



FISCAL YEAR 2012-2013

# Comprehensive Annual Financial Report

JULY 1, 2012 TO JUNE 30, 2013

CITY OF SANTA FE SPRINGS, CA

*Incorporated in 1957, the City of Santa Fe Springs is nine square miles with about 84% of the land zoned for commercial and industrial use. The City's population is approximately 16,500; however, the day time population is estimated at 95,000.*





# Comprehensive Annual Financial Report

City of Santa Fe Springs, CA  
Year Ended June 30, 2013



## City Council

Richard J. Moore, Mayor  
Juanita Trujillo, Mayor Pro-Tem  
Laurie Rios, Councilmember  
William K. Rounds, Councilmember  
Jay Sarno, Councilmember

## Planning Commission

Luis Gonzalez  
Frank Ibarra  
Susie Johnston  
Michael Madrigal  
Joe Angel Zamora

## Traffic Commission

Greg Berg  
A. J. Hayes  
Alma Martinez  
Pauline Moore  
Ted Radoumis

## Executive Management Team

Thaddeus McCormack, City Manager  
Steve Skolnik, City Attorney  
Jose Gomez, Asst. City Mgr. / Dir. of Fin.  
Maricela Balderas, Dir. of Com. Services  
Michael Crook, Fire Chief  
Wayne Morrell, Director of Planning  
Noe Negrete, Director of Public Works  
Dino Torres, Director of Police Services

## Prepared by:

Jose Gomez, Asst. City Mgr. / Dir. of Fin.  
Travis Hickey, Asst. Dir. of Fin. & Ad. Svcs.  
Donna Mack, Accountant  
Erlinda Gutierrez, Accountant



**CITY OF SANTA FE SPRINGS**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2013**

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# City of Santa Fe Springs

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## Introduction Section



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

December 13, 2013

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

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## **Introduction**

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

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

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

Richard J. Moore, Mayor • Juanita Trujillo, Mayor Pro Tem  
City Council  
Laurie M. Rios • William K. Rounds • Jay Sarno  
City Manager  
Thaddeus McCormack

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

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**Accounting  
System and  
Budgetary  
Control**

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

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

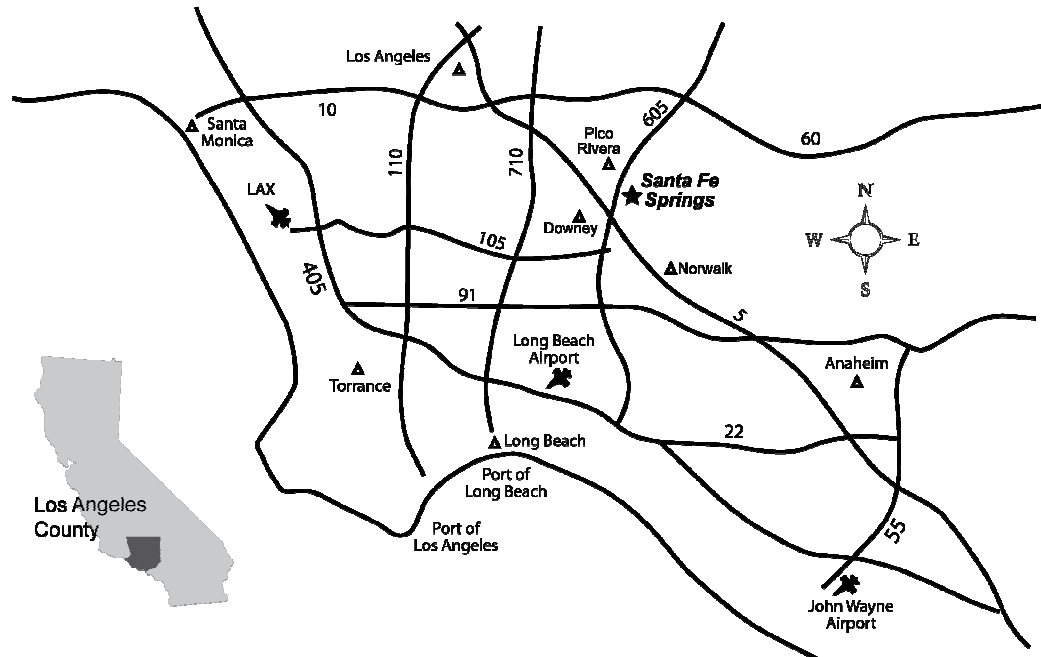
The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it and that the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe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

The City maintains budgetary controls at the individual fund level to ensure compliance with the budget approved by the City Council. The budget includes estimated revenues and appropriations for the City's General Fund, certain Special Revenue Funds, and Debt Service 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 16,800; 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 Assistant City Manager/Director of Finance & Administrative Services, Fire Chief, Director of Community Services, Director of Planning, Director of Police Services, and Director of Public Works.

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**Local Economic Outlook**

The City of Santa Fe Springs is strategically located in southeast Los Angeles County with access to major seaports, airports and transportation corridors. With the vast majority of the City zoned for commercial and industrial use, Santa Fe Springs has historically experienced strong development and redevelopment activity in the community. Economically, Fiscal Year 2012-13, witnessed a modest increase in sales tax revenue, local development and building activity.

The City's primary revenue source, sales and use taxes, rose for a third consecutive year after declining sharply during prior years. Historically, its impact has been notable as it accounts for the vast majority of the City's General Fund revenues. Despite largely positive indicators, the City is still recovering from the State's elimination of redevelopment during the prior fiscal year. The absence of redevelopment tools will also have a lasting effect in greatly limiting the City's ability to address economic development and infrastructure needs.

In the meantime, the voter-approved addition of the Utility Users Tax (UUT) has taken on a more prominent and stabilizing role. It has helped diversify and significantly supplement the City's revenue stream going forward. The 5% UUT will continue assisting earmarked public safety programs and capital improvement project causes.

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**Vision, Mission, and Guiding Values**

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

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

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**Accomplishments & Outlook**

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

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**Accomplishments  
& Outlook (cont.)**

continued financial commitment provided to both Fire and Police Services.

The Fire-Rescue and Police Services Departments continue to combine their manpower to provide the resources and tools to deal with emergency and security issues that may arise in the community and region. The City continues to purchase specialized equipment with the use of grant funding. Departmentally, following are some of the highlights:

Fire-Rescue Department

The Fire-Rescue Department is comprised of 59 members working from four fire stations providing not only the traditional services of fire suppression, hazardous materials response, fire prevention and emergency medical services, but also a full-service Environmental Protection Division. The environmental protection and response components are considered model systems in the State of California. The City's status as a Certified Unified Program Agency (CUPA) makes Santa Fe Springs a "one stop shop" for administering all the hazardous materials, hazardous waste and tank programs in the City. The State has long held the City's CUPA as one of the best programs in the State. The Fire Prevention Division continues to provide many services including the residential rental inspection program, code enforcement, plan checks, issuing permits, fire investigations, and public education events. Fire-Rescue suppression personnel have recently implemented a business-friendly fire inspection program with a goal of annually inspecting each business in the City to identify possible fire & life safety issues and to update emergency contact information in the department's data base.

The Fire-Rescue Department currently staffs a Regional Urban Search and Rescue Team designated at the highest level as a "Heavy" rescue team by OES. Fire-Rescue also staffs a Type I Hazardous Materials Response Team with all staff trained to the Haz-Mat "Specialist" level. The City is currently one of only twenty-four Hazardous Material Teams in the state certified as a Type I Response Team and qualified to mitigate emergencies involving acts of terrorism and weapons of mass destruction. The department continues to support our neighboring communities through the California Master Mutual Aid Agreement in response to major disasters and emergencies including brush fires, landslides, earthquakes, acts of terrorism, major disasters, etc. The department, in partnership with Rio Hondo College, continues to manage the Regional Homeland Security Training Center located next to the Headquarters Fire Station. This state-of-the-art facility was built through grant funding for the purpose of local fire and police agencies to increase awareness and training regarding terrorist activity including building collapse, hazardous materials, rail car incidents, confined space, trench rescue, etc.

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**Accomplishments  
& Outlook (cont.)**

In FY 2012-13, the Fire-Rescue Department applied for and received over \$370,000 in Homeland Security grant funding. This funding supports the purchase of equipment and training for the Homeland Regional Training Center, the City's Type I Hazardous Materials Response Team and the City's Urban Search and Rescue Response Team. In the past year, grant awards allowed for the purchase of one new 4x4 crew cab fire department command support vehicle. The Department also received the Assistance for Firefighters Grant supporting \$45,000 in purchases for department safety equipment including firefighting turnout gear, helmets and safety boots. The department continues to provide vehicle maintenance to the Compton Fire Department and the Rio-Hondo Fire Academy.

#### 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. The City's Department of Police Services is on the forefront of public safety issues, including crime prevention utilizing interdisciplinary strategies through an array of intervention programs provided by trained City staff, as well as collaborative efforts of numerous other professional public agencies.

The department's commitment to the Community Oriented Policing and Problem Solving (COPPS) philosophy is bolstered by the Family and Youth Intervention Program; a team of professionals that provides positive strategies and tools to families who are having difficulties with their children.

The department continues to utilize the latest technology available to enhance and more efficiently deploy public safety personnel.

#### 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 five neighboring cities. Additionally, the Public Works Department administers the Capital Improvement Program through a combination of in-house engineering staff and professional engineering consultants.

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**Accomplishments & Outlook (cont.)** During Fiscal Year 2012-13, the Department coordinated a multitude of public works projects including: Drilling of Water Well No. 12, Clarke Estate Enhancement Projects, Synthetic Turf Installation, Storage Shed and Walkway Improvements, Carpet Replacement, Relocation of Water Main at Interstate 5 Freeway / Carmenita Road, Renovation and Modernization of the Gus Velasco Neighborhood Center, Relocation of the Child Development Center to the Gus Velasco Neighborhood Center Campus, Removal and Installation of HVAC Units at Various Locations City-wide, and on-going construction of the Valley View Avenue Grade Separation.

Department of Planning and Development

The Planning and Building Departments are responsible for planning and regulating land use and development that engenders a diverse and livable community where residents, businesses, and visitors can thrive. Through long-range planning, current planning, and building permits and inspections, these functions collectively protect and enhance our City's environment and quality of life.

Correlated to the nation's overall economic recovery, over the last few years, construction activities have consistently increased. In Fiscal Year 2012-2013, a total of 2,356 permits were issued with a valuation of \$201,990,570. Comparing these statistics with Fiscal Year 2011-2012, this is an increase of \$73,827,809 or 157%; when measured against Fiscal Year 2010-2011 numbers, the increase is even more prominent, an incredible \$133,827,809 (or 296%) greater. During the Fiscal Year 2010-2011, the valuation of all permits issued total \$68,162,761.

Although staffing in the Planning and Building Department was significantly reduced, the Department addressed an average 145 queries each month at the Planning Counter- and monthly average 151 inquiries at the Building Department. A total of 62 entitlements were presented to the Planning Commission for consideration. Entitlements include, but are not limited to, conditional use permits, development plan approvals, zone variances, general plan amendments, zone changes, modifications, tentative parcel maps, and code amendments. In summary, the entitlements resulted in the addition of 133,357 square feet of residential uses and 507,613 square feet of industrial uses. Furthermore, 68 sign permits, 21 zone certification letters, and 21 home occupation permits were completed.

Looking ahead, it appears the upward trend will continue in the Department as the economy continues its slow but steady recovery. It is therefore anticipated that the Planning and Building Departments will continue to be highly active and play a prominent role in the shaping of our community through high-quality standards for the preservation and development of residential, commercial, and industrial areas citywide.



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**Accomplishments  
& Outlook (cont.)****Department of Community Services**

One of the City department's that has the most direct impact upon the 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:

- The Library had a very successful year. They added e-Audio to the e-book offerings and started circulating iPads in-house. Patrons are really excited about access to e-books, e-magazines, I-pads and e-readers.
- Over 170,000 people visited the library during the past fiscal year. Patrons checked out 120,000 items. Over 30,000 patrons using the public access computers.
- The Library's afterschool reading tutorial (Reading Club), and ELLI (English Language and Literacy Intensive school outreach program) students received over 18,320 hours of instruction. More than 2,950 books were distributed to adults and children.
- The William C. Gordon Learning Center opened this year and is now providing traditional library services plus access to all online resources. Ipads are available for in-house use. There are computer classes for seniors and children's programs.
- The Art in Public Places program relocated and rededicated three pieces of artwork (*Dancing Gabrieleños*, *Water Trails* and *Fish Tails & Paint Pails*) and completed and dedicated the Karen Koblitiz *Tribute to Cesar Chavez* in the Library Garden.
- The SFS Art Fest was a successful collaboration between the Heritage Arts Advisory Committee and the Department of Community Services. Over 150 local and neighboring artists displayed their works.
- Heritage Park and the Clarke Estate continue to be the top attractions for the Department of Community Services, having entertained over 65,000 visitors.
- The City of Santa Fe Springs was once again named 2013 Playful City USA! The City is proud to receive this recognition two years in a row.
- Over 1,200 costumed participants enjoyed the Halloween Carnival and Costume Parade with over 3,000 participants entering the haunted house.

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**Accomplishments  
& Outlook (cont.)**

- The Santa's Float Program ventured throughout the neighborhoods spreading holiday cheer to families everywhere. This year Santa saw over 3,000 visitors.
- The Youth Sports Program reached over 700 young children and teens over the course of the year. Children were exposed to the fundamentals of sports, team sportsmanship, and recreational games.
- The Recreational Class Program offers instruction and supervision for activities for youth and adults four times a year. Over 200 classes were offered with approximately 2,000 participants.
- On January 7<sup>th</sup>, the newly renovated Gus Velasco Center was opened to the general public. As part of the festivities a Health and Wellness Resource fair was held on January 26, 2013 The Health Fair, with 26 community agencies and approximately 420 participants kicked off and highlighted the newly renovated Center and marketed many of the new activities and programs.
- The Gus Velasco Neighborhood Center processed \$18,437 in Energy Assistance funds for low income Edison customers in the community, and \$21,773 in Gas Assistance funds for low income Gas Company customers in partnership with the United Way.
- At Your Service: In partnership with Senator Calderon's Office, the Gus Velasco Neighborhood Center held "At Your Service" every second Wednesday of the month. At Your Service provides free assistance with Medi-Cal, Auto insurance, Consumer complaints, unemployment insurance, disability insurance, worker's compensation, and more.
- The Preschool and Child Care Programs provided affordable, quality educational enrichment and child care services to over 225 City resident families and approximately 50 business resident families.
- In February 2013, the Family Center reopened at the Gus Velasco Neighborhood Center. The temporary buildings that housed the Senior and Social Service programs during the GVNC renovation were modified to meet minimum state licensing standards for use as a preschool child care facility. The two temporary buildings are home to 72 preschool age children and the Child Care Administrative offices.

**City Manager**

The City's overall administrative function falls under the auspices of the City Manager, who also serves as the head of the City's economic development team. The City Manager's Office also encompasses: the City Clerk functions; Human Resources; and, Solid Waste Management and Recycling programs. Fiscal Year 2012-13 was the first full fiscal year after

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**Accomplishments  
& Outlook (cont.)**

the State's elimination of the City's Redevelopment Agency. The monumental event brought about unprecedented budget challenges requiring considerable changes that fully implemented during the fiscal year. Much of the City Manager's Office time focused on developing sustainable operational plans in a post-redevelopment environment. During the year much effort was given to developing budget priorities and gathering input from the various community stakeholders.

