14 - LONG-TERM LIABILITIES

Summary

The following is a summary of long-term liabilities as of June 30, 2009:

	Governmental Activities	Business-type Activities
Long-term debt:		
Revenue bonds	\$ -	\$ 7,456,728
Tax allocation bonds	140,121,585	-
Capitalized lease obligations	35,815	-
	140,157,400	7,456,728
Other long-term liabilities:		
Compensated absences	2,993,168	-
ERAF loan	2,685,000	-
Tax increment loan - L.A. County	4,994,180	-
Village at Heritage Springs loan	2,690,000	-
Loan payable SunTrust	1,569,363	-
Total long-term liabilities	\$ 155,089,111	\$ 7,456,728

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

Activity

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2009:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental activities:					
Consolidated Redevelopment					
Project tax allocation bonds:					
2001 refunding issue	\$ 23,525,000	\$ -	\$ 980,000	\$ 22,545,000	\$ 1,020,000
2002 refunding issue	26,680,000	-	2,945,000	23,735,000	3,045,000
2003 refunding taxable issue	5,725,000	-	370,000	5,355,000	390,000
2006 issue	46,525,669	1,118,856	1,280,000	46,364,525	1,335,000
2007 refunding issue	43,015,000	-	425,000	42,590,000	445,000
Issuance discounts/premiums	3,110,046	-	238,494	2,871,552	-
Deferred amount on refunding	(3,600,385)	-	(260,893)	(3,339,492)	-
Capitalized lease obligations	96,936		61,121	35,815	35,815
Compensated absences	2,752,882	495,503	255,217	2,993,168	209,900
Tax increment loan from Los Angeles County					
Angeles County	4,447,249	546,931	-	4,994,180	-
ERAF loan	3,025,000	-	340,000	2,685,000	360,000
Village at Heritage Springs Loan	2,690,000	-	-	2,690,000	-
Sun Trust loan payable	1,456,908	280,000	167,545	1,569,363	295,384
Other loan payable	18,670	-	18,670	-	-
	<u>\$ 159,467,975</u>	<u>\$ 2,441,290</u>	<u>\$ 6,820,154</u>	<u>\$ 155,089,111</u>	<u>\$ 7,136,099</u>

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Business-type activities:					
Water revenue bonds:					
2003 Series A	\$ 4,465,000	\$ -	\$ 45,000	\$ 4,420,000	\$ 45,000
2005 Series A	3,330,000	-	130,000	3,200,000	140,000
Issuance discount/premiums	52,467	-	3,117	49,350	-
Deferred amount on refunding	(226,051)	-	(13,429)	(212,622)	-
	<u>\$ 7,621,416</u>	<u>\$ -</u>	<u>\$ 164,688</u>	<u>\$ 7,456,728</u>	<u>\$ 185,000</u>

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

The total annual debt service requirements to maturity on bonds, capital leases, and business assistance agreements for governmental activities of \$211,499,687 including interest payments of \$42,829,509 and capital appreciation of \$26,566,507, and for business-type activities of \$13,084,071, including interest payments of \$5,464,071, are as follows:

Year Ending June 30	Governmental Activities Tax Allocation Bonds			Capitalized Lease Obligations	
	Principal	Interest	Capital Appreciation	Principal	Interest
	2010	\$ 6,235,000	\$ 5,348,548	\$ -	\$ 35,815
2011	6,465,000	5,071,797	-	-	-
2012	6,755,000	4,768,238	-	-	-
2013	7,050,000	4,452,384	-	-	-
2014	7,360,000	4,121,059	-	-	-
2015-2019	44,415,000	14,546,729	-	-	-
2020-2024	47,185,212	3,676,276	11,524,788	-	-
2025-2029	12,348,281	24,369	15,041,719	-	-
Totals	137,813,493	\$ 42,009,400	\$ 26,566,507	\$ 35,815	\$ 2,333
Cumulative Accretion	2,776,032	*			
Total Principal, June 30, 2009	\$ 140,589,525				

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

Year Ending June 30	ERAF Loan	
	Principal	Interest
2010	\$ 360,000	\$ 143,230
2011	375,000	125,168
2012	395,000	106,062
2013	415,000	85,682
2014	435,000	63,914
2015-2016	705,000	55,952
Totals	\$ 2,685,000	\$ 580,008

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

<u>Year Ending June 30</u>	<u>SunTrust Loan Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 295,384	\$ 71,387
2011	309,401	57,370
2012	225,718	42,679
2013	235,704	32,693
2014	246,133	22,265
2015	257,023	11,374
Totals	<u>\$ 1,569,363</u>	<u>\$ 237,768</u>

Tax Allocation Bonds:

Consolidated Redevelopment Project 2001 Tax Allocation Refunding Bonds

Serial bonds totaling \$15,595,000 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:

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

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

The bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. Housing tax increment revenues secure a portion of the debt service on the bonds as a result of the refunding of a portion off the Series 1993 bonds with proceeds of the 2001 bonds. The 1993 bonds are no longer outstanding. The bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the 2006 bonds and the 2007 bonds. These revenues have been pledged until the year 2024. Pledged tax increment revenue for the year was \$31.5 million against total debt service payments of \$2 million on this bond. The bonds are further secured by a debt service reserve fund sized in the amount of the aggregate maximum annual debt service on the bonds which was \$2,271,044 at June 30, 2009. Payment of debt service on the bonds is further secured by a bond insurance policy issued by MBIA. Revenues are pledged against the debt service outstanding on the bonds of \$31,074,703. The principal balance outstanding at June 30, 2009 was \$22,545,000.

Consolidated Redevelopment Project 2002 Tax Allocation Refunding Bonds

Serial bonds totaling \$23,735,000 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:

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

The 2002 bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The 2002 Bonds share a parity claim on these revenues with the outstanding non-housing portion of the 2001 bonds, the 2006 bonds and the 2007 bonds. These revenues have been pledged until the year 2022. Pledged tax increment revenue for the year was \$31.5 million against total debt service payments of \$1.7 million on this bond. Payment of debt service on the bonds is further secured by a bond insurance policy issued by MBIA. Revenues are pledged against the debt service outstanding on the bonds of \$29,129,039. The principal balance outstanding at June 30, 2009 was \$23,735,000.

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.

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

The bonds are subject to mandatory sinking fund redemption annually in amounts ranging from \$95,000 to \$465,000.

The bonds are secured by a pledge of the tax increment revenues deposited in the low and moderate income set-aside fund for the Commission's project area. These revenues have been pledged until the year 2024. Pledged tax increment revenue for the year was \$6.3 million against total debt service payments of \$6 million on this bond. Revenues are pledged against the debt service outstanding on the bonds of \$7,663,701. The principal balance outstanding at June 30, 2009 was \$5,355,000.