Department of Finance and Administrative Services

The multi-faceted Department of Finance and Administrative Services works very closely with the City Manager's office. 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 information technology and risk management functions. Among the department's activities during the year were preparing a balanced budget, working to modify the organization after the elimination of redevelopment, negotiating significant labor agreements, and developing and implementing pension reform measures. Additionally, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Fe Springs for its comprehensive annual financial report for the prior fiscal year. 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 consistently received the GFOA award over the last several decades.

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**Long-Term  
Financial  
Planning**

The City has continued taking a number of steps to better position its long-term financial standing. In July 2012 the City entered into new two-year labor agreements with the three employee associations whereby existing employees will be further "cost sharing" in the City's pension and insurance obligations. Additionally, the Council approved further "tiering" benefits, providing future City employees with a reduced set of benefits and requiring that they pay a greater share of the costs. In conjunction with subsequent pension reform earmarked changes adopted by the State, the effect should be the stabilization of employee costs.

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

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**Long-Term  
Financial Planning  
(cont.)**

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

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**Debt  
Administration**

At June 30, 2013, the City of Santa Fe Springs oversees ten outstanding bond issues comprised of: five Consolidated Redevelopment Project tax-exempt tax allocation issues, one Consolidated Redevelopment Project taxable tax allocation bond issue, two City water revenue bonds, one taxable pension obligation bond, 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 years, the City and Community Development Commission have worked well together in taking actions that are mutually beneficial.

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**Acknowledgements**

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



Thaddeus McCormack  
City Manager



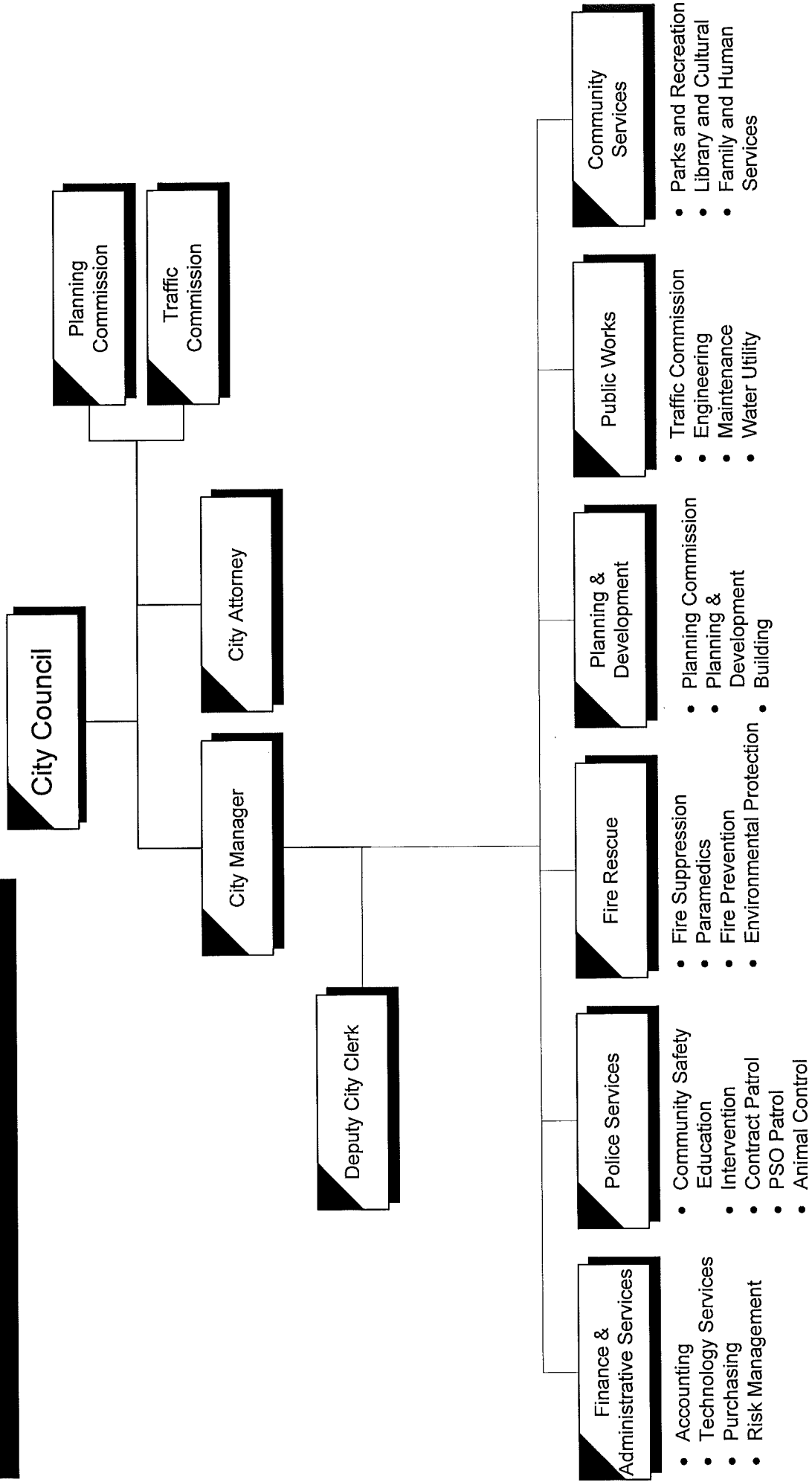
Jose Gomez  
Assistant City Manager / Director of Finance and Administrative Services



Travis Hickey  
Assistant Director of Finance and Administrative Services

# ORGANIZATIONAL CHART

## CITY OF SANTA FE SPRINGS







Government Finance Officers Association

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

Presented to

**City of Santa Fe Springs  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# City of Santa Fe Springs

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## Financial Section



## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City Santa Fe Springs, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison information on pages 5–13 and 77–79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules 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 combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Macias Jini & O'Connell LLP*

Newport Beach, California  
Decemeber 13, 2013



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This is management's discussion and analysis (MD&A) of the financial performance of the City of Santa Fe Springs (City) for the fiscal year ended June 30, 2013. This should be read in conjunction with the transmittal letter that can be found in the introductory section of this report and with the City's financial statements, which follow this discussion.

### Financial Highlights

- The City's total net position increased over the course of the fiscal year by \$26.7 million to \$215.5 million. The governmental net position increased by \$21.0 million or 12.0%, and the business-type net position increased by \$5.7 million or 42.5%.
- The general fund, on the current financial resources basis, reported an increase in fund balance of \$233.4 thousand to \$30.5 million. This fiscal year the general fund revenues increased from the prior year due to a modestly improving economy while expenditures decreased from the prior year due to cost reductions necessary as a result of the impact of the dissolution of the redevelopment agency on the general fund. Funding for capital projects from the general fund was also increased for fiscal year 2012-13.
- The City's redevelopment agency, along with all California redevelopment agencies, was dissolved as of February 1, 2012. The City assumed the role of Successor Agency to wind down the affairs of the redevelopment agency including payment of approved obligations and distribution of available balances to various taxing agencies. The balances of the former redevelopment agency are reported in a private-purpose trust fund (fiduciary fund), and are excluded from the government-wide statements.

### Overview of the Financial Statements

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

### Government-wide Financial Statements

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

- The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. In time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

- The statement of activities presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The City's Water Utility operates as a proprietary fund and is reported as the City's only business-type activity in the government-wide statements. The City's internal service funds operate as proprietary funds but primarily service governmental funds and are therefore, included with the governmental activities 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 and Internal Service Funds.
- Fiduciary funds statements provide information about the financial relationships in which the City acts solely in a trustee or agency capacity for the benefit of others, to whom the resources belong. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

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

### Financial Analysis of the Government-wide Statements

The government-wide financial statements provide short and long-term information about the

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

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

City of Santa Fe Springs  
Summary of Net Position  
June 30, 2012 and 2013  
(in millions)

	Governmental Activities		Business- type Activities		Total		Total Percent Change
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	
Current and other assets	\$ 59.5	\$ 63.9	\$ 4.8	\$ 8.3	\$ 64.3	\$ 72.2	12.3%
Capital assets	<u>142.7</u>	<u>160.6</u>	<u>17.6</u>	<u>22.1</u>	<u>160.3</u>	<u>182.7</u>	14.0%
Total assets	<u>202.2</u>	<u>224.5</u>	<u>22.4</u>	<u>30.4</u>	<u>224.6</u>	<u>254.9</u>	13.5%
Long-term liabilities	15.9	15.9	7.2	9.7	23.1	25.6	10.8%
Other liabilities	<u>10.9</u>	<u>12.2</u>	<u>1.8</u>	<u>1.6</u>	<u>12.7</u>	<u>13.8</u>	8.7%
Total liabilities	<u>26.8</u>	<u>28.1</u>	<u>9.0</u>	<u>11.3</u>	<u>35.8</u>	<u>39.4</u>	10.1%
Net position							
Net investment in capital assets	141.9	159.5	12.3	15.7	154.2	175.2	13.6%
Restricted	9.2	9.9	-	-	9.2	9.9	7.6%
Unrestricted	<u>24.3</u>	<u>27.0</u>	<u>1.1</u>	<u>3.4</u>	<u>25.4</u>	<u>30.4</u>	19.7%
	<u>\$ 175.4</u>	<u>\$ 196.4</u>	<u>\$ 13.4</u>	<u>\$ 19.1</u>	<u>\$ 188.8</u>	<u>\$ 215.5</u>	14.1%

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Santa Fe Springs, assets exceed liabilities by \$215.5 million at the close of the fiscal year. The largest portion of the City's net position, 81.3%, is net investment in capital assets. Approximately 14.1% of the City's net position is unrestricted as to use.

During the fiscal year, the City's net position increased by \$26.7 million. This was primarily the result of capital contributions received by both the governmental and business-type activities. Significant capital contributions were earned from federal, state, and local sources for the Valley View Grade Separation Project (governmental-activities) and for water system projects necessary because of major construction for the Interstate-5 widening project by the California Department of Transportation (Caltrans). The increase was also due in part to increasing revenues from a modestly improving economy and a water rate increase near the end of fiscal year 2011-12. Cost containment and reduction measures taken as a result of the dissolution of the redevelopment agency contributed to keeping expenses in check as well.

Changes in Net Position  
For the Fiscal Years Ended June 30, 2012 and 2013  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	
Revenues							
Program revenues:							
Charges for services	\$ 8.1	\$ 9.0	\$ 11.7	\$ 13.0	\$ 19.8	\$ 22.0	11.1%
Operating grants and contributions	6.1	4.7	-	-	6.1	4.7	-23.0%
Capital grants and contributions	6.0	36.5	0.9	4.0	6.9	40.5	487.0%
General revenues:							
Sales and use taxes	22.9	23.7	-	-	22.9	23.7	3.5%
Property taxes	11.4	3.2	-	-	11.4	3.2	-71.9%
Franchise taxes	2.5	2.4	-	-	2.5	2.4	-4.0%
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%
Utility users taxes	4.3	6.1	-	-	4.3	6.1	41.9%
Other taxes	0.5	0.9	-	-	0.5	0.9	80.0%
Investment income	2.0	1.4	-	-	2.0	1.4	-30.0%
Other	3.4	1.4	-	-	3.4	1.4	-58.8%
Total revenues	<u>69.5</u>	<u>91.6</u>	<u>12.6</u>	<u>17.0</u>	<u>82.1</u>	<u>108.6</u>	32.3%
Expenses							
Governmental activities:							
General government	3.9	5.8	-	-	3.9	5.8	48.7%
Public safety	27.3	28.4	-	-	27.3	28.4	4.0%
Community development	13.8	3.4	-	-	13.8	3.4	-75.4%
Transportation	8.9	22.5	-	-	8.9	22.5	152.8%
Culture and leisure	8.5	7.9	-	-	8.5	7.9	-7.1%
Human services	2.9	2.7	-	-	2.9	2.7	-6.9%
Interest on long-term debt	4.2	0.4	-	-	4.2	0.4	-90.5%
Business-type activities:							
Water	<u>-</u>	<u>-</u>	<u>10.0</u>	<u>9.7</u>	<u>10.0</u>	<u>9.7</u>	-3.0%
Total expenses	<u>69.5</u>	<u>71.1</u>	<u>10.0</u>	<u>9.7</u>	<u>79.5</u>	<u>80.8</u>	1.6%
Excess (deficiency) before transfers and extraordinary gain	-	20.5	2.6	7.3	2.6	27.8	969.2%
Transfers	1.6	1.6	(1.6)	(1.6)	-	-	
Transfer to Successor Agency	-	(1.1)	-	-	-	(1.1)	
Extraordinary gain	<u>76.8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76.8</u>	<u>-</u>	-100.0%
Increase (decrease) in net position	<u>78.4</u>	<u>21.0</u>	<u>1.0</u>	<u>5.7</u>	<u>79.4</u>	<u>26.7</u>	-66.4%
Net position - beginning	<u>97.0</u>	<u>175.4</u>	<u>12.4</u>	<u>13.4</u>	<u>109.4</u>	<u>188.8</u>	72.6%
Net position - ending	<u>\$ 175.4</u>	<u>\$ 196.4</u>	<u>\$ 13.4</u>	<u>\$ 19.1</u>	<u>\$ 188.8</u>	<u>\$ 215.5</u>	14.1%



The City's total revenues were \$108.6 million for the fiscal year ended June 30, 2013. Revenues from governmental activities totaled \$91.6 million and revenues from business-type activities totaled \$17.0 million. Program revenues comprise 62.0% of total revenues with the largest portion of this, \$40.5 million, resulting from capital grants and contributions. Sales and use taxes comprise 21.8% of total revenues and 57.2% of general revenues. Total revenues increased by 32.3%, driven by grant funding received for two significant capital projects, the Valley View Grade Separation and water system improvements related to Caltran's I-5 Widening Project. Additionally, the utility users tax rate increased from 3.5% to 5.0% resulting in additional revenues. The City also experienced increases in overall program revenues, sales and use taxes, and other miscellaneous taxes. Property taxes revenues decreased significantly due to the elimination of redevelopment agency related property tax (tax increment). Decreased revenues were also received from investment income and other miscellaneous revenues.

Expenses of the City for the year totaled \$80.8 million. Governmental activity expenses totaled \$71.1 million, or 88.0% of total expenses. Significant increases from the prior year were noted in the areas of general government and transportation. The increase in general government is related to a drop in overhead recovery as a result of the elimination of the redevelopment agency while the increase in transportation is related to the construction of a portion of the Valley View Grade Separation Project on behalf of a neighboring jurisdiction. Significant decreases were noted in community development and interest on long-term debt, both related to the elimination of redevelopment agencies. Although reductions started in fiscal year 2011-12 the real effects of the cuts were fully realized in 2012-13. 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)

	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2012</u>	<u>2013</u>		<u>2012</u>	<u>2013</u>	
General government	\$ 3.9	\$ 5.8	48.7%	\$ 3.0	\$ 4.8	60.0%
Public safety	27.3	28.4	4.0%	23.6	24.6	4.2%
Community development	13.8	3.4	-75.4%	8.4	(1.8)	-121.4%
Transportation	8.9	22.5	152.8%	2.1	(10.4)	-595.2%
Culture and leisure	8.5	7.9	-7.1%	6.5	1.6	-75.4%
Human services	2.9	2.7	-6.9%	1.5	1.6	6.7%
Interest on long-term debt	4.2	0.4	-90.5%	4.2	0.4	-90.5%
Total	<u>\$ 69.5</u>	<u>\$ 71.1</u>	<u>2.3%</u>	<u>\$ 49.3</u>	<u>\$ 20.8</u>	<u>-57.8%</u>

**Business-type Activities**

Program revenues of the City's only business-type activity, the Water Utility, totaled \$17.0 million. Expenses of the Water Utility were \$9.7 million. Water rates include a factor to provide for a modest annual water infrastructure replacement program. Income before transfers was \$7.3 million and includes \$4.0 million in capital contributions for infrastructure replacement from outside sources, primarily Caltrans. Transfers out totaled \$1.6 million. This entire amount was

transferred to the City's General Fund to reimburse certain costs incurred on behalf of the water fund as well as offset a portion of the maintenance of the City's extensive infrastructure necessitated by activities of the Water Utility. The cost of capital improvements is reported in the statement of net position, rather than as expenses in the statement of activities. Capital assets of \$22.1 million (net of accumulated depreciation) increased by approximately \$4.5 million. During the fiscal year, the construction in progress increased approximately \$5.1 million. The increase consisted primarily of the construction of a new water well and the I-5 Widening Water Rehab Project.

### Financial Analysis of the Fund Statements

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

The City's governmental funds provide information on near-term inflows, outflows and the balance of available resources. The City's governmental funds reported combined fund balances at June 30, 2013, of \$45.0 million, an increase of approximately \$4.3 million from the previous fiscal year. This reflects an overall excess of revenues over expenditures resulting in part from a 1.5% increase in the City's utility users tax rate. This generated additional funds which were set aside along with other sources and transferred into the City Prefunded Capital Projects Fund. The fund will be used in future fiscal years to carry out the City's Capital Improvement Program.

The General Fund is the chief operating fund of the City. At June 30, 2013, the General Fund's unassigned fund balance was \$15.7 million. Additional General Fund balances were: nonspendable \$5.2 million, committed \$225.0 thousand, and assigned \$9.3 million. Specific details on components of fund balance are contained in Note 15 – Fund Balances. Revenues increased approximately \$2.0 million while expenditures decreased approximately \$7.6 million. The revenue increase is primarily due to a 1.5% increase in the utility users tax rate and modest increases in other revenues related to the recovering economy. The expenditure decrease is most significantly impacted by a one-time expenditure of approximately \$7.0 million in the prior fiscal year to pay off debt related to the safety pension plan with the California Public Employee Retirement System (CalPERS). Cost containment measures and reductions also factored into the reduced expenditure figure. During the fiscal year ended June 30, 2013, the overall fund balance in the General Fund increased by \$233.4 thousand. The increased revenues and decreased expenditures allowed for funding the City's Prefunded Capital Projects Fund to carry out the Capital Improvement Program.

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

The Capital Improvement Capital Projects Fund is used to account for expenditures on various capital improvement projects and the related revenues to finance the projects. The revenues and expenditures of the fund may vary significantly from year to year depending on the activity each year. The fund has historically operated by fund transfers or recognition of grant revenues as expenditures were incurred. Under this system excess funds are generally not accumulated in the fund.

The Prefunded Capital Projects Fund was created during this fiscal year to account for the City's Capital Improvement Program in the post-redevelopment era. The former redevelopment agency was a significant source of funding prior to dissolution. Without the redevelopment agency the General Fund becomes the main source of future funds for the Capital Improvement Program. Through a combination of revenue enhancements (i.e. increase in the utility users tax rate) and cost containment and reduction measures, the General Fund will annually budget a transfer to the Prefunded Capital Projects Fund to build the base from which the Capital Improvement Program will operate. For the fiscal year ended June 30, 2013 the General Fund transferred \$4.6 million into the fund.

The Low and Moderate Income Housing Assets Special Revenue Fund was created during FY 2011-12 to account for the assets of the housing fund of the former redevelopment agency. Under the redevelopment dissolution bills, the City acts as housing successor to the former redevelopment agency and will retain the rights and obligations to administer the assets of the fund. The assets of the fund total \$7.5 million consisting primarily of loans receivable from other funds of the City, deposits held for housing assistance, and land and buildings held for resale.

#### General Fund Budgetary Highlights

The difference between the original budget and the final amended budget for expenditures was a \$102.2 thousand decrease. There were various adjustments made to the individual activities within each department but the overall budget was adjusted less than one-half of one percent. The actual expenditures exceeded final amended budget by \$381.0 thousand or approximately 0.8% due to reduced overhead recovery to the General Fund in connection with the dissolution of redevelopment as well as slightly higher than expected operating costs in some functions.

Revenues exceeded their budget amount by \$760.3 thousand, primarily in the categories of taxes, licenses and permits, and charges for services. Sales tax revenue increased for the third consecutive year, meeting budget expectations and reflecting the recovering economy. Additionally, the utility users tax, voted in during FY 2010-11, exceeded budget expectations during the second full fiscal year of collection. Building fees showed an increase and exceeded budget expectations again reflecting the improving economy. The Note to the Required Supplementary Information provides more details regarding budgeting policies and practice.

#### Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$160.6 million (net of accumulated depreciation), an increase of approximately \$17.9

million from the previous year. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, equipment and infrastructure. During the fiscal year, the construction in progress increased approximately \$10.7 million. The increase consisted primarily of the Valley View Grade Separation Project. The Successor Agency Private Purpose Trust Fund received funding through the redevelopment dissolution process to complete the Gus Velasco Neighborhood Center. The constructed asset is, however, retained by the City and added as a general capital asset. The final completion of the renovation wrapped up in FY 2012-13 for a final cost of approximately \$7.9 million. Note 8 – Changes in Capital Assets provides more detailed information on the capital assets. At June 30, 2013, the City has construction commitments of approximately \$16 million, consisting primarily of the Valley View Grade Separation Project related contracts.

The City's investment in capital assets for its business-type activities, the Water Utility Fund, as of June 30, 2013, amounts to \$22.1 million (net of accumulated depreciation), an increase of approximately \$4.5 million. During the fiscal year, the construction in progress increased approximately \$5.1 million. The increase consisted primarily of the construction of a new water well and I-5 Water Rehab Project. 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, 2013, the City had \$16.9 million in governmental activities long-term liabilities outstanding and \$9.8 million in business-type activities long-term liabilities outstanding. The long-term liabilities are summarized in the table below and more detailed information is included in Note 14 – Long-Term Liabilities.

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

During FY 2012-13 the City's business-type activity Water Utility Fund issued \$6.89 million in water revenue bonds to refund the existing 2003 water revenue bonds at lower interest rates and provide approximately \$2.1 million in additional proceeds to be used for water infrastructure projects.

**Outstanding Debt**  
(in millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2012	2013	2012	2013	2012	2013	
Revenue bonds	\$0.0	\$0.0	\$6.9	\$9.2	\$6.9	\$9.2	33.3%
Pension obligation bonds	7.1	6.6	0.0	0.0	7.1	6.6	-7.0%
Compensated absences	2.7	2.7	0.0	0.0	2.7	2.7	0.0%
OPEB obligation	6.1	6.5	0.5	0.6	6.6	7.1	7.6%
Other loans/leases	1.4	1.1	0.0	0.0	1.4	1.1	-21.4%
Total	<u>\$17.3</u>	<u>\$16.9</u>	<u>\$7.4</u>	<u>\$9.8</u>	<u>\$24.7</u>	<u>\$26.7</u>	8.1%

All water revenue and pension obligation bonds are insured issues.

Economic Factors and Next Year's Budgets

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

- State and local economies showing reason for cautious optimism.
- Funding capital improvements without the Community Development Commission (redevelopment agency), which historically funded the majority of capital projects prior to the dissolution of redevelopment.
- 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 factors were considered in adopting the Fiscal Year 2013-14 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 Assistant City Manager/Director of Finance, City of Santa Fe Springs, 11710 Telegraph Road, Santa Fe Springs, California.

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**CITY OF SANTA FE SPRINGS**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 22,940,618	\$ 2,614,492	\$ 25,555,110
Cash and investments with fiscal agent	829,863	2,951,034	3,780,897
Accounts receivable, net	1,848,456	2,077,984	3,926,440
Loans and notes receivable	191,873	-	191,873
Accrued interest receivable	31,555	2,715	34,270
Due from other governments	22,129,170	9,912	22,139,082
Due from Successor Agency	433,022	-	433,022
Loans to Successor Agency	7,140,251	-	7,140,251
Internal balances	-	-	-
Inventory	599,816	152,403	752,219
Deposits and other assets	1,641,788	8,393	1,650,181
Deferred charges	104,994	471,752	576,746
Land and buildings held for resale	801,800	-	801,800
Net pension asset	5,224,092	-	5,224,092
Capital assets:			
Not being depreciated	77,583,489	10,479,180	88,062,669
Being depreciated, net	82,993,247	11,641,557	94,634,804
Total assets	<u>224,494,034</u>	<u>30,409,422</u>	<u>254,903,456</u>
<b>Liabilities:</b>			
Accounts payable	3,746,620	25,960	3,772,580
Interest payable	75,932	42,147	118,079
Contracts payable	1,002,733	-	1,002,733
Due to other governments	150,924	-	150,924
Due to Successor Agency	512,974	-	512,974
Other accrued liabilities	1,070,024	926,334	1,996,358
Deposits	3,020,270	452,708	3,472,978
Unearned revenue	1,622,437	-	1,622,437
Current portion of long-term liabilities	983,524	155,000	1,138,524
Noncurrent liabilities:			
Other postemployment benefits obligation	6,487,024	562,043	7,049,067
Bonds payable	5,944,000	9,127,194	15,071,194
Other long-term liabilities	3,503,021	-	3,503,021
Total liabilities	<u>28,119,483</u>	<u>11,291,386</u>	<u>39,410,869</u>
<b>Net position:</b>			
Net investment in capital assets	159,461,487	15,742,624	175,204,111
Restricted for:			
Public safety	7,397	-	7,397
Transportation	852,055	-	852,055
Housing	7,483,955	-	7,483,955
Art in public places	1,561,803	-	1,561,803
Unrestricted	27,007,854	3,375,412	30,383,266
Total net position	<u>\$ 196,374,551</u>	<u>\$ 19,118,036</u>	<u>\$ 215,492,587</u>

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

**CITY OF SANTA FE SPRINGS**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 5,773,717	\$ 746,832	\$ 95,874	\$ 95,064
Public safety	28,371,664	2,792,442	957,880	-
Community development	3,420,342	4,018,338	121,847	1,064,634
Transportation	22,545,319	260,835	1,807,940	30,974,016
Culture and leisure	7,916,483	636,462	1,242,831	4,428,649
Human services	2,664,800	579,073	487,894	-
Unallocated depreciation	64,246	-	-	-
Interest on long-term liabilities	343,881	-	-	-
Total governmental activities	71,100,452	9,033,982	4,714,266	36,562,363
Business-type activities:				
Water	9,738,082	13,063,973	-	4,002,420
Total primary government	<u>\$ 80,838,534</u>	<u>\$ 22,097,955</u>	<u>\$ 4,714,266</u>	<u>\$ 40,564,783</u>
General revenues:				
Sales and use taxes				
Property taxes				
Franchise taxes				
Motor vehicle in lieu tax - general purpose				
Business operations taxes				
Utility users taxes				
Other taxes				
Investment income				
Other revenues				
Transfer to Successor Agency				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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



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

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (4,835,947)	\$ -	\$ (4,835,947)
(24,621,342)	-	(24,621,342)
1,784,477	-	1,784,477
10,497,472	-	10,497,472
(1,608,541)	-	(1,608,541)
(1,597,833)	-	(1,597,833)
(64,246)	-	(64,246)
(343,881)	-	(343,881)
(20,789,841)	-	(20,789,841)
-	7,328,311	7,328,311
(20,789,841)	7,328,311	(13,461,530)
23,655,903	-	23,655,903
3,150,294	-	3,150,294
2,443,761	-	2,443,761
1,542,531	-	1,542,531
778,483	-	778,483
6,095,190	-	6,095,190
890,344	-	890,344
1,384,050	9,809	1,393,859
1,413,449	-	1,413,449
(1,181,525)	-	(1,181,525)
1,633,857	(1,633,857)	-
41,806,337	(1,624,048)	40,182,289
21,016,496	5,704,263	26,720,759
175,358,055	13,413,773	188,771,828
<u>\$ 196,374,551</u>	<u>\$ 19,118,036</u>	<u>\$ 215,492,587</u>

**CITY OF SANTA FE SPRINGS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

**Capital Project Funds**

	<b>General Fund</b>	<b>Capital Improvement</b>	<b>Prefunded Capital Projects</b>
<b>Assets:</b>			
Cash and investments	\$ 13,505,142	\$ -	\$ 4,333,455
Cash and investments with fiscal agent	-	829,863	-
Accounts receivable, net	994,102	825,256	-
Loans and notes receivable	54,724	-	-
Accrued interest receivable	15,019	-	-
Due from other governments	4,555,689	17,370,705	-
Due from other funds	13,826,616	-	-
Due from Successor Agency trust fund	12,155	188,145	-
Inventory	599,816	-	-
Deposits and other assets	623,497	7,708	-
Land and buildings held for resale	-	-	-
Loans to Successor Agency trust fund	3,946,806	-	-
Advances to other funds	-	-	-
Total assets	<u>\$ 38,133,566</u>	<u>\$ 19,221,677</u>	<u>\$ 4,333,455</u>
<b>Liabilities and fund balances:</b>			
Liabilities:			
Accounts payable	\$ 1,540,902	\$ 2,187,600	\$ 17,900
Contracts payable	-	1,002,733	-
Due to other governments	91,502	58,758	-
Due to other funds	-	13,691,984	-
Due to Successor Agency trust fund	484,702	28,272	-
Other accrued liabilities	1,070,024	-	-
Deposits	1,549,638	1,470,632	-
Deferred revenue	1,427,359	510,000	-
Advances from other funds	1,437,861	-	-
Total liabilities	<u>7,601,988</u>	<u>18,949,979</u>	<u>17,900</u>
Fund balances:			
Nonspendable	5,224,843	7,708	-
Restricted	-	-	-
Committed	225,000	-	-
Assigned	9,337,498	263,990	4,315,555
Unassigned (deficit)	15,744,237	-	-
Total fund balances	<u>30,531,578</u>	<u>271,698</u>	<u>4,315,555</u>
Total liabilities and fund balances	<u>\$ 38,133,566</u>	<u>\$ 19,221,677</u>	<u>\$ 4,333,455</u>

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

**Special  
Revenue Fund**

<b>Low and Moderate Income Housing Assets Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 679,159	\$ 2,353,860	\$ 20,871,616
-	-	829,863
29,098	-	1,848,456
99,420	37,729	191,873
-	16,536	31,555
-	202,776	22,129,170
-	-	13,826,616
232,722	-	433,022
-	-	599,816
1,010,583	-	1,641,788
801,800	-	801,800
3,193,445	-	7,140,251
1,437,861	-	1,437,861
<u>\$ 7,484,088</u>	<u>\$ 2,610,901</u>	<u>\$ 71,783,687</u>
\$ 133	\$ 85	\$ 3,746,620
-	-	1,002,733
-	664	150,924
-	134,632	13,826,616
-	-	512,974
-	-	1,070,024
-	-	3,020,270
-	54,265	1,991,624
-	-	1,437,861
<u>133</u>	<u>189,646</u>	<u>26,759,646</u>
1,010,583	-	6,243,134
6,473,372	2,421,255	8,894,627
-	-	225,000
-	-	13,917,043
-	-	15,744,237
<u>7,483,955</u>	<u>2,421,255</u>	<u>45,024,041</u>
<u>\$ 7,484,088</u>	<u>\$ 2,610,901</u>	<u>\$ 71,783,687</u>

**CITY OF SANTA FE SPRINGS**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2013**

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

Total fund balances, governmental funds	\$ 45,024,041
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	160,576,736
Pension contributions in excess of actuarial required contributions are reported as expenditures in the funds but are deferred and reported as a net pension asset in the government-wide statements.	5,224,092
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(16,888,507)
Internal service funds are used by management to charge the costs of various city activities to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service funds net position is:	2,069,002
Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements.	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 369,187
Net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div> \$ 196,374,551