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 \$3,085,000 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 Series A and Series B bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The Series A and Series B Bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the non-housing portion of the 2001 bonds, and the 2007 bonds. These revenues have been pledged until the year 2028. Pledged tax increment revenue for the year was \$31.5 million against total debt service payments of \$2.2 million on this bond. The bonds are further secured by a debt service reserve fund sized in the amount of the aggregate maximum annual debt service on the bonds which was \$1,460,111 at June 30, 2009. Revenues are pledged against the debt service outstanding on the bonds of \$76,959,079. Payment of debt service on the bonds is further secured by a bond insurance policy issued by MBIA.

The principal balance outstanding at June 30, 2009 was \$46,364,525 including accretion on the capital appreciation bonds of \$2,776,032.

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, 2009 (CONTINUED)**

The 2007 bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The 2007 bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the Commission's 2006 Tax Allocation Bonds Series A and B and the non-housing portion of the 2001 Tax Allocation Bonds. These revenues have been pledged until the year 2022. Pledged tax increment revenue for the year was \$31.5 million against total debt service payments of \$2.5 million on this bond. The 2007 bonds are further secured by a parity debt service reserve fund, shared among the outstanding series, sized in the amount of the aggregate maximum annual debt service on the bonds (\$609,311 at June 30, 2009). Payment of debt service on the 2007 bonds is further secured by a bond insurance policy issued by MBIA. Revenues are pledged against the debt service outstanding on the bonds of \$61,562,875. The principal balance outstanding at June 30, 2009 was \$42,590,000.

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 October 24, 2007 for \$27,795 - 6.6%; annual payments, including interest, of \$9,265; expiring on October 24, 2009	\$ 8,691	\$ 574	\$ 9,265
Car lease beginning November 19, 2007 for \$27,982 - 6.6%; annual payments, including interest, of \$9,327; expiring on November 19, 2009	8,750	577	9,327
Car lease beginning January 30, 2008 for \$27,982 - 6.25%; annual payments, including interest, of \$9,297; expiring on January 30, 2010	8,750	547	9,297
Car lease beginning May 1, 2008 for \$30,776 - 6.6%; annual payments, including interest, of \$10,259; expiring on May 1, 2010	9,624	635	10,259
	<u>\$ 35,815</u>	<u>\$ 2,333</u>	<u>\$ 38,148</u>

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.

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

Tax Increment Loan Payable

A loan of property tax increment was issued by the County of Los Angeles, California, to the Washington Boulevard Redevelopment Project Debt Service Fund, with an outstanding balance of \$4,994,180, 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. At that time, the Agency will pay annually the sum of: 1) the full amount due, and 2) no less than fifty percent (50%) of the tax increments remaining after paying such amounts, exclusive of tax increments designated for the Housing Fund.

ERAF Loan

The Commission received a loan with an outstanding balance of \$2,685,000 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 Commission 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 \$974,850 with SunTrust Leasing Corporation for a fire truck. Payments are due annually in the amount of \$165,013 on July 15 each year at an annual interest rate of 4.25%; with the loan expiring on July 15, 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.

In November 2008, the agreement was amended for an additional \$280,000 for the purchase of police vehicles and equipment. Payments are due annually in the amount of \$98,373 on October 31 of each year at an annual interest rate of 5.50% with the loan expiring on October 31, 2010. The current balance outstanding is \$1,569,363.

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

Water Revenue Bonds, 2003 Series A

Serial bonds totaling \$870,000 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, 2009 is \$4,420,000.

The Bonds are payable from and secured by a pledge of revenues of the Santa Fe Springs Public Financing Authority, consisting primarily of amounts to be paid by the City to the Authority for the repurchase of the certain improvements to the water system pursuant to a 2003 Installment Sale Agreement. These payments consist primarily of net revenues of the City's water system and facilities. The City has covenanted in the Installment Sale Agreement to set rates and charges for water services for its customers sufficient to provide net revenues each fiscal year equal to at least 120% of the debt service due in such fiscal year. Net revenue is determined by the gross revenues received during such period minus the amount required to pay all operation and maintenance costs becoming payable during such period. Net revenue for the current year was \$992,444 against debt service payments of \$261,718. Total principal and interest outstanding is \$8,427,275.

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. The total amount outstanding as of June 30, 2009 is \$3,200,000.

The Bonds are payable from and secured by a pledge of revenues of the Santa Fe Springs Public Finance Authority, consisting primarily of amounts to be paid by the City to the Authority for the repurchase of the certain improvements to the water system pursuant to a 2005 Installment Sale Agreement. These payments consist primarily of net revenues of the City's water system and facilities. The City has covenanted in the Installment Sale Agreement to set rates and charges for water services for its customers sufficient to provide net revenues each fiscal year equal to at least 120% of the debt service due in such fiscal year. Net revenue is determined by the gross revenues received during such period minus the amount required to pay all operation and maintenance costs becoming payable during such period. Net revenue for the current year was \$903,844 against debt service payments of \$276,780. Total principal and interest outstanding is \$4,656,824.

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

**CITY OF SANTA FE SPRINGS
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JUNE 30, 2009 (CONTINUED)**

outstanding at June 30, 2009 was \$11,425,000 for the 2002 Tax Allocation Bonds.

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	\$ 781,104	\$ -	\$ -
Reserved for debt service	-	22,601,974	-
Reserved for land held for resale	-	-	10,397,639
Reserved for long-term loans and notes receivable	104,298	-	2,507,444
Reserved for loan guarantee	1,368,755	-	-
Reserved for advances	12,413,463	-	2,437,861
Reserved for deposits and other assets	612,198	-	1,250
Designated for subsequent years expenditures	1,586,534	8,404,287.00	25,700,063
Designated for waste management	540,157	-	-
Designated for contingencies	9,506,040	-	-
Undesignated	-	-	18,953,704
Total	<u>\$ 26,912,549</u>	<u>\$ 31,006,261</u>	<u>\$ 59,997,961</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 122 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

**CITY OF SANTA FE SPRINGS
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JUNE 30, 2009 (CONTINUED)**

Board of Directors. The Board operates through a 9-member Executive Committee.

(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 \$2,000,000 are pooled based on payroll. Costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies subject to a \$3,000,000 annual aggregate deductible and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with the above are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

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. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) 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; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

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JUNE 30, 2009 (CONTINUED)**

(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, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

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 \$87,359,238. 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

NOTE 17 - RETIREMENT PLAN

Full-time Employees

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 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, 2009 was 16.911% for miscellaneous employees and 31.123% 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, 2008 actuarial valuation is as follows (in thousands):

<u>Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Actuarial Accrued Liability % of Payroll</u>
\$ 109,243	\$ 88,017	\$ 21,225	80.6%	\$ 13,349	159.0%

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, 2009, the City's annual pension cost of \$4,703,807 was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45%; 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

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JUNE 30, 2009 (CONTINUED)**

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, 2009 was 30 years for the miscellaneous plan.