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

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**CITY OF SANTA FE SPRINGS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Capital Project Funds</b>		
	<b>General Fund</b>	<b>Capital Improvement</b>	<b>Prefunded Capital Projects</b>
<b>Revenues:</b>			
Taxes	\$ 36,989,848	\$ -	\$ -
Licenses and permits	2,969,902	-	-
Fines, forfeitures and seizures	344,325	-	-
Interest and rentals	1,381,411	-	-
From other agencies	3,215,821	30,733,927	-
Charges for current services	4,965,080	-	-
Other	2,153,578	583,887	1,259
Total revenues	<u>52,019,965</u>	<u>31,317,814</u>	<u>1,259</u>
<b>Expenditures:</b>			
Current:			
General government	5,473,547	-	156,086
Public safety	25,188,531	-	-
Community development	3,144,783	31,563	-
Transportation	3,245,368	-	-
Culture and leisure	6,386,908	532,412	-
Human services	2,481,419	-	-
Capital outlay:			
General government	455,752	-	94,618
Public safety	628,466	-	-
Transportation	-	30,882,456	-
Debt service:			
Interest	310,664	-	-
Principal retirement	789,060	-	-
Total expenditures	<u>48,104,498</u>	<u>31,446,431</u>	<u>250,704</u>
Excess (deficiency) of revenues over expenditures	3,915,467	(128,617)	(249,445)
<b>Other financing sources (uses):</b>			
Proceeds from sale of assets	50,662	-	-
Transfers to private-purpose trust fund	-	-	-
Transfers in	1,906,750	128,617	4,565,000
Transfers out	<u>(5,639,517)</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>(3,682,105)</u>	<u>128,617</u>	<u>4,565,000</u>
Net change in fund balances	233,362	-	4,315,555
Fund balances, beginning of year, as restated	<u>30,298,216</u>	<u>271,698</u>	<u>-</u>
Fund balances, end of year	<u>\$ 30,531,578</u>	<u>\$ 271,698</u>	<u>\$ 4,315,555</u>

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

<b>Special Revenue Fund</b>		
<b>Low and Moderate Income Housing Assets Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 9,484	\$ 36,999,332
-	-	2,969,902
-	-	344,325
11,980	5,599	1,398,990
-	1,817,074	35,766,822
-	-	4,965,080
141,774	1,027,323	3,907,821
<u>153,754</u>	<u>2,859,480</u>	<u>86,352,272</u>
-	-	5,629,633
-	658,327	25,846,858
20,558	149,796	3,346,700
-	995,291	4,240,659
-	211,590	7,130,910
-	-	2,481,419
-	-	550,370
-	30,665	659,131
-	-	30,882,456
-	-	310,664
-	-	789,060
<u>20,558</u>	<u>2,045,669</u>	<u>81,867,860</u>
133,196	813,811	4,484,412
-	-	50,662
(1,181,525)	-	(1,181,525)
-	-	6,600,367
-	(3,100)	(5,642,617)
<u>(1,181,525)</u>	<u>(3,100)</u>	<u>(173,113)</u>
(1,048,329)	810,711	4,311,299
8,532,284	1,610,544	40,712,742
<u>\$ 7,483,955</u>	<u>\$ 2,421,255</u>	<u>\$ 45,024,041</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, 2013**

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

Net change in fund balances - total governmental funds	\$ 4,311,299
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 and capital contributions exceeded depreciation in the current	17,838,780
Amortization of pension asset does not required the use of current financial recources and therefore is not reported as expenditures in governmental funds.	(1,802,915)
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 position.	358,003
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues of these internal service funds are reported as governmental activities	704,700
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.	(48,216)
Some revenues recognized in governmetal funds in current year that were already recognized in governmental activities in prior year.	<u>(345,155)</u>
Change in net position of governmental activities	<u><u>\$ 21,016,496</u></u>

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



**CITY OF SANTA FE SPRINGS**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	<b>Business-type Activities Water Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 2,614,492	\$ 2,069,002
Cash and investments with fiscal agent	2,951,034	-
Accounts receivable, net	2,077,984	-
Accrued interest receivable	2,715	-
Due from other governments	9,912	-
Inventory	152,403	-
Deposits and other assets	8,393	-
Total current assets	<u>7,816,933</u>	<u>2,069,002</u>
Noncurrent assets:		
Deferred charges	471,752	-
Capital assets:		
Source of supply plant	3,032,091	-
Transmission and distribution plant	28,231,324	-
Pumping and treatment plant	83,216	-
General plant	1,096,135	-
Land and water rights	3,384,974	-
Construction in progress	7,094,206	-
	<u>42,921,946</u>	<u>-</u>
Less accumulated depreciation	(20,801,209)	-
Net capital assets	<u>22,120,737</u>	<u>-</u>
Total noncurrent assets	<u>22,592,489</u>	<u>-</u>
Total assets	<u>30,409,422</u>	<u>2,069,002</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	25,960	-
Interest payable	42,147	-
Other accrued liabilities	926,334	-
Deposits	452,708	-
Current portion of bonds payable	155,000	-
Total current liabilities	<u>1,602,149</u>	<u>-</u>
Noncurrent liabilities:		
Other postemployment benefits obligation	562,043	-
Bonds payable, net	9,127,194	-
Total liabilities	<u>11,291,386</u>	<u>-</u>
<b>Net position:</b>		
Net investment in capital assets	15,742,624	-
Unrestricted	3,375,412	2,069,002
Total net position	<u>\$ 19,118,036</u>	<u>\$ 2,069,002</u>

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

**CITY OF SANTA FE SPRINGS**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Business-type Activities Water Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Operating revenues:</b>		
Sale of water	\$ 12,950,112	\$ -
Charges for current services	-	28,593
Other	113,861	-
Total operating revenues	<u>13,063,973</u>	<u>28,593</u>
<b>Operating expenses:</b>		
Water purchase	4,749,856	-
System maintenance and operation	2,098,189	-
Billing and collection	787,206	-
Administration	951,361	-
Amortization	17,777	-
Depreciation	825,333	-
Total operating expenses	<u>9,429,722</u>	<u>-</u>
Operating income	<u>3,634,251</u>	<u>28,593</u>
<b>Nonoperating revenues (expenses):</b>		
Interest revenue	9,809	-
Interest expense	(308,360)	-
Total nonoperating revenues (expenses)	<u>(298,551)</u>	<u>-</u>
Income before capital contributions and transfers	3,335,700	28,593
Capital contributions	4,002,420	-
Transfers in	-	949,000
Transfers out	(1,633,857)	(272,893)
Change in net position	5,704,263	704,700
Total net position, beginning of year, as restated	<u>13,413,773</u>	<u>1,364,302</u>
Total net position, end of year	<u><u>\$ 19,118,036</u></u>	<u><u>\$ 2,069,002</u></u>

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

**CITY OF SANTA FE SPRINGS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Business-type Activities Water Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Cash flows from operating activities:</b>		
Receipts from water sales	\$ 12,857,697	\$ -
Receipts from other operating activities	183,610	28,593
Payments to vendors	(5,337,210)	-
Payments for salaries	(2,192,602)	-
Payments for interfund services used	(1,124,075)	-
Net cash provided by operating activities	<u>4,387,420</u>	<u>28,593</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	-	949,000
Transfers out	(1,633,857)	(272,893)
Net cash provided by (used for) noncapital financing activities	<u>(1,633,857)</u>	<u>676,107</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of water plant	(5,364,853)	-
Capital contributions	4,002,420	-
Principal payments on long-term debt	(200,000)	-
Proceeds from issuance on long-term debt	2,670,000	-
Interest payments on long-term debt	(715,440)	-
Net cash provided by capital and related financing activities	<u>392,127</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest received	14,440	-
Net increase in cash and cash equivalents	3,160,130	704,700
Cash and cash equivalents, beginning of year, as restated	2,405,396	1,364,302
Cash and cash equivalents, end of year	<u>\$ 5,565,526</u>	<u>\$ 2,069,002</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income	3,634,251	\$ 28,593
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	825,333	-
Amortization	17,777	-
Changes in assets and liabilities:		
Increase in accounts receivable	(129,530)	-
Decrease in inventory	26,578	-
Decrease in notes receivable	83,000	-
Increase in deposits receivable	(8,393)	-
Decrease in accounts payable	(31,141)	-
Decrease in accrued expenses	(97,593)	-
Increase in deposits payable	32,257	-
Increase in other postemployment benefits obligation	34,881	-
Net cash provided by operating activities	<u>\$ 4,387,420</u>	<u>\$ 28,593</u>
<b>Noncash investing, capital, and financing activities:</b>		
Amortization of bond discount, premium, refunding, and deferred charges	\$ 372,768	\$ -
Bonds refunding	4,220,000	-

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

**CITY OF SANTA FE SPRINGS**  
**Statement of Fiduciary Net Position**  
**June 30, 2013**

	<b>Private-Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and investments	\$ 27,777,926	\$ 809,266
Cash and investments with fiscal agent	23,337,319	319,895
Accounts receivable, net	11,954	30,339
Loans and notes receivable	637,444	-
Due from other funds of the City	512,974	-
Due from other governments	20,725	-
Deposits and other assets	3,063,119	-
Land and buildings held for resale	10,550,120	-
Capital assets not being depreciated	1,811,846	-
	<hr/>	<hr/>
Total assets	67,723,427	1,159,500
	<hr/>	<hr/>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	2,830	590
Due to other governments	5,749,576	417,875
Due to other funds of the City	433,022	-
Interest payable	1,445,069	-
Other accrued liabilities	-	-
Deposits	106,826	-
Due to bond holders	-	741,035
Current portion of long-term liabilities	7,795,000	-
Total current liabilities	15,532,323	1,159,500
	<hr/>	<hr/>
Noncurrent liabilities:		
Loans and notes payable	7,081,671	-
Loans due to other funds of the City	7,140,251	-
Bonds payable, net	111,354,144	-
Total noncurrent liabilities	125,576,066	-
	<hr/>	<hr/>
Total liabilities	141,108,389	1,159,500
	<hr/>	<hr/>
Net Position (Deficit)	\$ (73,384,962)	\$ -
	<hr/>	<hr/>

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

**CITY OF SANTA FE SPRINGS**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Private-Purpose Trust Fund</b>
<b>Additions:</b>	
Taxes	\$ 16,504,381
Interest and rentals	61,146
Other	216
	<hr/>
Total additions	16,565,743
	<hr/>
<b>Deductions:</b>	
Program expenses	2,961,990
Administrative expenses	781,098
Interest and fiscal agency expenses	6,035,994
Intergovernmental charges	79,034
	<hr/>
Total deductions	9,858,116
	<hr/>
<b>Transfer:</b>	
Transfer from Low and Moderate Income Housing Assets Fund	1,181,525
	<hr/>
Change in net position	7,889,152
<b>Net position (deficit):</b>	
Beginning of year	<hr/> (81,274,114)
End of year	<hr/> \$ (73,384,962) <hr/>

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

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**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013**

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

***The Financial Reporting Entity***

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

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

***Blended Component Units***

- a. In accordance with Assembly Bill XI 26 (the "Dissolution Act"), the Successor Agency to the Community Development Commission for the City of Santa Fe Springs (Successor Agency) was created on February 1, 2012 to serve as a custodian for the assets and to wind down the affairs of the former Agency. The Successor Agency is a separate public entity from the City, subject to the direction of an Oversight Board and is a blended component unit of the City. The Oversight Board is comprised of seven-member representatives from local government bodies. See Note 23 for further detail regarding the dissolution.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund). See Note 23 for further detail regarding the dissolution.

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- b. The City of Santa Fe Springs Public Financing Authority (PFA) was organized under a joint exercise of power agreement on August 24, 1989. The purpose of this authority is to provide, through the issuance of debt, financing for public capital improvements. The Board of Directors is appointed by the City Council. The PFA's financial data and transactions are included with the enterprise fund type, as the only debt outstanding is related to the Water Utility fund and the Water Utility fund revenues are pledged to the payment of the debt.
- c. The Santa Fe Springs Water Utility Authority (WUA) was organized under a joint exercise of power agreement on July 1, 2009. The purpose of this authority is to provide an entity to assist in financing, leasing, owning, operating, and maintaining the water operation. The City Council members are designated as Board of Directors of the WUA.

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

***Joint Ventures***

**1. Joint Fire Dispatching Center**

The City is a participant in the Joint Fire Dispatching Center (Center). The Center is currently comprised of four member cities and is organized under a Joint Powers Agreement. Each member City provides an annually determined contribution towards the ongoing operation. The purpose of the Center is to provide centralized fire dispatching for the participating cities. The communication system is located in and operated by the City of Downey. The payments from the participating cities for the fiscal year ended June 30, 2013, were based on the following percentages:

Downey	40.05%
Santa Fe Springs	15.54%
Compton	35.24%
Vernon	9.17%

During the fiscal year ended June 30, 2013, the City contributed \$227,120 for the operation of the Center. Condensed, unaudited financial information (in thousands) as of and for the fiscal year ended June 30, 2013, is as follows:

Total Assets	\$ 317
Total Liabilities	-
Total Fund Balance	317
Total Revenue	1,461
Total Expenditures	1,144
Net change in fund balance	317

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



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**June 30, 2013 (Continued)**

2. Southeast Water Coalition

The City is a participant in the Southeast Water Coalition (Coalition). The Coalition is currently comprised of several municipal entities in the County of Los Angeles and is organized under a Joint Powers Agreement. The purpose of the Center is to maintain groundwater quality within the Central and West Coast Basins (Basins), maintain secure groundwater supplies within the Basins, manage the use of groundwater within the Basins, coordinate efforts among Watermaster and entities proposing to store water within the Basins for future recovery, facilitate the implementation of a conjunctive use program by water purveyors, coordinate efforts among local entities and Watermaster to devise and implement strategies to safeguard groundwater quality, and work cooperatively with Watermaster, the Water Replenishment District of Southern California, and other entities to promote coordination of policies and activities throughout the region. Each member of the Coalition shares financial responsibility equally. Each member is required to make a contribution at the beginning of each year. The contribution requirement for the fiscal year ended 2013 was \$10,000. Financial statements can be obtained from the City of Pico Rivera. City Hall is located at 6615 Passons Blvd., Pico Rivera, 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 position and the statement of activities) report information about the primary government and component units as a whole, except for its fiduciary activities. These statements report separately for governmental and business-type activities of the primary government (including its blended component units). Governmental activities are normally financed primarily by taxes and intergovernmental revenues. Business-type activities are financed primarily by fees charged for goods or services.

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (agency funds do not have a measurement focus). Accordingly, all of the City's assets and liabilities, including capital assets and infrastructure as well as long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Using the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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 position presented in the government-wide financial statements.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims payable are recorded only when payment is due.

The City reports the following major governmental funds:

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

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

signals, public facilities and a variety of other construction or improvement projects.

The Prefunded Capital Projects Fund is established in fiscal year 2013. It is used to account for the accumulation of resources used for various construction, rehabilitation, and improvement projects similar to the Capital Improvement Fund. This fund differs from the Capital Improvement Capital Projects Fund in that resources are typically accumulated in the fund prior to undertaking the projects.

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

***Proprietary Funds 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 funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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.

The internal service funds account for employee benefits, risk management, and equipment replacement services provided to City departments on a cost reimbursement basis. These funds were established in fiscal year 2013 to charge activities for internal costs related to compensated absences, liability and property insurance, and equipment.

***Fiduciary Fund Financial Statements***

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

a. Private-Purpose Trust Fund

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

b. Agency Funds

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

The City reports the following agency funds:

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.

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

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

Southeast Water Coalition Fund is used to account for activities in Southeast Water Coalition organized under a Joint Powers Agreement.

***Use of Restricted Resources***

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

***Functional Classifications***

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

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

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

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 allocable to any of the other activities.

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

***Inventory and Prepaid Items***

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

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

***Property Taxes***

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

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

***Cash and Cash Equivalents***

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

***Investments***

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

***Capital Assets***

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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 net interest cost incurred in the financing of projects during the construction period is not capitalized, except for enterprise fund. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. The interest capitalized by the City during the current fiscal year was \$46,953.

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

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

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

***Compensated Absences***

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

***Net Position***

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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

***Fund Balances***

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2013, fund balances for government funds are made up of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventory, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a resolution of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City adopting a resolution.
- Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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

*Use of Estimates*

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balances - all governmental funds and net position as reported in the government-wide statement of net position.

One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds." The details of the \$16,888,507 difference are as follows:

Pension obligation bonds	\$ 6,601,000
Deferred charge for issuance costs (to be amortized over life of debt)	(104,994)
Accrued interest payable	75,932
Compensated absences	2,714,295
Loans payable	1,115,250
Other postemployment benefit obligation	<u>6,487,024</u>
Net adjustment	<u><u>\$ 16,888,507</u></u>

Certain receivables are not available to pay for current period expenditures, and therefore are offset by deferred revenue in the governmental funds:

Accounts receivable	\$ 364,251
Accrued interest receivable	<u>4,936</u>
Net adjustment	<u><u>\$ 369,187</u></u>



**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (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 position 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 \$17,838,780 difference are as follows:

Capital outlay	\$ 32,091,957
Loss on disposal of assets	(8,471)
Depreciation expense	(4,474,518)
Capital outlay capitalized by other governmental agencies	(15,356,903)
Capital contribution from other governmental agencies	1,256,030
Capital contribution from Successor Agency	<u>4,330,685</u>
Net adjustment	<u><u>\$ 17,838,780</u></u>

Some revenue recognized in governmental funds in current year that were already recognized in governmental activities in prior year.

From other agencies	\$ 182,826
Interest and rentals	4,936
Charges for current services	103,128
Other revenue	<u>54,265</u>
Net adjustment	<u><u>\$ 345,155</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 position." The details of the \$358,003 difference are as follows:

Compensated absences	\$ (871)
OPEB liability	(430,186)
Principal repayments:	
Pension obligation bonds	490,000
Loans payable	<u>299,060</u>
Net adjustment	<u><u>\$ 358,003</u></u>

**CITY OF SANTA FE SPRINGS**  
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**June 30, 2013 (Continued)**

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 \$48,216 difference are as follows:

Accrued interest	\$ 33,217
Amortization of issuance costs	<u>14,999</u>
Net adjustment	<u><u>\$ 48,216</u></u>

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

**Statement of net position:**

Cash and investments	\$ 25,555,110
Cash and investments with fiscal agent	3,780,897

**Fiduciary funds:**

Cash and investments	28,587,192
Cash and investments with fiscal agent	<u>23,657,214</u>

Total	<u><u>\$ 81,580,413</u></u>
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Cash and investments were comprised of the following as of June 30, 2013:

Cash on hand	\$ 40,605
Deposits with financial institutions	6,393,153
Investments	<u>75,146,655</u>
Total	<u><u>\$ 81,580,413</u></u>

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

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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

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

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

***Investments Authorized by Debt Agreements***

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

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (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 weighted average maturity of the City's investments:

<u>Investment Type</u>	<u>Weighted Average Maturity (in days)</u>	
Local Agency Investment Fund	278 *	\$ 47,708,544
Held by Bond Trustee:		
Money market funds	54	17,168,920
Local Agency Investment Fund	278 *	<u>10,269,191</u>
Total		<u>\$ 75,146,655</u>

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

***Disclosures Relating to Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2013.

***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, 2013.

***Custodial Credit Risk***

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
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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, 2013, was \$21.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2013, had a balance of \$58.8 billion, of that amount, 1.96% was invested in medium-term and short-term structured notes and asset-backed securities.

**NOTE 4 - LOANS AND NOTES RECEIVABLE**

The loans and notes receivable balance consists of the following:

<b>Fund</b>	<b>Balance</b>
<b>Governmental Funds</b>	
General Fund	\$ 54,724
Low and Moderate Income Housing Assets Special Revenue Fund	99,420
Nonmajor Governmental Funds	37,729
Total Governmental Funds	\$ 191,873
<b>Private-Purpose Trust Fund</b>	
Successor Agency	\$ 637,444

The loans and notes receivable balance in the General Fund in the amount of \$54,724 represent monies advanced to City employees for home computer purchases. These loans are required to be repaid within 2 years and bear no interest.

The Low and Moderate Income Housing Assets Special Revenue Fund has six notes outstanding for "silent second" mortgage notes issued to qualified buyers to assist with housing acquisition. The loans are for \$20,000 and have term of 15 years. The loans have no payments for the first 10 years and bear simple interest at 6% per annum. The loans are secured by a deed of trust and must be repaid upon sale or refinance of the home. The balance outstanding at June 30, 2013 is \$99,420.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

The Nonmajor Governmental Funds have four notes receivable outstanding from homeowners through the CDBG housing program. The loans have zero interest and do not require repayment. The loans are secured by a deed of trust and must be repaid upon sale or refinance of the home. The balance outstanding at June 30, 2013 is \$37,729.

The loans and notes receivable balance in the Successor Agency Fund in the amount of \$637,444 consists of the following:

- Notes receivable in the amount of \$28,438 relate to monies advanced by the former Commission for property owner assistance. These loans bear an interest rate of 0% per annum.
- An installment note in the amount of \$33,000 relate to an advance of former Commission monies to property owners to clean up hazardous materials on private property. These loans bear an interest rate of 9.0% per annum.

**NOTE 5 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of sales and use taxes due from the State of California, \$3,254,795; property taxes due from the County of Los Angeles, \$15,395; grant monies due from the Federal government, \$13,979,432; grant monies due from the State of California, \$2,422,429; grant monies due from the County of Los Angeles \$148,719; utility users tax from various taxpayers, \$489,117; and monies due from other cities and districts for facilities and property maintenance, \$1,829,196.

**NOTE 6 - INTERFUND ACTIVITY**

The following is a summary of interfund transfers for the fiscal year ended June 30, 2013:

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements Capital Projects Fund</u>	<u>Prefunded Capital Projects Fund</u>	<u>Internal Service Funds</u>	
<b><u>Transfers Out:</u></b>					
General Fund	\$ -	\$ 125,517	\$ 4,565,000	\$ 949,000	\$ 5,639,517
Nonmajor Governmental Funds	-	3,100	-	-	3,100
Water Utility Enterprise Fund	1,633,857	-	-	-	1,633,857
Internal Service Funds	272,893	-	-	-	272,893
Total	<u>\$ 1,906,750</u>	<u>\$ 128,617</u>	<u>\$ 4,565,000</u>	<u>\$ 949,000</u>	<u>\$ 7,549,367</u>

Interfund transfers were primarily used to fund capital improvements from the General Fund, Nonmajor Governmental Funds, and Water Utility Enterprise Fund.

Water Utility Enterprise Fund made transfers to General Fund 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.

General Fund made transfers to Prefunded Capital Projects Fund to establish the Fund and provide funding for future projects to be appropriated by the City Council.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

The General Fund made transfers to Internal Service Funds to establish the Risk Management Fund created during fiscal year 2012-13 and provide additional funding to the existing Equipment Replacement Fund. The Equipment Replacement Fund was separated from the General Fund in fiscal year 2012-13. Starting in fiscal year 2013-14, the fund will be used to capture internal service activities and recover related costs from other funds.

Internal Service funds made a transfer to the General Fund to reimburse expenditures incurred by the General Fund on its behalf.

Due to/from other funds at June 30, 2013 were as follows:

	<b><u>Due from Other Funds</u></b>	<b><u>Due to Other Funds</u></b>	<b><u>Due from Successor Agency Trust Fund</u></b>	<b><u>Due to Successor Agency Trust Fund</u></b>	<b><u>Due from Other Funds of the City</u></b>	<b><u>Due to Other Funds of the City</u></b>
General Fund	\$ 13,826,616	\$ -	\$ 12,155	\$ -	\$ -	\$ 484,702
Capital Improvement Capital Projects Fund	-	13,691,984	188,145	-	-	28,272
Low and Moderate Income Housing Assets Special Revenue Fund	-	-	232,722	-	-	-
Nonmajor Governmental Funds	-	134,632	-	-	-	-
Private-Purpose Trust Fund	-	-	-	433,022	512,974	-
	<b><u>\$ 13,826,616</u></b>	<b><u>\$ 13,826,616</u></b>	<b><u>\$ 433,022</u></b>	<b><u>\$ 433,022</u></b>	<b><u>\$ 512,974</u></b>	<b><u>\$ 512,974</u></b>

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

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

	<b><u>Advances to Other Funds</u></b>	<b><u>Advances from Other Funds</u></b>
General Fund	\$ -	\$ 1,437,861
Low and Moderate Income Housing Assets Special Revenue Fund	<u>1,437,861</u>	<u>-</u>
	<b><u>\$ 1,437,861</u></b>	<b><u>\$ 1,437,861</u></b>

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

An advance payable/receivable was set up between the General Fund and the Low and Moderate Income Housing Assets Fund (Housing Fund) to account for costs originally charged to the Housing Fund but later determined to belong to the General Fund. The advance does not bear interest. Repayment of the advance is scheduled for June 30, 2015.

Interfund loans consist of loans as follows:

<b>Loans to Successor Agency Private-Purpose Trust Fund</b>	<b>Loans due to other funds</b>
	<b>Private-Purpose Trust Fund</b>
General fund	\$ 3,946,806
Low and Moderate Income Housing Assets Fund	3,193,445
Total	<u>\$ 7,140,251</u>

A loan was made from the General Fund to the former Washington Boulevard Redevelopment Project Debt Service Fund, \$3,936,464 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. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding loan was transferred to the Successor Agency Private-Purpose Trust Fund.

The General Fund loaned the Successor Agency funds necessary to commence legal action against the State of California regarding the determination of available balances to be remitted to the Los Angeles County Auditor-Controller for distribution to affected taxing entities. The loan does not bear interest and is payable upon receipt of Redevelopment Tax Trust Fund money by the Successor Agency. The loan balance at June 30, 2013 is \$10,342.

A loan was made from the former Low and Moderate Income Housing Special Revenue Fund to the former Consolidated Redevelopment Project Debt Service Fund, \$1,000,000, at a zero interest rate, with principal payable on or before May 13, 2014. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding receivable was transferred to the Low and Moderate Income Housing Assets Special Revenue Fund, and the outstanding payable was transferred to the Successor Agency Private-Purpose Trust Fund.



**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

In May 2012, the former Low and Moderate Income Housing Special Revenue Fund advanced \$2,162,737 to the former Consolidated Redevelopment Project Debt Service Fund and \$30,708 to the Washington Boulevard Redevelopment Project Debt Service Fund. These advances were made to provide the former Commission sufficient funds to make payments to Supplemental Educational Revenue Augmentation Fund (SERAF) to satisfy State payment to public schools through local redevelopment funds as required by AB26 4X. The amount outstanding at June 30, 2013, is \$2,193,445. This advance will be repaid by May 2016. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding receivable was transferred to the Low and Moderate Income Housing Assets Special Revenue Fund, and outstanding payable was transferred to the Successor Agency Private-Purpose Trust Fund.

Pursuant to the Assembly Bill 1484 (AB 1484), the Washington Blvd. and Low and Moderate Income Housing Assets loans are considered “interagency loans” and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2014, subject to annual limitations, once the California Department of Finance issues a “finding of completion”. A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the former Commission during the fiscal year ended June 30, 2013, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission’s non-housing funds. The City anticipates to make all required payments during fiscal year ending June 30, 2014, except for the portion disputed by the City. See Note 23 for further details.

**NOTE 7 - DEPOSITS AND OTHER ASSETS**

Deposits and other assets consist of \$1,641,788 for prepaid and deposit items.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**NOTE 8 - CAPITAL ASSETS**

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

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 54,453,646	\$ -	\$ -	\$ 54,453,646
Construction in progress	12,418,895	16,765,763	6,054,815	23,129,843
Total capital assets, not being depreciated	<u>66,872,541</u>	<u>16,765,763</u>	<u>6,054,815</u>	<u>77,583,489</u>
Capital assets, being depreciated:				
Buildings	24,482,963	7,953,749	-	32,436,712
Improvements other than buildings	21,722,840	1,212,547	-	22,935,387
Equipment	13,113,703	1,188,495	1,669,289	12,632,909
Infrastructure	103,544,399	1,256,030	-	104,800,429
Total capital assets, being depreciated	<u>162,863,905</u>	<u>11,610,821</u>	<u>1,669,289</u>	<u>172,805,437</u>
Less accumulated depreciation:				
Buildings	9,411,504	484,374	-	9,895,878
Improvements other than buildings	13,610,566	698,649	-	14,309,215
Equipment	9,679,762	744,631	1,660,818	8,763,575
Infrastructure	54,296,658	2,546,864	-	56,843,522
Total accumulated depreciation	<u>86,998,490</u>	<u>4,474,518</u>	<u>1,660,818</u>	<u>89,812,190</u>
Total capital assets, being depreciated, net	<u>75,865,415</u>	<u>7,136,303</u>	<u>8,471</u>	<u>82,993,247</u>
Government activities capital assets, net	<u>\$ 142,737,956</u>	<u>\$ 23,902,066</u>	<u>\$ 6,063,286</u>	<u>\$ 160,576,736</u>

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land and water rights	\$ 3,384,974	\$ -	\$ -	\$ 3,384,974
Construction in progress	1,956,757	5,203,988	66,539	7,094,206
Total capital assets, not being depreciated	5,341,731	5,203,988	66,539	10,479,180
Capital assets, being depreciated:				
Source of supply plant	3,032,091	-	-	3,032,091
Transmission and distribution plant	28,042,945	188,379	-	28,231,324
Pumping and treatment plant	83,216	-	-	83,216
General plant	1,057,112	39,023	-	1,096,135
Total capital assets, being depreciated	32,215,364	227,402	-	32,442,766
Less accumulated depreciation:				
Source of supply plant	1,819,025	79,407	-	1,898,432
Transmission and distribution plant	17,101,558	677,383	-	17,778,941
Pumping and treatment plant	83,216	-	-	83,216
General plant	972,077	68,543	-	1,040,620
Total accumulated depreciation	19,975,876	825,333	-	20,801,209
Total capital assets, being depreciated, net	12,239,488	(597,931)	-	11,641,557
Water utility capital assets, net	<u>\$ 17,581,219</u>	<u>\$ 4,606,057</u>	<u>\$ 66,539</u>	<u>\$ 22,120,737</u>
<b>Private-purpose trust activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,811,846	-	-	\$ 1,811,846
Total capital assets, not being depreciated	<u>\$ 1,811,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,811,846</u>

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

Depreciation expense of \$5,299,851 was charged to the following functions:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General government	\$ 37,361	\$ -
Public safety	536,197	-
Community development	22,275	-
Transportation	2,904,334	-
Culture and leisure	737,771	-
Human services	172,334	-
Unallocated	64,246	-
Water utility	-	825,333
	<u>          </u>	<u>          </u>
Total depreciation expense	<u>\$ 4,474,518</u>	<u>\$ 825,333</u>

At June 30, 2013, the City had construction commitments of approximately \$16 million, consisting primarily of the Valley View Grade Separation Project related contracts.