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>
2007	\$ 4,213	100%	0
2008	4,595	100%	0
2009	4,704	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, 2009, the City's covered payroll for part-time employees was \$2,951,278. The City made employer contributions of \$110,673 (3.75% of covered payroll), and employees contributed \$110,673 (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

During the year ended June 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions by State and Local Government Employers*. This Statement generally requires that employers account for and report the annual cost of other postemployment benefits (OPEB) and the outstanding obligations and commitments related to OPEB. This Statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions and, for certain employers, the extent to which the plan has been funded over time.

a. Plan Description

The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the

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CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

b. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) with 5 years or service and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at June 30, 2007, the date of the most recent actuarial valuation:

	<u>Management</u>	<u>Miscellaneous</u>	<u>Fire</u>	<u>Total</u>
Retirees and beneficiaries receiving benefits	37	72	62	171
Active plan members	<u>41</u>	<u>148</u>	<u>55</u>	<u>244</u>
Total	<u><u>78</u></u>	<u><u>220</u></u>	<u><u>117</u></u>	<u><u>415</u></u>

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

c. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The contribution is based on projected pay-as-you-go financing requirements. The City's contribution rate was \$1,270 per month per retiree toward all premiums in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. For the year ended June 30, 2009, the City contributed \$1,731,508 to the plan. Plan members receiving benefits contributed \$19,159 (approximately 1% of total premiums) through their required contribution.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The City's Net OPEB obligation as of June 30, 2009, was \$1.710 million. The Annual Required Contribution (ARC) as of June 30, 2009, was \$3.442 million. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

	<u>Management</u>	<u>Miscellaneous</u>	<u>Fire</u>	<u>Total</u>
Annual required contribution	\$ 700	\$ 1,652	\$ 1,090	\$ 3,442
Contributions made	<u>(389)</u>	<u>(737)</u>	<u>(606)</u>	<u>(1,732)</u>
Increase in net OPEB obligation	311	915	484	1,710
Net OPEB Obligation, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Obligation, End of Year	<u>\$ 311</u>	<u>\$ 915</u>	<u>\$ 484</u>	<u>\$ 1,710</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009, the initial year implementing GASB Statement No. 45, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 3,443	50.3%	1,710

d. Funding Status and Progress

The City has elected to join the California Employers' Retiree Benefit Trust (the "Trust"), which provides a means to pre-fund OPEB obligations. The City makes an annual contribution to the Trust, pays benefits either directly to retirees or through PEMHCA during the year, and then seeks reimbursement for these pay-as-you-go expenses from the Trust. The City's funding is to contribute consistently an amount at least equal to the pay-as-you-go-costs plus a percent of the difference between the ARC and pay-go. This percent is 10% for the 2008/09 fiscal year, increasing by 10% each year to 100% of the ARC for fiscal year 2017/18 and thereafter. For the year ended June 30, 2009, the City contributed \$191,000 to the Trust.

As of June 30, 2007, the most recent valuation date, the actuarial accrued liability for benefits was \$39.737 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$39.737 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$20.167 million and the ratio of the UAAL to the covered payroll was 196% percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

decreasing over time relative to the actuarial accrued liabilities for the benefits.

e. Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 4.83% discount rate. Each year's discount rate is 7.75% for portion of ARC funded and 4.5% for portion of ARC not funded. The valuation includes a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years with a closed amortization. It is assumed the City's payroll will increase 3.25% per year.

NOTE 19 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2009, expenditures exceeded appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Overage</u>
Debt Service:			
Consolidated			
Redevelopment Project Fund	\$ 18,390,000	\$ 18,834,116	\$ 444,116
Washington Boulevard			
Redevelopment Project Fund	126,800	677,065	550,265

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 \$1,679,353 at June 30, 2009. 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 \$3,767,463, as described in note 6. The deficit will be reduced by future revenues and repayments of the outstanding advances.

The Washington Boulevard Redevelopment Capital Projects Fund had a deficit fund balance of \$87,359, at June 30, 2009. This is due to expenditures exceeding revenues for the year. The deficit will be funded by future revenues.

**CITY OF SANTA FE SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)**

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, 2009 is \$2,060,000.

NOTE 23 – SUBSEQUENT EVENTS

a. Supplemental Revenue Augmentation Funds

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county “Supplemental” Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State’s Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment Commission, thereby relieving the State of payments to those schools. The Commission’s share of this revenue shift is approximately \$10.6 million in fiscal year 2009-2010 and \$2.2 million in fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year. In response to AB 26 4x, the Commission has budgeted to pay the obligations from remaining fiscal agent cash and investments.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate AB 26 4x, similar to last year’s successful lawsuit challenging the constitutionality of AB 1389. CRA filed its lawsuit by on October 20, 2009. The lawsuit asserts that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserts impairment of contract and gift of public funds arguments. While the State made adjustments in AB 26 4x to address the constitutional issues raised by the Superior Court over last year’s lawsuit challenging AB 1389, the Commission, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional.

b. Santa Fe Springs Water Utility Authority

In July 2009, the City of Santa Fe Springs and the Santa Fe Springs Community Development Commission formed a Joint Powers Authority, the Santa Fe Springs Water Utility Authority. The assets of the municipal water system were leased to the Authority. The Authority then entered into a long-term contract with the City of Santa Fe Springs to operate the water system on a day-to-day basis.

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

Miscellaneous Plan
 (Dollar Amounts in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Normal Accrued Liability	(b-a) Unfunded/ (Overfunded) Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a % of Covered Payroll
6/30/06	\$77,067	\$94,244	\$17,156	81.8%	\$12,179	140.9%
6/30/07	82,693	101,049	18,356	81.8%	13,160	139.5%
6/30/08	88,017	109,243	21,226	80.6%	13,349	159.0%

CITY OF SANTA FE SPRINGS
Schedule of Funding Progress for Postemployment Benefits
 (most recent data available)

(Dollar Amounts in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Normal Accrued Liability	(b-a) Unfunded/ (Overfunded) Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a % of Covered Payroll
6/30/07	\$0	\$39,737	\$39,737	0%	\$20,167	196%

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 31,096,000	\$ 31,163,000	\$ 29,560,444	\$ (1,602,556)
Licenses and permits	1,502,900	1,642,400	1,524,535	(117,865)
Fines, forfeitures and seizures	520,400	461,600	526,600	65,000
Interest and rentals	1,767,300	2,105,900	2,225,153	119,253
From other agencies	1,876,000	3,414,400	3,710,350	295,950
Charges for current services	4,570,000	4,581,900	5,211,993	630,093
Other	703,000	1,128,000	1,285,272	157,272
Total revenues	<u>42,035,600</u>	<u>44,497,200</u>	<u>44,044,347</u>	<u>(452,853)</u>
Expenditures:				
Current:				
General government	3,669,900	3,625,200	3,256,859	368,341
Public safety	26,099,900	26,374,900	26,691,447	(316,547)
Community development	6,135,200	6,148,700	6,130,886	17,814
Transportation	4,681,200	4,682,000	4,503,733	178,267
Culture and leisure	7,941,100	7,666,800	7,507,153	159,647
Human services	3,945,100	3,860,900	3,905,691	(44,791)
Debt service:				
Interest	75,300	75,300	114,362	(39,062)
Principal retirement	322,200	322,200	228,666	93,534
Total expenditures	<u>52,869,900</u>	<u>52,756,000</u>	<u>52,338,797</u>	<u>417,203</u>
Excess (deficiency) of revenues over expenditures	(10,834,300)	(8,258,800)	(8,294,450)	(35,650)
Other financing sources (uses):				
Proceeds from sale of assets	54,400	122,400	80,445	(41,955)
Loan issuance	-	-	280,000	280,000
Transfers in	7,057,500	8,250,500	6,592,304	(1,658,196)
Transfers out	(1,752,045)	(2,801,845)	(462,683)	2,339,162
Net change in fund balance	(5,474,445)	(2,687,745)	(1,804,384)	883,361
Fund balance, beginning of year	<u>28,716,933</u>	<u>28,716,933</u>	<u>28,716,933</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,242,488</u>	<u>26,029,188</u>	<u>\$ 26,912,549</u>	<u>\$ 883,361</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, 2009

NOTE 1 - SUMMARY OF BUDGETARY 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.

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.

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Consolidated Redevelopment Project Debt Service Fund
For the Fiscal Year Ended June 30, 2009

	<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>
Revenues:				
Taxes	\$ 23,478,400	\$ 23,478,400	\$ 24,788,554	\$ 1,310,154
Interest and rentals	1,100,000	1,100,000	557,307	(542,693)
Other	-	-	10,614	10,614
	<u>24,578,400</u>	<u>24,578,400</u>	<u>25,356,475</u>	<u>767,461</u>
Total revenues				
	<u>24,578,400</u>	<u>24,578,400</u>	<u>25,356,475</u>	<u>767,461</u>
Expenditures:				
Current:				
Community development	5,615,000	5,615,000	5,822,165	(207,165)
Debt service:				
Interest	6,432,400	6,432,400	6,658,041	(225,641)
Principal retirement	6,342,600	6,342,600	6,353,910	(11,310)
	<u>18,390,000</u>	<u>18,390,000</u>	<u>18,834,116</u>	<u>(444,116)</u>
Total expenditures				
	<u>18,390,000</u>	<u>18,390,000</u>	<u>18,834,116</u>	<u>(444,116)</u>
Excess (deficiency) of revenues over (under) expenditures	6,188,400	6,188,400	6,522,359	323,345
Other financing sources (uses):				
Transfers in	978,900	978,900	996,178	17,278
Transfers out	(4,000,000)	(4,000,000)	(5,152,000)	(1,152,000)
	<u>3,167,300</u>	<u>3,167,300</u>	<u>2,366,537</u>	<u>(811,377)</u>
Net change in fund balance				
	<u>3,167,300</u>	<u>3,167,300</u>	<u>2,366,537</u>	<u>(811,377)</u>
Fund balance, beginning of year	28,699,724	28,699,724	28,699,724	-
	<u>28,699,724</u>	<u>28,699,724</u>	<u>28,699,724</u>	<u>-</u>
Fund balance, end of year	\$ 31,867,024	\$ 31,867,024	\$ 31,066,261	\$ (811,377)
	<u>\$ 31,867,024</u>	<u>\$ 31,867,024</u>	<u>\$ 31,066,261</u>	<u>\$ (811,377)</u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Washington Boulevard Redevelopment Project Debt Service Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive –
				(Negative)
Revenues:				
Taxes	\$ -	\$ 433,600	\$ 445,753	\$ 12,153
Interest and rentals	-	27,000	34,449	7,449
From other agencies	190,000	190,000	-	(190,000)
Total revenues	<u>190,000</u>	<u>650,600</u>	<u>480,202</u>	<u>(170,398)</u>
Expenditures:				
Current:				
Community development	84,800	84,800	422,003	(337,203)
Debt service:				
Interest	37,300	37,300	250,302	(213,002)
Principal retirement	4,700	4,700	4,760	(60)
Total expenditures	<u>126,800</u>	<u>126,800</u>	<u>677,065</u>	<u>(550,265)</u>
Excess (deficiency) of revenues over expenditures	63,200	523,800	(196,863)	(720,663)
Other financing source:				
Loan issuance	-	-	546,931	546,931
Transfer out	-	-	(350,000)	(350,000)
Net change in fund balance	63,200	523,800	68	(523,732)
Fund balance (deficit), beginning of year	<u>(1,679,421)</u>	<u>(1,679,421)</u>	<u>(1,679,421)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (1,616,221)</u>	<u>\$ (1,155,621)</u>	<u>\$ (1,679,353)</u>	<u>\$ (523,732)</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, 2009

	Special Revenue Funds			
	State Gasoline Tax	Traffic Congestion Relief	County Transit Tax	Narcotics Forfeitures/ Seizures
Assets:				
Cash and investments	\$ -	\$ 114,803	\$ 201,932	\$ 118,579
Accounts receivable	-	-	2,117	-
Due from other governments	25,650	35,838	57,505	-
	\$ 25,650	\$ 150,641	\$ 261,554	\$ 118,579
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	25,650	-	193,308	-
Other accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Deferred revenue	-	-	-	-
	25,650	-	193,308	-
Total liabilities	25,650	-	193,308	-
Fund Balances (deficits):				
Unreserved:				
Undesignated	-	150,641	68,246	\$ 118,579
	\$ 25,650	\$ 150,641	\$ 261,554	\$ 118,579
Total liabilities and fund balances	\$ 25,650	\$ 150,641	\$ 261,554	\$ 118,579

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
\$ 1,446,319	\$ -	\$ -	\$ 165,433	\$ -	\$ -
-	-	-	-	-	-
-	5,562	7,288	-	21,585	-
<u>\$ 1,446,319</u>	<u>\$ 5,562</u>	<u>\$ 7,288</u>	<u>\$ 165,433</u>	<u>\$ 21,585</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	5,562	7,288	-	21,585	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,562	7,288	-	21,585	-
<u>\$ 1,446,319</u>	<u>-</u>	<u>-</u>	<u>165,433</u>	<u>-</u>	<u>-</u>
<u>\$ 1,446,319</u>	<u>\$ 5,562</u>	<u>\$ 7,288</u>	<u>\$ 165,433</u>	<u>\$ 21,585</u>	<u>\$ -</u>

(Continued)