**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 balances in General Fund consist of \$48,410 of Certified Unified Program Agency (CUPA) surcharge fees due to the State of California, \$15,927 of property taxes refund due to the County of Los Angeles, \$2,674 of sales tax due to the State, and \$24,491 of fees due to rubbish haulers.

Due to other governments balance in Capital Improvement Capital Projects Fund consists of \$58,758 of Prop 1B unspent grant funds due to the County of Los Angeles.

Due to other governments balance in Private-Purpose Trust Fund consists of \$5,284,233 of Department of Finance demand payment and cash available to disburse to taxing entities in accordance with AB 1484.

**NOTE 11 - OTHER ACCRUED LIABILITIES**

Other accrued liabilities consists of accrued payroll costs, \$864,053; accrued water purchase and pump tax costs, \$926,334, and accrued building inspection costs, \$205,971.

**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.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**NOTE 13 – DEFERRED REVENUE**

Deferred revenue consists of monies being held as collateral or interest subsidy for low interest home improvement loans, \$54,265; uncollected building permits and interest, \$103,128; grants not received within the availability period, \$211,794, and taxes, fees and other revenues collected in advance of the 2013/2014 fiscal year, \$1,622,437.

**NOTE 14 - LONG-TERM LIABILITIES**

*Summary*

The following is a summary of long-term liabilities as of June 30, 2013:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Private-purpose Trust Fund</u>
<b>Long-term debt:</b>			
Revenue bonds	\$ -	\$ 9,282,194	\$ -
Tax allocation bonds	-	-	118,714,132
Pension obligation bonds	6,601,000	-	-
	6,601,000	9,282,194	118,714,132
<b>Other long-term liabilities:</b>			
Compensated absences	2,714,295	-	-
OPEB obligation	6,487,024	562,043	-
ERAF loan	-	-	1,140,000
Tax increment loan - L.A. County	-	-	6,376,671
Lease payable Oshkosh Capital	612,094	-	-
Loan payable SunTrust	503,156	-	-
Total long-term liabilities	<u>\$ 16,917,569</u>	<u>\$ 9,844,237</u>	<u>\$ 126,230,803</u>

*Activity*

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2013:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Pension obligation bonds	\$ 7,091,000	\$ -	\$ 490,000	\$ 6,601,000	\$ 657,000
Compensated absences	2,713,424	376,989	376,118	2,714,295	-
Other postemployment benefits obligation (Note 19)	6,056,838	430,186	-	6,487,024	-
JP Morgan Chase loan payable	63,356	-	63,356	-	-
Sun Trust loan payable	738,860	-	235,704	503,156	246,133
Oshkosh lease payable	612,094	-	-	612,094	80,391
	<u>\$ 17,275,572</u>	<u>\$ 807,175</u>	<u>\$ 1,165,178</u>	<u>\$ 16,917,569</u>	<u>\$ 983,524</u>

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
<b>Business-type activities:</b>					
Water revenue bonds:					
2003 Series A	\$ 4,270,000	\$ -	\$ 4,270,000	\$ -	\$ -
2005 Series A	2,780,000	-	150,000	2,630,000	155,000
2013 Series A	-	6,890,000	-	6,890,000	-
Issuance discount/premiums	39,999	-	3,116	36,883	-
Deferred amount on refunding	(172,335)	(115,782)	(13,428)	(274,689)	-
Other postemployment benefits obligation (Note 19)	527,162	34,881	-	562,043	-
	<u>\$ 7,444,826</u>	<u>\$ 6,809,099</u>	<u>\$ 4,409,688</u>	<u>\$ 9,844,237</u>	<u>\$ 155,000</u>
	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
<b>Private-purpose trust activities:</b>					
Consolidated Redevelopment Project tax allocation bonds:					
2001 refunding issue	\$ 19,380,000	\$ -	\$ 1,140,000	\$ 18,240,000	\$ 1,190,000
2002 refunding issue	14,230,000	-	3,445,000	10,785,000	3,595,000
2003 refunding taxable issue	4,135,000	-	445,000	3,690,000	465,000
2006 issue	39,408,493	-	1,515,000	37,893,493	1,580,000
2007 refunding issue	41,205,000	-	505,000	40,700,000	530,000
Accreted interest on capital appreciation bonds	6,447,243	1,336,755	-	7,783,998	-
Issuance discounts/premiums	2,156,070	-	238,494	1,917,576	-
Deferred amount on refunding	(2,556,827)	-	(260,892)	(2,295,935)	-
Tax increment loan from Los Angeles County	6,238,880	137,791	-	6,376,671	-
ERAF loan	1,555,000	-	415,000	1,140,000	435,000
	<u>\$ 132,198,859</u>	<u>\$ 1,474,546</u>	<u>\$ 7,442,602</u>	<u>\$ 126,230,803</u>	<u>\$ 7,795,000</u>

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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

**Governmental Activities**

<b>Year Ending June 30</b>	<b><u>Pension Obligation Bonds</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2014	\$ 657,000	\$ 239,512
2015	706,000	214,607
2016	904,000	186,521
2017	972,000	152,260
2018	1,044,000	115,450
2019-2020	<u>2,318,000</u>	<u>109,479</u>
Totals	<u><u>\$ 6,601,000</u></u>	<u><u>\$ 1,017,829</u></u>

<b>Year Ending June 30</b>	<b><u>SunTrust Loan Payable</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2014	\$ 246,133	\$ 22,265
2015	<u>257,023</u>	<u>11,374</u>
Totals	<u><u>\$ 503,156</u></u>	<u><u>\$ 33,639</u></u>

<b>Year Ending June 30</b>	<b><u>Oshkosh Lease Payable</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2014	\$ 80,391	\$ 17,077
2015	82,634	14,834
2016	84,940	12,529
2017	87,310	10,159
2018	89,746	7,723
2019-2020	<u>187,073</u>	<u>7,865</u>
Totals	<u><u>\$ 612,094</u></u>	<u><u>\$ 70,187</u></u>

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**Business-Type Activities**

<b><u>Year Ending June 30</u></b>	<b><u>Revenue Bonds</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2014	\$ 155,000	\$ 359,447
2015	165,000	373,580
2016	170,000	365,330
2017	180,000	356,830
2018	185,000	347,830
2019-2023	1,070,000	1,593,438
2024-2028	1,380,000	1,331,841
2029-2033	1,710,000	1,062,350
2034-2038	2,045,000	727,688
2039-2043	2,460,000	302,600
Totals	<u>\$ 9,520,000</u>	<u>\$ 6,820,934</u>

**Private-Purpose Trust Activities**

<b><u>Year Ending June 30</u></b>	<b><u>Tax Allocation Bonds</u></b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Capital Appreciation</u></b>
2014	\$ 7,360,000	\$ 4,121,059	-
2015	7,690,000	3,761,365	-
2016	8,065,000	3,367,120	-
2017	8,765,000	2,946,943	-
2018	9,615,000	2,486,014	-
2019-2023	50,940,720	5,589,650	5,344,280
2024-2028	18,364,775	96,281.25	20,365,225
2029	507,998	-	857,002
Totals	<u>\$ 111,308,493</u>	<u>\$ 22,368,432</u>	<u>\$ 26,566,507</u>
Cumulative accretion interest on capital appreciation bonds	<u>7,783,998</u>	*	
Total Principal, June 30, 2013	<u>\$ 119,092,491</u>		

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



**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

<u>Year Ending June 30</u>	<u>ERAF Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 435,000	\$ 63,914
2015	460,000	40,876
2016	245,000	15,076
Totals	<u>\$ 1,140,000</u>	<u>\$ 119,866</u>

**Governmental Activities:**

***Taxable Pension Obligation Bond***

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

The bond is secured by the sales and use tax revenues generated by the City. These revenues have been pledged until the year 2022. The bond has covenants that pledged revenues received in the next preceding prior fiscal year should be at least equal to 150% of maximum annual debt service payment on the bond. Pledged sales and use tax revenue for the prior year was \$23.7 million, which is more than 150% of maximum annual debt service payment of \$0.7 million on this bond. Revenues are pledged against the debt service outstanding on the bonds of \$7.6 million. The total outstanding principal as of June 30, 2013 is \$6,601,000.

***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 for these loans is \$503,156.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

***Oshkosh Lease Payable***

In October 2011, the City entered into a lease agreement for \$612,094 with Oshkosh Capital to lease a fire engine. Payments are due annually in the amount of \$97,469 on October 3 each year at an annual interest rate of 2.79%; with the lease expiring on October 3, 2019. The payment due on October 3, 2012 is an interest only payment. The current balance outstanding for this lease is \$612,094.

***Compensated Absences***

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

***Other Postemployment Benefits Obligation***

Refer to Note 19 for related disclosures regarding other postemployment benefits obligation. The liability is primarily liquidated from the General Fund.

**Business-Type Activities:**

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

In October 2003, the PFA issued revenue bonds in the amount of \$4,625,000. Serial bonds totaling \$825,000 are payable annually on May 1 in amounts ranging from \$45,000 to \$85,000 through May 1, 2023. In May 2013, \$6,890,000 water revenue bonds were issued for the purpose of refunding the \$4,270,000 2003 water revenue bonds Series A then outstanding.

***Water Refunding Revenue Bonds, 2005 Series A***

Revenue Bonds in the amount of \$3,705,000 were issued on May 1, 2005. The Revenue Bonds were issued to (1) provide funds for the refinancing of the 1996 Installment Sale Agreement and the defeasance of \$3,585,000 of the City's 1996 Water Revenue Bond Series A; (2) establish a reserve account for the Bonds; and (3) pay the costs of issuance associated with the issuance and sale of the Bonds. The Bonds are due in annual principal installments of \$130,000 to \$205,000 through 2026. Interest rates range from 3.25% to 4.625% and interest is payable semiannually on November 1 and May 1. The total amount outstanding as of June 30, 2013 is \$2,630,000.

The Bonds are payable from and secured by a pledge of revenues of the PFA, consisting primarily of amounts to be paid by the City to the PFA 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 pledged to these bonds for the current year was \$951,794 against debt service payments of \$278,205. Total principal and interest outstanding is \$3,544,954.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

***Water Refunding Revenue Bonds, 2013***

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

The Bonds are payable from and secured by and payable from net revenues on a party basis with an existing installment payment obligation of the PFA’s 2005 Installment Payment. These payments consist primarily of net revenues of the City's water system and facilities. The City has covenanted in the Installment Sale Agreement to set rates and charges for water services for its customers sufficient to provide net revenues each fiscal year equal to at least 120% of the debt service due in such fiscal year. Net revenue is determined by the gross revenues received during such period minus the amount required to pay all operation and maintenance costs becoming payable during such period. Net revenue pledged to these bonds for the current year was \$3,435,626 against debt service payments of \$0. There was no debt service payment in fiscal year 2013. Total principal and interest outstanding is \$12,795,980.

**Private-Purpose Trust Activities:**

***Tax Allocation Bonds:***

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

In September 2001, the former Commission issued serial bonds in the amount of \$28,845,000. The principal on the bonds is payable annually on September 1 ranging from \$840,000 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 former Commission upon a redemption price equal to the principal amount plus a premium as follows:

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

The bonds are secured by the non-housing portion of tax increment revenues generated in the former 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 \$2.0 million against total debt service payments of \$2.0 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 \$2.3 million at June 30, 2013. 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 \$23.1 million.

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

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

In June 2002, the former Commission issued serial bonds in the amount of \$50,915,000. The principal on the Bonds is payable annually on September 1 ranging from \$595,000 to \$3,595,000 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 former Commission upon a redemption price equal to the principal amount plus a premium as follows:

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

The 2002 bonds are secured by the non-housing portion of tax increment revenues generated in the former 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 \$4.1 million against total debt service payments of \$4.1 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 \$12.9 million.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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

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

In September 2003, the former Commission issued term bonds in the amount of \$6,530,000. The principal on the Bonds is payable annually on September 1 ranging from \$220,000 to \$465,000. The 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 former Commission upon a redemption price equal to the principal amount plus accrued interest to the redemption date, without premium. The bonds are subject to mandatory sinking fund redemption annually in amounts ranging from \$95,000 to \$465,000.

The 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 \$0.7 million against total debt service payments of \$0.7 million on this bond. Revenues are pledged against the debt service outstanding on the bonds of \$5.0 million.

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

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

In December 2006, the former Commission issued serial bonds (Series A) in the amount of \$27,658,493. Series A bonds are structured with a mix of current interest bonds and accreted interest on capital appreciation bonds. Serial bonds totaling \$3,025,000 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.

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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 \$2.3 million against total debt service payments of \$2.3 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 \$5.6 million at June 30, 2013. Revenues are pledged against the debt service outstanding on the bonds of \$67.5 million. Payment of debt service on the bonds is further secured by a bond insurance policy issued by MBIA.

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

***Consolidated Redevelopment Project 2007 Tax Allocation Refunding Bonds***

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

The 2007 bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The 2007 bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the Commission's 2006 Tax Allocation Bonds Series A and B and the non-housing portion of the 2001 Tax Allocation Bonds. These revenues have been pledged until the year 2022. Pledged tax increment revenue for the year was \$2.5 million against total debt service payments of \$2.5 million on this bond. Payment of debt service on the 2007 bonds is further secured by a bond insurance policy issued by MBIA. Revenues are pledged against the debt service outstanding on the bonds of \$51.8 million.

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

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

***Tax Increment Loan Payable***

A loan of property tax increment was issued by the County of Los Angeles, California, to the former Washington Boulevard Redevelopment Project Debt Service Fund, with an outstanding balance of \$6,376,671, at a variable interest rate equivalent to the Los Angeles County Annual Treasury Pool rate as calculated annually by the County Auditor-Controller. Principal and interest payments on this loan were originally to be deferred until such time as the former Washington Boulevard Project has received a combined total of \$10,750,000 in monies from sales tax increment, as described in Note 6, and property tax increment. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency. The repayment schedule is not fixed and will be dependent upon the availability of RPTTF to be used for that purpose, subject to the approval of the Oversight Board, Los Angeles County Auditor-Controller, and California Department of Finance.

***ERAF Loan***

The former Commission received a loan with an outstanding balance of \$1,140,000 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.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**NOTE 15 - FUND BALANCES**

Fund balances for all the major and nonmajor governmental funds as of June 30, 2013, were distributed as follows:

	General Fund	Capital Improvements Capital Projects Fund	Prefunded Capital Projects	Low and Moderate Income Housing Assets Special Revenue Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>						
Loans receivable	\$ 54,724	\$ -	\$ -	\$ -	\$ -	\$ 54,724
Inventory	599,816	-	-	-	-	599,816
Deposits	623,497	7,708	-	1,010,583	-	1,641,788
Successor Agency loans	3,946,806	-	-	-	-	3,946,806
Subtotal	<u>5,224,843</u>	<u>7,708</u>	<u>-</u>	<u>1,010,583</u>	<u>-</u>	<u>6,243,134</u>
<b>Restricted for:</b>						
Low and Moderate						
Income Housing	-	-	-	6,473,372	-	6,473,372
Art in public places	-	-	-	-	1,561,803	1,561,803
Public safety	-	-	-	-	7,397	7,397
Public works	-	-	-	-	852,055	852,055
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,473,372</u>	<u>2,421,255</u>	<u>8,894,627</u>
<b>Committed to:</b>						
Capital projects	225,000	-	-	-	-	225,000
<b>Assigned to:</b>						
Capital projects	-	263,990	4,315,555	-	-	4,579,545
Successor Agency	9,337,498	-	-	-	-	9,337,498
Subtotal	<u>9,337,498</u>	<u>263,990</u>	<u>4,315,555</u>	<u>-</u>	<u>-</u>	<u>13,917,043</u>
<b>Unassigned</b>	<u>15,744,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,744,237</u>
Total	<u>\$ 30,531,578</u>	<u>\$ 271,698</u>	<u>\$ 4,315,555</u>	<u>\$ 7,483,955</u>	<u>\$ 2,421,255</u>	<u>\$ 45,024,041</u>

The General Fund assigned fund balance in the amount of \$9,337,498 at June 30, 2013 due to the fact that the California Department of Finance determined that this amount must be returned to the Successor Agency for ultimate distribution to affected taxing agencies. See Note 20 for a further discussion.