CITY OF SANTA FE SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2009

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
	<u>Supplemental Law Enforcement Services</u>	<u>Community Develop- ment Block Grant</u>	<u>Capital Improvements</u>	<u>Washington Boulevard Redevelopment Project</u>
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	473,389	10,000
Due from other governments	25,000	11,690	736,135	-
Total assets	<u>\$ 25,000</u>	<u>\$ 11,690</u>	<u>\$ 1,209,524</u>	<u>\$ 10,000</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	-	\$ 245,127	\$ 25,296
Contracts payable	-	-	3,858	-
Due to other funds	18,323	11,690	309,881	67,988
Other accrued liabilities	-	-	603	4,075
Deposits	-	-	228,384	-
Deferred revenue	-	-	400,000	-
Total liabilities	18,323	11,690	1,187,853	97,359
Fund Balances (deficits):				
Unreserved:				
Undesignated	6,677	-	21,671	(87,359)
	<u>\$ 25,000</u>	<u>\$ 11,690</u>	<u>\$ 1,209,524</u>	<u>\$ 10,000</u>

Total

\$ 2,047,066
485,506
926,253

\$ 3,458,825

\$ 270,423
3,858
661,275
4,678
228,384
400,000

1,568,618

1,890,207

\$ 3,458,825

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, 2009

	<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>
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 3,148
Interest and rentals	-	128	6,675	4,452
From other agencies	289,901	150,513	520,672	-
Charges for current services	-	-	-	-
Other	-	-	19,137	-
Total revenues	<u>289,901</u>	<u>150,641</u>	<u>546,484</u>	<u>4,452</u>
Expenditures:				
Current:				
Community development	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	-	-	-	-
Culture and leisure	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>289,901</u>	<u>150,641</u>	<u>546,484</u>	<u>4,452</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(289,901)</u>	<u>-</u>	<u>(821,357)</u>	<u>(88,358)</u>
Total other financing sources and (uses)	<u>(289,901)</u>	<u>-</u>	<u>(821,357)</u>	<u>(88,358)</u>
Net change in fund balances	-	150,641	(274,873)	(83,906)
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>	<u>343,119</u>	<u>199,337</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 150,641</u>	<u>\$ 68,246</u>	<u>\$ 115,431</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33,658	-	-	-	-	-
-	20,085	-	-	138,561	-
-	-	-	-	-	-
91,229	-	209,937	110,000	-	-
<u>124,887</u>	<u>20,085</u>	<u>209,937</u>	<u>110,000</u>	<u>138,561</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
124,887	20,085	209,937	110,000	138,561	-
-	-	-	-	-	-
<u>(230,108)</u>	<u>(20,085)</u>	<u>(209,937)</u>	<u>-</u>	<u>(138,561)</u>	<u>(3,176)</u>
<u>(230,108)</u>	<u>(20,085)</u>	<u>(209,937)</u>	<u>-</u>	<u>(138,561)</u>	<u>(3,176)</u>
(105,221)	-	-	110,000	-	(3,176)
<u>1,551,540</u>	<u>-</u>	<u>-</u>	<u>55,433</u>	<u>-</u>	<u>\$ 3,176</u>
<u>\$ 1,446,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,433</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2009

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
	<u>Supplemental Law Enforcement Services</u>	<u>Community Develop- ment Block Grant</u>	<u>Capital Improvements</u>	<u>Washington Boulevard Redevelopment Project</u>
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Interest and rentals	504	-	-	10,248
From other agencies	100,000	38,689	672,358	-
Charges for current services	-	-	484	-
Other	-	-	49,647	-
Total revenues	<u>100,504</u>	<u>38,689</u>	<u>722,489</u>	<u>10,248</u>
Expenditures:				
Current:				
Community development	-	-	-	464,451
Capital outlay:				
General government	-	-	217,783	-
Public safety	-	-	5,132	-
Community development	-	-	1,010,489	-
Transportation	-	-	70,475	-
Culture and leisure	-	-	251,186.00	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,555,065.00</u>	<u>464,451</u>
Excess (deficiency) of revenues over expenditures	<u>100,504</u>	<u>38,689</u>	<u>(832,576)</u>	<u>(454,203)</u>
Other financing sources (uses):				
Transfers in	-	-	878,861	350,000
Transfers out	<u>(100,000)</u>	<u>(38,689)</u>	<u>-</u>	<u>(641,090)</u>
Total other financing sources and (uses)	<u>(100,000)</u>	<u>(38,689)</u>	<u>878,861</u>	<u>(291,090)</u>
Net change in fund balances	504	-	46,285	(745,293)
Fund balances (deficits), beginning of year	<u>6,173</u>	<u>-</u>	<u>(24,614)</u>	<u>657,934</u>
Fund balances (deficits), end of year	<u>\$ 6,677</u>	<u>\$ -</u>	<u>\$ 21,671</u>	<u>\$ (87,359)</u>

Total

\$ 3,148
55,665
1,930,779
484
479,950

2,466,878

464,451

217,783
5,132
1,010,489
70,475
251,186

2,019,516

447,362

1,228,861

(2,581,262)

(1,352,401)

(905,039)

2,792,098

\$ 1,887,059

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
State Gasoline Tax Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From other agencies	\$ 335,000	\$ 335,000	\$ 289,901	(45,099)
Other financing uses:				
Transfers out	<u>(335,000)</u>	<u>(335,000)</u>	<u>(289,901)</u>	<u>45,099</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Traffic Cogestion Relief Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Interest and rentals	\$ -	\$ -	\$ 128	\$ 128
From other agencies	<u>75,000</u>	<u>75,000</u>	<u>150,513</u>	<u>75,513</u>
Total revenues	75,000	75,000	150,641	75,641
Other financing uses:				
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
Net change in fund balance	-	-	150,641	150,641
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 150,641</u></u>	<u><u>\$ 150,641</u></u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
County Transit Tax Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest and rentals	\$ 22,000	\$ 22,000	\$ 6,675	\$ (15,325)
From other agencies	525,800	525,800	520,672	(5,128)
Other	-	-	19,137	19,137
 Total revenues	 547,800	 547,800	 546,484	 (1,316)
Other financing uses:				
Transfers out	(798,300)	(798,300)	(821,357)	(23,057)
 Net change in fund balance	 547,800	 (250,500)	 (274,873)	 (24,373)
 Fund balance, beginning of year	 343,119	 343,119	 343,119	 -
 Fund balance, end of year	 <u>\$ 890,919</u>	 <u>\$ 92,619</u>	 <u>\$ 68,246</u>	 <u>\$ (24,373)</u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Narcotics Forfeitures/Seizures Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Interest and rentals	\$ -	\$ -	\$ 4,452	\$ 4,452
Fines and forfeitures	-	-	3,148	3,148
Total revenues	-	-	7,600	7,600
Other financing sources (uses):				
Transfers out	(50,000)	(90,000)	(88,358)	1,642
Net change in fund balance	(50,000)	(90,000)	(80,758)	9,242
Fund balance, beginning of year	199,337	199,337	199,337	-
Fund balance, end of year	\$ 149,337	\$ 109,337	\$ 118,579	\$ 9,242

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Art In Public Places Fund
For the Fiscal Year Ended June 30, 2009

	<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>
Revenues:				
Interest and rentals	\$ -	\$ -	\$ 33,658	\$ 33,658
Other	-	-	91,229	91,229
Total revenues	-	-	124,887	124,887
Other financing uses:				
Transfers out	(282,581)	(625,181)	(230,108)	395,073
Net change in fund balance	(282,581)	(625,181)	(105,221)	519,960
Fund balance, beginning of year	1,551,540	1,551,540	1,551,540	-
Fund balance, end of year	\$ 1,268,959	\$ 926,359	\$ 1,446,319	\$ 519,960

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Air Quality Improvement Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive -- (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From other agencies	\$ 17,200	\$ 17,200	\$ 20,085	2,885
Other financing uses:				
Transfers out	<u>(17,200)</u>	<u>(17,200)</u>	<u>(20,085)</u>	<u>(2,885)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Street Lighting Maintenance District Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Other	\$ -	\$ 262,000	\$ 209,937	\$ (52,063)
Other financing uses:				
Transfers out	-	(262,000)	(209,937)	52,063
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Heritage Springs Street Maintenance District Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ -	\$ 110,000	\$ 110,000
Net change in fund balance	-	-	110,000	110,000
Fund balance, beginning of year	55,433	55,433	55,433	-
Fund balance, end of year	<u>\$ 55,433</u>	<u>\$ 55,433</u>	<u>\$ 165,433</u>	<u>\$ 110,000</u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Public Safety Augmentation Fund
For the Fiscal Year Ended June 30, 2009

	<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>
Revenues:				
From other agencies	\$ 100,000	\$ 100,000	\$ 138,561	\$ 38,561
Other financing uses:				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(138,561)</u>	<u>(38,561)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Supplemental Law Enforcement Services Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest and rentals	\$ -	\$ -	\$ 504	\$ 504
From other agencies	100,000	100,000	100,000	-
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>100,504</u>	<u>504</u>
Other financing uses:				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	
Net change in fund balance	-	-	504	504
Fund balance, beginning of year	<u>6,173</u>	<u>6,173</u>	<u>6,173</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 6,173</u></u>	<u><u>\$ 6,173</u></u>	<u><u>\$ 6,677</u></u>	<u><u>\$ 504</u></u>

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Community Development Block Grant Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive –
				(Negative)
Revenues:				
From other agencies	\$ 38,100	\$ 38,100	\$ 38,689	\$ 589
Other financing uses:				
Transfers out	<u>(38,100)</u>	<u>(38,100)</u>	<u>(38,689)</u>	<u>(589)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2009

	Section 8 Rental Assistance Program	Heritage Springs Assessment District	Total
Assets:			
Cash and investments	\$ 645,067	\$ 3,385	\$ 648,452
Cash and investments with fiscal agent	-	314,946	314,946
Total assets	<u>\$ 645,067</u>	<u>\$ 318,331</u>	<u>\$ 963,398</u>
Liabilities:			
Due to other governments	\$ 645,067	\$ -	\$ 645,067
Due to bondholders	-	318,331	318,331
Total liabilities	<u>\$ 645,067</u>	<u>\$ 318,331</u>	<u>\$ 963,398</u>

CITY OF SANTA FE SPRINGS
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2009

<u>Section 8 Rental Assistance Program</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets:				
Cash and investments	\$ 585,581	\$ 2,061,081	\$ 2,001,595	\$ 645,067
Liabilities:				
Due to other governments	\$ 585,581	\$ 2,061,081	\$ 2,001,595	\$ 645,067
 <u>Heritage Springs Assessment District</u>				
Assets:				
Cash and investments	\$ 11,508	\$ 271,997	\$ 280,120	\$ 3,385
Cash and investments with fiscal agent	314,654	171,537	171,245	314,946
Due from other governments	71,695	-	71,695	-
Total assets	<u>\$ 397,857</u>	<u>\$ 443,534</u>	<u>\$ 523,060</u>	<u>\$ 318,331</u>
Liabilities:				
Due to bondholders	<u>\$ 397,857</u>	<u>\$ 201,719</u>	<u>\$ 281,245</u>	<u>\$ 318,331</u>
 <u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 597,089	\$ 2,333,078	\$ 2,281,715	\$ 648,452
Cash and investments with fiscal agent	314,654	171,537	171,245.00	314,946
Due from other governments	71,695	-	71,695	-
Total assets	<u>\$ 983,438</u>	<u>\$ 2,504,615</u>	<u>\$ 2,524,655</u>	<u>\$ 963,398</u>
Liabilities:				
Due to other governments	\$ 585,581	\$ 2,061,081	\$ 2,001,595	\$ 645,067
Due to bondholders	<u>397,857</u>	<u>201,719</u>	<u>281,245</u>	<u>318,331</u>
Total liabilities	<u>\$ 983,438</u>	<u>\$ 2,262,800</u>	<u>\$ 2,282,840</u>	<u>\$ 963,398</u>

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CITY OF SANTA FE SPRINGS
STATISTICAL SECTION
(Not Covered by Auditor's Opinion)

CITY OF SANTA FE SPRINGS
Comprehensive Annual Financial Report
Year Ended June 30, 2009

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.

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Financial Trends	
<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>	92
Revenue Capacity	
<i>These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.</i>	102
Debt Capacity	
<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>	106
Demographic and Economic Information	
<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>	114
Operating Information	
<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>	115

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities:					
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>
Business-type activities:					
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>
Primary government:					
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 six years of data for this schedule.

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

2009

\$ 37,986,259
7,643,082
58,117,957
\$ 103,747,298

\$ 12,659,705
2,074,635
\$ 14,734,340

\$ 50,645,964
7,643,082
60,192,592
\$ 118,481,638

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses:					
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
Program revenues:					
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
Net revenues (expenses):					
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)

2009

\$ 4,182,328
27,819,575
20,631,199
7,169,870
7,856,203
4,128,929
61,695
8,087,433

79,937,232

9,455,272

89,392,504

1,137,500
2,924,531
3,048,561
455,206
934,448
653,585
3,249,259
1,843,328

14,246,418

9,221,517
176,868

9,398,385

23,644,803

(65,690,814)
(56,887)

(65,747,701)

(continued)

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

	Fiscal Year				
	2005	2005	2006	2007	2008
General revenues and other changes in net assets:					
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	-	-	-
Changes in Net Assets:					
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 six years of data for this schedule.