**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**NOTE 16 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Fund	Amount over Budget
General Fund	\$ 380,997

Expenditures in the General Fund exceeded the budget amount by less than 1% due to various minor fluctuations in labor and other operating costs. Applied revenues exceeded the individual budget amounts in several cases but are presented with revenues in the budget actual comparison.

**NOTE 17 - CALIFORNIA JOINT POWERS INSURANCE AUTHORITY INSURANCE PROGRAM**

**(a) Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City 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 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: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) 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; (3) losses from \$750,000 to \$2,000,000 are pooled based on payroll; (4) 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.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

***Workers' Compensation***

The City 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 claim 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.

***(c) Purchased Insurance***

***Pollution Legal Liability Insurance***

The City 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. 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, 2011 through July 1, 2014. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

***Property Insurance***

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. 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.

***Crime Insurance***

The City 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.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**(d) Adequacy of Protection**

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

**NOTE 18 - RETIREMENT PLAN**

***Full-time Employees***

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for the miscellaneous employees and a cost-sharing multiple-employer public employee defined benefit pension plan for the public safety employees that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All full-time employees are eligible to participate in PERS. Part-time employees are not eligible to participate in 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, 2013, was 26.720% for miscellaneous employees and 26.416% for safety employees. 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 miscellaneous and safety employees are also subject to cost sharing requirements through contract amendment with PERS as well as Memorandums of Understanding (MOU) with the employee associations. The cost sharing provisions require the employees to pay a portion of the employer required contributions. The PERS contract cost sharing for fiscal year 2012-13 was 2.5% for miscellaneous employees and 3.0% for safety employees. In addition to cost sharing rates according to PERS contract, MOU cost sharing was 1.0% for miscellaneous employees and 2.5% for safety employees.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

The funded status of the miscellaneous plan based on the June 30, 2012, actuarial valuation is as follows (in thousands):

<b>Actuarial Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Actuarial Accrued Liability % of Payroll</b>
\$ 140,679	\$ 98,689	\$ 41,990	70.2%	\$ 8,921	470.7%

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to 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.

As required by State law, effective July 1, 2005, the City's Safety Plan (agent-employer) was terminated, and the employees in this Plan were required by PERS to join a new State-wide cost-sharing pool. One of the conditions of entry to this pool was that the City true-up any unfunded actuarial liabilities of the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by PERS. The City satisfied its Plan's unfunded actuarial liabilities by contributing to the Side Fund through additions to its normal contribution rate. In April 2012, the City issued taxable pension obligation bonds to payoff the Side Fund.

For the fiscal year ended June 30, 2013, the City's annual pension cost for both miscellaneous and safety plans was \$5,451,858, and the required contribution for both miscellaneous and safety plans was \$5,425,488 which was determined as part of the June 30, 2010, 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 3.55% 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 effect of short-term volatility in the market value of investments over a 15 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. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year.

The actuarial assumptions used for the funded status are different from those used to determine the annual required contribution. The actuarial assumptions used for the funded status included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20%; and (c) 3.00% cost of living adjustment. Both (a) and (b) include an inflation component of 2.75%.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

The City's net pension asset as of June 30, 2013, was \$5.2 million. The annual required contribution (ARC) as of June 30, 2013, was \$5.4 million. The following table shows the components of the City's annual pension cost for the year, the amount actually contributed to the plan, and the City's net pension asset (dollar amounts are in thousands):

Annual required contribution	\$ 5,425
Interest on net pension asset	(544)
Adjustment to annual required contribution	571
Annual pension cost (expense)	<u>5,452</u>
Contributions made	<u>3,649</u>
Increase (Decrease) in net pension asset	(1,803)
Net pension asset, Beginning of Year	<u>7,027</u>
Net pension asset, End of Year	<u><u>\$ 5,224</u></u>

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)**

<b>Year Ending June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
2011	\$4,047	100%	\$ -
2012	5,047	239%	7,027
2013	5,452	67%	5,224

***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 fiscal year ended June 30, 2013, the City's covered payroll for part-time employees was \$1,855,149. The City made employer contributions of \$69,568 (3.75% of covered payroll), and employees contributed \$70,718. 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.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**NOTE 19 - POSTEMPLOYMENT HEALTH CARE BENEFITS**

**(a) Plan Description**

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

**(b) Eligibility**

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, 2011, 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	51	91	63	205
Active plan members	34	117	52	203
Total	<u>85</u>	<u>208</u>	<u>115</u>	<u>408</u>

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

**(c) 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 \$1,359 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 fiscal year ended June 30, 2013, the City contributed \$3,482,934 to the plan. Plan members receiving benefits contributed \$49,628 (approximately 1.4% 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.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

The City's Net OPEB obligation as of June 30, 2013, was \$7.05 million. The annual required contribution (ARC) as of June 30, 2013, was \$4.17 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 (dollar amounts are in thousands):

Annual required contribution	\$ 4,170
Interest on net OPEB obligation	387
Adjustment to annual required contribution	<u>(609)</u>
Annual OPEB cost (expense)	3,948
Contributions made	<u>(3,483)</u>
Increase in net OPEB obligation	465
Net OPEB Obligation, Beginning of Year	<u>6,584</u>
Net OPEB Obligation, End of Year	<u><u>\$ 7,049</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows (dollar amounts are in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 3,895	65.0%	\$ 5,264
6/30/2012	4,246	68.9%	6,584
6/30/2013	3,948	88.2%	7,049

**(d) Funding Status and Progress**

The City has elected to join the California Employers' Retiree Benefit Trust (CERBT), which provides a means to pre-fund OPEB obligations. The City makes an annual contribution to the CERBT, 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 CERBT. The City's funding policy 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-as-you-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 fiscal year ended June 30, 2013, the City made a contribution of \$1.31 million to the CERBT.

The funded status for postemployment benefit based on the June 30, 2011, actuarial valuation is as follows (in thousands):

Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded/ (Overfunded) Liability (UAAL)	Funded Ratio	Covered Payroll	Actuarial Accrued Liability % of Payroll
\$ 911	\$ 47,020	\$ 46,109	1.9%	\$ 17,925	257%

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

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 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 method used to determine the actuarial value of assets is the 5-year smoothing with 80% and 120% market value corridor.

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5.60% discount rate. 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. There are 23 years remaining. It is assumed the City's payroll will increase 3.25% per year. The assumptions used for determining the contribution requirements are the same as the assumptions used in the calculation of the funded status.

The medical trend rate represents the long-term expected growth of medical benefits paid by the plan. The following table sets forth the trend assumption used for the valuation:

<b>Year</b>	<b>Pre-Medicare Eligible</b>		<b>Post-Medicare Eligible</b>	
	<b>HMO</b>	<b>PPO</b>	<b>HMO</b>	<b>PPO</b>
2013/14	8.5%	8.5%	8.9%	8.9%
2014/15	8.0%	8.0%	8.3%	8.3%
2015/16	7.5%	7.5%	7.8%	7.8%
2016/17	7.5%	7.5%	7.8%	7.8%



**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**NOTE 20 – COMMITMENTS AND CONTINGENCIES**

***(a) Claims***

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

***(b) Disposition and Development Agreement***

On July 9, 2009, the former Commission and Villages at Heritage Springs, LLC (Developer) entered into the third amendment to a Development and Disposition Agreement (DDA) with the Villages at Heritage Springs, LLC (Developer) to add a Purchase and Sale Agreement (PSA) to the DDA due to the current economic uncertainty and lack of available financing for new residential construction. The Developer agreed to sell certain real property within the City's boundaries (Property) to the former Commission. The purchase price for the Property was approximately \$17 million. The former Commission made a \$2 million cash down payment at the execution of this agreement. \$1 million of the down payment derived from the Low and Moderate Income Housing Fund and utilized to provide credits to the sale price for moderate income purchasers equal to the difference between the market rate price and the affordable price for that qualified buyer. Transfer of title to the former Commission will not occur until the full purchase price has been paid. The Developer has option to repurchase the Property at any time prior to the completion of the project, or up to 1 year after the completion of the project, or as extended by approval of the City to accommodate agreed upon and approved project changes.

On February 1, 2012, the Successor Agency assumed all responsibilities under the agreement. Future payments towards the purchase, if any, will be requested through the semi-annual RPTTF distribution process.

The \$1 million contribution from the former Commission's Low and Moderate Income Housing Fund has been transferred to the City's Low and Moderate Income Housing Assets Fund. The remaining \$1 million portion of the down payment is recorded as an asset of the Successor Agency Private-Purpose Trust Fund.

***(c) California Department of Finance (DOF)***

As part of the wind down of the former Commission, the Successor Agency prepared the required report of balances available in the Successor Agency for distribution to the affected taxing agencies. The report reflected an available balance of \$5,276,055. The report was reviewed by the California Department of Finance, which objected to \$18,704,841 of transfers made from the former Commission to the City during March 2011 and January 2012. The Successor Agency held a meet-and-confer session with DOF which resulted in DOF removing \$8,902,000 from the amount of objected transfers. The City additionally agreed to repay \$465,343 in objected transfers. The City and DOF could not come to an agreement with respect to the remaining objected transfer of \$9,337,498. The Successor Agency subsequently filed suit against the DOF to challenge their determination that the transfer is subject to the "claw-back" provisions contained in the redevelopment dissolution bills.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

The lawsuit is among approximately 150 pending lawsuits concerning various provisions of the redevelopment dissolution process. City management, in consultation with legal counsel, is unable to predict an outcome in this case but feels strong that the transfers do not constitute illegal transfers and therefore are not subject to the claw-back provisions. The City has assigned General Fund fund balance in the amount of \$9,337,498 as a result of the pending legal action.

**NOTE 21 - NON-CITY OBLIGATION DEBT**

The City issued \$2,315,000 of Heritage Springs Assessment District Improvement Bonds on August 9, 2001. The bonds are not included in the accompanying financial statements as neither the faith and credit nor the taxing powers of the City or the Commission have been pledged to the payment of the obligations. The outstanding balance at June 30, 2013, is \$1,870,000.

**NOTE 22 – NEW ACCOUNTING STANDARDS IMPLEMENTED**

Governmental Accounting Standards Board (GASB) Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, addresses service concession arrangements (SCAs), which are a type of public- private or public-public partnership. This statement requires disclosures about SCAs including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments.

GASB Statement No. 61, “The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34,” modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the resulting measure as net position rather than net assets.

As of July 1, 2012, the City adopted the above GASB standards, which did not have a significant impact on its financial statements.

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

**NOTE 23 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santa Fe Springs (City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

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

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

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

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City at the time of dissolution of \$7,129,909 are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. The Successor Agency paid required balances of \$5,276,055 and \$465,343 mentioned in Note 20 (c) but has not paid the non-housing funds available balance due to a dispute with the California Department of Finance over adjustments made to the calculation by their office (see Note 20). The Successor Agency and City anticipate paying the disputed balance under protest during fiscal year 2013-14 while still pursuing a legal remedy to the disputed amount.

Pursuant to AB 1484, each of the loans disclosed in Note 6 are considered “interagency loans” and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2014, subject to annual limitations, once the California Department of Finance issues a “finding of completion”. A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. The available balances consist of

**CITY OF SANTA FE SPRINGS**  
**Notes to Financial Statements**  
**June 30, 2013 (Continued)**

three components, including (1) the overpayment of tax increment revenue to the Commission during the fiscal year ended June 30, 2012, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission's non-housing funds. The City made all required payments during fiscal year ending June 30, 2014 except for a portion disputed by the City. During fiscal year 2012-13, post-dissolution, the City loaned the Successor Agency \$10,342 through June 30, 2013 for legal costs. This loan is not considered an "interagency loan" subject to the same rules as AB 1484. Instead it is considered an enforceable obligation subject to repayment as soon as redevelopment tax trust funds are available.

**NOTE 24 – RESTATEMENTS OF FUND BALANCE/ NET POSITION**

**Change in Accounting**

The City maintains separate Employee Benefits and Equipment Replacement Funds. Prior to fiscal year 2012-13 these funds were combined and reported with the General Fund. As of July 1, 2012 the City elected to break out and report these funds as separate stand-alone Internal Service Funds. Accordingly the beginning fund balance/net position of these funds at July 1, 2012 have been restated as follows:

		Internal Service Funds	
	General Fund	Employee Benefits	Equipment Replacement
Fund balance/ net position as of July 1, 2012	\$ 31,662,518	\$ -	\$ -
Change in reporting entity	(1,364,302)	742,725	621,577
Fund balance/ net position as of July 1, 2012 as restated	<u>\$ 30,298,216</u>	<u>\$ 742,725</u>	<u>\$ 621,577</u>

**CITY OF SANTA FE SPRINGS**  
**Required Supplementary Information**  
**Schedules of Funding Progress**  
**(most recent data available)**

**Schedule of Funding Progress for Public Employees Retirement System**  
**Miscellaneous Plan**  
**(Dollar Amounts in Thousands)**

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Entry Age Normal Accrued Liability</b>	<b>(b-a) Unfunded Liability (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>[(b-a)/c] UAAL as a % of Covered Payroll</b>
6/30/10	\$94,443	\$127,068	\$32,625	74.3%	\$11,621	280.7%
6/30/11	\$97,015	\$134,061	\$37,046	72.4%	\$11,143	332.5%
6/30/12	\$98,689	\$140,679	\$41,990	70.2%	\$8,921	470.7%

**Schedule of Funding Progress for Postemployment Benefits**  
**(Dollar Amounts in Thousands)**

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Entry Age Normal Accrued Liability</b>	<b>(b-a) Unfunded/ (Overfunded) Liability (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>[(b-a)/c] UAAL as a % of Covered Payroll</b>
6/30/07	\$ -	\$39,737	\$39,737	0%	\$20,167	197%
6/30/09	\$191	\$42,413	\$42,222	0.45%	\$20,484	206%
6/30/11	\$911	\$47,020	\$46,109	1.9%	\$17,925	257%

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**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Taxes	\$ 35,138,000	\$ 36,862,000	\$ 36,989,848	\$ 127,848
Licenses and permits	1,639,500	2,608,300	2,969,902	361,602
Fines, forfeitures and seizures	400,000	344,100	344,325	225
Interest and rentals	1,194,800	1,241,700	1,381,411	139,711
From other agencies	3,459,300	3,476,500	3,215,821	(260,679)
Charges for current services	4,940,400	4,593,100	4,965,080	371,980
Other	1,306,200	2,134,000	2,153,578	19,578
Total revenues	48,078,200	51,259,700	52,019,965	760,265
<b>Expenditures:</b>				
Current:				
General government	4,812,000	5,737,000	5,473,547	263,453
Public safety	25,368,400	24,425,100	25,188,531	(763,431)
Community development	3,257,700	3,086,600	3,144,783	(58,183)
Transportation	3,674,000	3,271,300	3,245,368	25,932
Culture and leisure	6,563,100	6,299,400	6,386,908	(87,508)
Human services	2,388,700	2,707,100	2,481,419	225,681
Capital outlay:				
General government	-	456,300	455,752	548
Public safety	623,100	631,000	628,466	2,534
Community development	1,500	2,500	-	2,500
Transportation	1,000	1,000	-	1,000
Debt service:				
Interest	313,200	311,800	310,664	1,136
Principal retirement	823,000	794,400	789,060	5,340
Total expenditures	47,825,700	47,723,500	48,104,498	(380,998)
Excess (deficiency) of revenues over expenditures	252,500	3,536,200	3,915,467	379,267
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	2,000	50,300	50,662	362
Transfers in	1,664,900	1,927,400	1,906,750	(20,650)
Transfers out	(113,300)	(5,514,000)	(5,639,517)	(125,517)
Net change in fund balance	1,806,100	(100)	233,362	233,462
Fund balance, beginning of year, as restated	30,298,216	30,298,216	30,298,216	-
Fund balance, end of year	\$ 32,104,316	\$ 30,298,116	\$ 30,531,578	\$ 233,462

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

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**City of Santa Fe Springs**  
**Note to Required Supplementary Information**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF BUDGETARY POLICIES**

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

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

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

- Low and Moderate Income Housing Assets Special Revenue Fund
- Narcotics Forfeitures/Seizures Special Revenue Fund
- Air Quality Improvement Special Revenue Fund
- Heritage Springs Street Maintenance District Special Revenue Fund
- Community Development Block Grant Program Income Special Revenue Fund
- Villages Serice District Special Revenue Fund
- TDA Article 3 Special Revenue Fund
- Business License Surcharge Special Revenue Fund
- Fire Gratsns Speical Revenue Fund

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.