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

2009

\$ 23,237,402
33,478,543
2,857,707

1,505,277
805,857
723,819
3,006,525
391,132

-
1,297,241

67,303,503

79,642

(1,297,241)

(1,217,599)

66,085,904

1,612,689

(1,274,486)

\$ 338,203

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General fund:					
Reserved	\$ 12,241,087	\$ 14,032,267	\$ 14,272,672	\$ 14,388,788	\$ 13,717,551
Unreserved	18,081,668	18,948,412	18,851,647	17,017,518	15,099,382
Total general fund	<u>\$ 30,322,755</u>	<u>\$ 32,980,679</u>	<u>\$ 33,124,319</u>	<u>\$ 31,406,306</u>	<u>\$ 28,716,933</u>
All other governmental funds:					
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
Total all other governmental funds	<u>\$ 48,605,118</u>	<u>\$ 50,432,830</u>	<u>\$ 52,915,167</u>	<u>\$ 96,375,365</u>	<u>\$ 90,802,164</u>

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

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

2009

\$ 15,279,818
11,632,731

\$ 26,912,549

\$ 46,410,455

1,955,895

(1,679,353)

44,588,079

\$ 91,275,076

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues:					
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	<u>64,389,990</u>	<u>69,407,833</u>	<u>75,682,481</u>	<u>82,128,732</u>	<u>83,691,455</u>
Expenditures:					
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	<u>66,353,133</u>	<u>71,415,271</u>	<u>79,756,701</u>	<u>88,578,021</u>	<u>94,424,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,963,143)</u>	<u>(2,007,438)</u>	<u>(4,074,220)</u>	<u>(6,449,289)</u>	<u>(10,733,079)</u>
Other financing sources (uses):					
Proceeds from sale of assets	-	-	-	-	-
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)	<u>2,030,180</u>	<u>5,491,664</u>	<u>6,700,197</u>	<u>49,299,685</u>	<u>2,470,505</u>
Net change in fund balances	<u>\$ 67,037</u>	<u>\$ 3,484,226</u>	<u>\$ 2,625,977</u>	<u>\$ 42,850,396</u>	<u>\$ (8,262,574)</u>
Debt service as a percentage of noncapital expenditures	15.9%	15.4%	13.7%	15.4%	15.9%

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

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

2009

\$ 61,103,328
1,524,535
529,748
4,062,816
5,641,140
5,212,477
2,178,637
80,252,681

3,381,651
26,691,447
18,917,170
4,503,733
7,507,153
3,905,691

243,549
104,149
1,325,014
1,484,761
2,085,627
28,784
-

7,022,705
6,587,336
-

83,788,770

(3,536,089)

80,445

-
826,931

-
14,613,933
(13,316,692)

2,204,617
\$ (1,331,472)

17.2%

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>
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%
2009	4,948,146	966,130	49,046	5,865,230	15,606	5,849,624	0.572%

NOTE:

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

Source: Los Angeles County, Auditor-Controller

CITY OF SANTA FE SPRINGS

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(Per \$100 of Assessed Value)

Fiscal Year	Total City Direct Tax Rate	Overlapping Rates							Total
		Los Angeles County	Elementary Schools	Los Angeles County	Rio Hondo Community College District	Whittier Union High School District	Los Angeles County Flood Control District	Metro. Water District	
2000	0.482	0.518	0.000	0.001	0.000	0.000	0.002	0.009	1.012
2001	0.524	0.476	0.000	0.001	0.000	0.019	0.002	0.009	1.030
2002	0.555	0.445	0.000	0.001	0.000	0.029	0.001	0.008	1.039
2003	0.524	0.476	0.000	0.001	0.000	0.026	0.001	0.007	1.035
2004	0.549	0.451	0.000	0.001	0.000	0.038	0.000	0.006	1.045
2005	0.567	0.433	0.000	0.001	0.022	0.031	0.000	0.006	1.060
2006	0.579	0.421	0.000	0.001	0.018	0.045	0.000	0.005	1.069
2007	0.589	0.411	0.035	0.001	0.015	0.044	0.000	0.004	1.099
2008	0.561	0.439	0.075	0.000	0.014	0.044	0.000	0.004	1.137
2009	0.572	0.428	0.074	0.000	0.023	0.037	0.000	0.004	1.138

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 13.8%.

Source: MuniServices, LLC
County Auditor/Controller data
TRA 005-333

CITY OF SANTA FE SPRINGS

Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2008/2009		1999/2000	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Golden Springs Development Company	\$ 256,924,076	4.39%	\$ 30,921,654	0.98%
Legacy Partners II Santa Fe Springs	96,809,218	1.65%		
Breitburn Energy LLP	94,411,149	1.61%		
Amb Property LP	70,040,599	1.20%		
Teachers Insurance & Annuity	67,386,669	1.15%		
McMaster-Carr Supply Company	63,714,280	1.09%		
Catellus Development Corp	56,539,434	0.97%	30,518,481	0.97%
Northwestern Mutual Life	49,186,990	0.84%		
Villages At Heritage Springs	46,343,648	0.79%		
Heraeus Metals Processing Inc.	45,609,702	0.78%		
Cenco Refining Co.			56,021,288	1.77%
O'Donnell, Brigham & Partners			43,076,134	1.36%
Maruichi American Corp			40,361,695	1.28%
Rreef America Reit Corp E			33,272,997	1.05%
Town Center Associates			29,776,000	0.94%
Procal			27,563,893	0.87%
United States Steel			26,285,180	0.83%
Federal Emp Distributing Company			25,363,240	0.80%
	<u>\$ 846,965,765</u>	<u>14.48%</u>	<u>\$ 343,160,562</u>	<u>10.86%</u>

NOTE:

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

Source: Los Angeles County Assessor data, MuniServices, LLC

CITY OF SANTA FE SPRINGS
Property Tax Levies and Collections

Last Four 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%	3,167	27,746,013	99.29%
2008	30,606,477	29,968,507	97.92%	6,444	29,974,951	97.94%
2009	33,582,847	32,268,027	96.08%		32,268,027	96.08%

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 four years of data for this schedule.

Source: Los Angeles County, Auditor-Controller

CITY OF SANTA FE SPRINGS

Ratios of Outstanding Debt by Type

Last Five Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities			Debt Per Capita ¹
	Loans	Tax		Total Governmental Activities	Revenue Bonds	Total Primary Government	Percentage of Personal Income ¹	
		Allocation Bonds	Capitalized Lease Obligations					
2005	\$ 5,177,233	\$ 111,171,415	\$ 159,121	\$ 116,507,769	\$ 8,085,479	\$ 124,593,248	22.17%	\$ 6,973
2006	10,004,479	107,226,731	138,902	117,370,112	7,935,290	125,305,402	21.24%	7,048
2007	11,035,729	149,005,755	133,348	160,174,832	7,781,103	167,955,935	27.33%	9,410
2008	11,637,827	144,980,330	96,936	156,715,093	7,621,416	164,336,509	26.62%	9,238
2009	11,938,543	140,121,585	35,815	152,095,943	7,456,728	159,552,671	23.20%	8,972

NOTES:

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

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

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

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

CITY OF SANTA FE SPRINGS

Ratio of General Bonded Debt Outstanding

Last Five Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt Tax Allocation Bonds	Percent of Assessed Value¹	Per Capita
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
2009	140,121,585	2.40%	7,879

NOTE:

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

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

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

Direct and Overlapping Debt

June 30, 2009

2008-09 Assessed Valuation: \$5,865,229,569
 Redevelopment Incremental Valuation: 3,048,995,628
 Adjusted Assessed Valuation: \$2,816,233,941

	Total Debt 6/30/09	% Applicable (1)	City's Share of Debt 6/30/09
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Los Angeles County Flood Control District	\$ 84,705,000	0.278%	\$ 235,480
Metropolitan Water District	293,425,000	0.153	448,940
Cerritos Community College District	113,510,994	4.033	4,577,898
Rio Hondo Community College District	121,419,088	7.102	8,623,184
Whittier Union High School District	89,787,133	11.234	10,086,687
ABC Unified School District	51,789,966	5.234	2,710,687
Norwalk-La Mirada Unified School District	123,006,246	10.126	12,455,612
Little Lake City School District	22,670,000	34.127	7,736,591
Los Nietos School District	9,668,130	46.007	4,448,017
South Whittier School District	18,448,355	25.631	4,728,498
Whittier City School District	27,755,000	0.110	30,531
City of Santa Fe Springs Heritage Springs Assessment District	2,060,000	100.	2,060,000
Los Angeles County Regional Park and Open Space Assessment District	246,875,000	0.302	<u>745,563</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$58,887,688
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$928,941,195	0.302%	\$2,805,402
Los Angeles County Pension Obligations	235,690,861	0.302	711,786
Los Angeles County Superintendent of Schools Certificates of Participation	15,904,264	0.302	48,031
Norwalk-La Mirada Unified School District Certificates of Participation	35,382,999	10.126	3,582,882
Little Lake City School District Certificates of Participation	330,000	34.127	112,619
Whittier City School District Certificates of Participation	8,595,000	0.110	9,455
City of Santa Fe Springs	0	100.	0
Los Angeles County Sanitation District No. 18 Authority	20,415,624	10.525	<u>2,148,744</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$9,418,919
COMBINED TOTAL DEBT			\$68,306,607 (2)

- (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 2008-09 Assessed Valuation:
 Total Overlapping Tax and Assessment Debt.....1.00%

Ratios to Adjusted Assessed Valuation:
 Combined Direct Debt0.00%
 Combined Total Debt2.43%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: MuniServices, LLC

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CITY OF SANTA FE SPRINGS

Legal Debt Margin Information

Last Five Fiscal Years

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

NOTE:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with 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 bonds.

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
Los Angeles County, Auditor-Controller

CITY OF SANTA FE SPRINGS

Legal Debt Margin Information

Last Five Fiscal Years
(Continued)

	<u>Fiscal Year Ended June 30</u>	
	<u>2008</u>	<u>2009</u>
Assessed valuation	\$ 5,499,958,005	\$ 5,865,229,569
Conversion percentage	25%	25%
Adjusted assessed valuation	\$ 1,374,989,501	\$ 1,466,307,392
Debt limit percentage	15%	15%
Debt limit	\$ 206,248,425	\$ 219,946,109
Total net debt applicable to the limit:		
General obligation bonds	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 206,248,425</u>	<u>\$ 219,946,109</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%

CITY OF SANTA FE SPRINGS

Capital Asset Statistics by Function

Last Four Fiscal Years

	Fiscal Year Ended June 30			
	2006	2007	2008	2009
Fire:				
Fire stations	4	4	4	4
Public works:				
Streets (miles)	110	110	110	110
Traffic signals	71	71	71	71
Streetlights	1,076	2,407	2,407	2,407
Parks and recreation:				
Parks	8	8	8	8
Community centers	4	4	4	4
Human services:				
Child care centers	3	3	3	3
Water:				
Water mains (miles)	91	91	91	91
Number of service connections	5,730	5,730	5,730	5,730

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

Source: City of Santa Fe Springs

CITY OF SANTA FE SPRINGS

Pledged-Revenue Coverage

Last Ten Fiscal Years
(continued)

Tax Allocation Bonds

Fiscal Year	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2000	\$ -	\$ -	\$ -	-
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	25,378,492	4,015,000	5,124,763	2.78
2007	28,310,437	4,405,000	5,260,420	2.93
2008	28,794,524	5,705,000	5,277,460	2.62
2009	31,542,884	6,000,000	5,588,855	2.72

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>
1999	16,463	479,834	27,220	6.4%
2000	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%
2008	17,784	687,707	38,670	6.2%

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

<u>Employer</u>	<u>2008/2009</u>		<u>1999/2000</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees *</u>	<u>Percent of Total Employment *</u>
The Vons Companies, Inc.	840	2.05%		
McMaster Carr Supply Company	646	1.58%		
Shaw Diversified Services, Inc.	429	1.05%		
L. A. Specialty Produce Company	383	0.94%		
Trojan Battery	381	0.93%		
Vance and Hines, Inc.	336	0.82%		
Motran Services, Inc.	321	0.78%		
L. C. Special Markets, Inc.	298	0.73%		
Presto Food Products, Inc.	288	0.70%		
Superior Super Warehouse	271	0.66%		
	<u>4,193</u>	<u>10.25%</u>	<u>0</u>	<u>0.00%</u>

NOTE:

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

* Data unavailable for 1999/2000.

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

CITY OF SANTA FE SPRINGS

Full-time and Part-time City Employees by Function

Last Four Fiscal Years

	Full-time and Part-time Employees as of June 30			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	47	51	52	49
Public Safety	94	103	91	94
Public Works	64	61	66	66
Planning and Community Development	23	25	23	23
Community Services - Administration	6	4	5	3
Community Services - Parks and Recreation	122	125	128	118
Community Services - Library Services	37	45	38	40
Community Services - Human Services	<u>57</u>	<u>65</u>	<u>63</u>	<u>65</u>
Total	<u>450</u>	<u>479</u>	<u>466</u>	<u>458</u>

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
Operating Indicators by Function

Last Four Fiscal Years

	Fiscal Year Ended June 30			
	2006	2007	2008	2009
Fire:				
Number of emergency calls	3,307	2,800	3,200	3,200
Inspections	2,874	2,459	2,540	2,519
Public works:				
Street resurfacing (miles)	0.4	1.5	1.5	1.5
Parks and recreation:				
Number of recreation classes	557	462	480	413
Number of facility rentals	1,157	1,501	2,105	1,302
Human services:				
Children served in the City's childcare centers	509	500	500	489
Water:				
Average daily consumption (thousands of gallons)	6,169	7,547	7,550	7,549

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

Source: City of Santa Fe Springs

CITY OF SANTA FE SPRINGS

Capital Asset Statistics by Function

Last Four Fiscal Years

	Fiscal Year Ended June 30			
	2006	2007	2008	2009
Fire:				
Fire stations	4	4	4	4
Public works:				
Streets (miles)	110	110	110	110
Traffic signals	71	71	71	71
Streetlights	1,076	2,407	2,407	2,407
Parks and recreation:				
Parks	8	8	8	8
Community centers	4	4	4	4
Human services:				
Child care centers	3	3	3	3
Water:				
Water mains (miles)	91	91	91	91
Number of service connections	5,730	5,730	5,730	5,730

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

Source: City of Santa Fe Springs