The amounts reported as "transfers in" exclude amounts transferred in the General Fund from Special Revenue Funds to pay for functional expenditures. The amounts reported as expenditures by department are also adjusted to achieve agreement with the financial statement where these transfers are reported as expenditures in accordance with GASB.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Fund	Amount over Budget
General Fund	\$ 380,997

Expenditures in the General Fund exceeded the budget amount by less than 1% due to various minor fluctuations in labor and other operating costs. Applied revenues exceeded the individual budget amounts in several cases but are presented with revenues in the budget actual comparison.

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

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

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

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

### ***Heritage Springs Street Maintenance District***

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

### ***Public Safety Augmentation***

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

### ***Supplemental Law Enforcement Services***

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

### ***Community Development Block Grant***

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.

### ***Community Development Block Grant Program Income***

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

### ***Villages Service District***

This fund is used to account for revenues received and costs incurred for incremental police and fire services in a specific Mello-Roos district within the City. Funds are derived from property-related assessments collected by the County. Financing for the district is provided by assessing areas of benefit under the Community Facilities District Act of 1982, commonly known as Mello-Roos.

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

### ***TDA Article 3***

This fund is used to account for the revenue received and costs incurred under the Transportation Development Act, Article 3 for the purpose of planning, construction, retrofitting, installation or reconstruction of bicycle and pedestrian facilities or bicycle routes.

### ***Business License Surcharge***

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

### ***Fire Grants***

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

**CITY OF SANTA FE SPRINGS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

	<u>Special Revenue Funds</u>			
	<u>State Gasoline Tax</u>	<u>County Transit Tax</u>	<u>Narcotics Forfeitures/ Seizures</u>	<u>Art In Public Places</u>
<b>Assets:</b>				
Cash and investments	\$ 247,293	\$ 342,252	\$ -	\$ 1,561,803
Loans and notes receivable	-	-	-	-
Accrued interest receivable	-	-	-	16,536
Due from other governments	<u>37,328</u>	<u>6,842</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 284,621</u></u>	<u><u>\$ 349,094</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,578,339</u></u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,536</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,536</u>
Fund Balances:				
Restricted	<u>284,621</u>	<u>349,094</u>	<u>-</u>	<u>1,561,803</u>
Total fund balances	<u>284,621</u>	<u>349,094</u>	<u>-</u>	<u>1,561,803</u>
Total liabilities and fund balances	<u><u>\$ 284,621</u></u>	<u><u>\$ 349,094</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,578,339</u></u>

**Special Revenue Funds**

<b>Air Quality Improve- ment</b>	<b>Street Lighting Maintenance District</b>	<b>Heritage Springs Street Maintenance District</b>	<b>Public Safety Augmen- tation</b>	<b>Supplemental Law Enforcement Services</b>	<b>Community Development Block Grant</b>
\$ 9,570	\$ -	\$ 183,007	\$ -	\$ 7,397	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
10,361	17,803	-	27,261	-	-
<u>\$ 19,931</u>	<u>\$ 17,803</u>	<u>\$ 183,007</u>	<u>\$ 27,261</u>	<u>\$ 7,397</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	4,190	-	27,261	-	-
-	-	-	-	-	-
-	4,190	-	27,261	-	-
19,931	13,613	183,007	-	7,397	-
19,931	13,613	183,007	-	7,397	-
<u>\$ 19,931</u>	<u>\$ 17,803</u>	<u>\$ 183,007</u>	<u>\$ 27,261</u>	<u>\$ 7,397</u>	<u>\$ -</u>

**CITY OF SANTA FE SPRINGS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2013**

	<b>Special Revenue Funds</b>			
	<b>Community Development Block Grant Program Income</b>	<b>Villages Service District</b>	<b>TDA Article 3</b>	<b>Business License Surcharge</b>
<b>Assets:</b>				
Cash and investments	\$ -	\$ 85	\$ -	\$ 2,453
Loans and notes receivable	37,729	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	-	-	7,694	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 37,729</u>	<u>\$ 85</u>	<u>\$ 7,694</u>	<u>\$ 2,453</u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable	\$ -	\$ 85	\$ -	\$ -
Due to other governments	-	-	-	664
Due to other funds	-	-	7,694	-
Deferred revenue	37,729	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>37,729</u>	<u>85</u>	<u>7,694</u>	<u>664</u>
<b>Fund Balances:</b>				
Restricted	-	-	-	1,789
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,789</u>
Total liabilities and fund balances	<u>\$ 37,729</u>	<u>\$ 85</u>	<u>\$ 7,694</u>	<u>\$ 2,453</u>



<b>Special Revenue Fund</b>	
<b>Fire Grants</b>	<b>Total</b>
\$ -	\$ 2,353,860
-	37,729
-	16,536
95,487	202,776
<u>\$ 95,487</u>	<u>\$ 2,610,901</u>
\$ -	\$ 85
-	664
95,487	134,632
-	54,265
<u>95,487</u>	<u>189,646</u>
-	2,421,255
-	2,421,255
<u>\$ 95,487</u>	<u>\$ 2,610,901</u>

**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, 2013**

	<b>Special Revenue Funds</b>			
	<b>State Gasoline Tax</b>	<b>County Transit Tax</b>	<b>Narcotics Forfeitures/ Seizures</b>	<b>Art In Public Places</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest and rentals	789	692	32	3,903
From other agencies	409,723	679,001	-	-
Other	-	6,842	-	823,907
Total revenues	410,512	686,535	32	827,810
<b>Expenditures:</b>				
Current:				
Public safety	-	-	13,751	-
Community development	-	-	-	-
Transportation	424,000	380,596	-	-
Culture and leisure	-	-	-	211,590
Capital outlay:				
Public safety	-	-	-	-
Total expenditures	424,000	380,596	13,751	211,590
Excess (deficiency) of revenues over expenditures	(13,488)	305,939	(13,719)	616,220
<b>Other financing sources (uses):</b>				
Transfers out	-	-	-	(3,100)
Total other financing sources and (uses)	-	-	-	(3,100)
Net change in fund balances	(13,488)	305,939	(13,719)	613,120
Fund balances (deficits), beginning of year	298,109	43,155	13,719	948,683
Fund balances, end of year	\$ 284,621	\$ 349,094	\$ -	\$ 1,561,803

<b>Air Quality Improve- ment</b>	<b>Street Lighting Maintenance District</b>	<b>Heritage Springs Street Maintenance District</b>	<b>Public Safety Augmen- tation</b>	<b>Supplemental Law Enforcement Services</b>	<b>Community Development Block Grant</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	39	-	-	137	-
19,924	-	-	159,042	100,000	18,542
-	196,574	-	-	-	-
19,931	196,613	-	159,042	100,137	18,542
-	-	-	159,042	100,000	-
-	-	-	-	-	18,542
-	183,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	183,000	-	159,042	100,000	18,542
19,931	13,613	-	-	137	-
-	-	-	-	-	-
-	-	-	-	-	-
19,931	13,613	-	-	137	-
-	-	183,007	-	7,260	-
\$ 19,931	\$ 13,613	\$ 183,007	\$ -	\$ 7,397	\$ -

**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, 2013**

	<b>Special Revenue Funds</b>			
	<b>Community Development Block Grant Program Income</b>	<b>Villages Service District</b>	<b>TDA Article 3</b>	<b>Business License Surcharge</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 7,695	\$ 1,789
Interest and rentals	-	-	-	-
From other agencies	-	14,643	-	-
Other	-	-	-	-
Total revenues	-	14,643	7,695	1,789
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	131,254	-	-
Transportation	-	-	7,695	-
Culture and leisure	-	-	-	-
Capital outlay:				
Public safety	-	-	-	-
Total expenditures	-	131,254	7,695	-
Excess (deficiency) of revenues over expenditures	-	(116,611)	-	1,789
<b>Other financing sources (uses):</b>				
Transfers out	-	-	-	-
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	-	(116,611)	-	1,789
Fund balances (deficits), beginning of year	-	116,611	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 1,789

<b>Special Revenue Fund</b>	
<b>Fire Grants</b>	<b>Total</b>
-	\$ 9,484
-	5,599
416,199	1,817,074
-	1,027,323
416,199	2,859,480
385,534	658,327
-	149,796
-	995,291
-	211,590
30,665	30,665
416,199	2,045,669
-	813,811
-	(3,100)
-	(3,100)
-	810,711
-	1,610,544
-	\$ 2,421,255

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**State Gasoline Tax Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 789	\$ 789
From other agencies	424,000	424,000	409,723	(14,277)
Total revenues	424,000	424,000	410,512	(13,488)
<b>Expenditures:</b>				
Transportation	424,000	424,000	424,000	-
Net change in fund balance	-	-	(13,488)	(13,488)
Fund balance, beginning of year	298,109	298,109	298,109	-
Fund balance, end of year	<u>\$ 298,109</u>	<u>\$ 298,109</u>	<u>\$ 284,621</u>	<u>\$ (13,488)</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**County Transit Tax Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 692	\$ 692
From other agencies	590,900	590,900	679,001	88,101
Other	-	-	6,842	6,842
Total revenues	590,900	590,900	686,535	95,635
<b>Expenditures:</b>				
Transportation	380,400	401,500	380,596	20,904
Net change in fund balance	210,500	189,400	305,939	116,539
Fund balance, beginning of year	43,155	43,155	43,155	-
Fund balance, end of year	<u>\$ 253,655</u>	<u>\$ 232,555</u>	<u>\$ 349,094</u>	<u>\$ 116,539</u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Art In Public Places Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 3,903	\$ 3,903
Other	<u>245,000</u>	<u>245,000</u>	<u>823,907</u>	<u>578,907</u>
Total revenues	245,000	245,000	827,810	582,810
<b>Expenditures:</b>				
Culture and leisure	<u>235,300</u>	<u>257,800</u>	<u>211,590</u>	<u>46,210</u>
Excess of revenues over expenditures	<u>9,700</u>	<u>(12,800)</u>	<u>616,220</u>	<u>629,020</u>
<b>Other financing uses:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(3,100)</u>	<u>(3,100)</u>
Net change in fund balance	9,700	(12,800)	613,120	625,920
Fund balance, beginning of year	<u>948,683</u>	<u>948,683</u>	<u>948,683</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 958,383</u></u>	<u><u>\$ 935,883</u></u>	<u><u>\$ 1,561,803</u></u>	<u><u>\$ 625,920</u></u>



**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Street Lighting Maintenance District Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 39	\$ 39
Other	183,000	183,000	196,574	13,574
Total revenues	183,000	183,000	196,613	13,613
<b>Expenditures:</b>				
Transportation	183,000	183,000	183,000	-
Net change in fund balance	-	-	13,613	13,613
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,613</u>	<u>\$ 13,613</u>

**CITY OF SANTA FE SPRINGS  
Budgetary Comparison Schedule  
Public Safety Augmentation Fund  
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From other agencies	\$ 130,000	\$ 130,000	\$ 159,042	\$ 29,042
<b>Expenditures:</b>				
Public safety	<u>130,000</u>	<u>130,000</u>	<u>159,042</u>	<u>(29,042)</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**  
**Supplemental Law Enforcement Services Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Interest and rentals	\$ -	\$ -	\$ 137	\$ 137
From other agencies	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>100,137</u>	<u>137</u>
<b>Expenditures:</b>				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	-	-	137	137
Fund balance, beginning of year	<u>7,260</u>	<u>7,260</u>	<u>7,260</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 7,260</u></u>	<u><u>\$ 7,260</u></u>	<u><u>\$ 7,397</u></u>	<u><u>\$ 137</u></u>

**CITY OF SANTA FE SPRINGS**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	
<b>Revenues:</b>				
From other agencies	\$ 18,600	\$ 18,600	\$ 18,542	\$ (58)
<b>Expenditures:</b>				
Community development	<u>18,600</u>	<u>18,600</u>	<u>18,542</u>	<u>58</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>

## **INTERNAL SERVICE FUNDS**

### **Employee Benefits**

This fund is used to to charge activities for the cost of compensated absences and accumulate resources for the ultimate liquidation of the liability.

### ***Risk Management***

This fund is used to charge activities for the cost of liability, property, and related insurance coverages.

### ***Equipment Replacement***

This fund is used to charge activities for the cost of using City equipment and accumulate resources for the ultimate replacement of the equipment.

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**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2013**

	<u>Employee Benefits</u>	<u>Risk Management</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 742,725	\$ 514,000	\$ 812,277	\$ 2,069,002
Total assets	<u>742,725</u>	<u>514,000</u>	<u>812,277</u>	<u>2,069,002</u>
<b>Net position:</b>				
Unrestricted	<u>742,725</u>	<u>514,000</u>	<u>812,277</u>	<u>2,069,002</u>
Total net position	<u>\$ 742,725</u>	<u>\$ 514,000</u>	<u>\$ 812,277</u>	<u>\$ 2,069,002</u>

**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Employee Benefits</b>	<b>Risk Management</b>	<b>Equipment Replacement</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for current services	\$ -	\$ -	\$ 28,593	\$ 28,593
Total operating revenues	-	-	28,593	28,593
Transfers in	-	514,000	435,000	949,000
Transfers out	-	-	(272,893)	(272,893)
Change in net position	-	514,000	190,700	704,700
Total net position, beginning of year, as restated	742,725	-	621,577	1,364,302
Total net position, end of year	<u>\$ 742,725</u>	<u>\$ 514,000</u>	<u>\$ 812,277</u>	<u>\$ 2,069,002</u>



**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Employee Benefits</b>	<b>Risk Management</b>	<b>Equipment Replacement</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Receipts from other operating activities	\$ -	\$ -	\$ 28,593	\$ 28,593
Net cash provided by operating activities	-	-	28,593	28,593
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	514,000	435,000	949,000
Transfers out	-	-	(272,893)	(272,893)
Net cash provided by noncapital financing activities	-	514,000	162,107	676,107
Net increase in cash and cash equivalents	-	514,000	190,700	704,700
Cash and cash equivalents, beginning of year, as restated	742,725	-	621,577	1,364,302
Cash and cash equivalents, end of year	<u>\$ 742,725</u>	<u>\$ 514,000</u>	<u>\$ 812,277</u>	<u>\$ 2,069,002</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	\$ -	\$ -	\$ 28,593	\$ 28,593
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,593</u>	<u>\$ 28,593</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.

#### ***Assessment Districts Fund***

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

#### ***Community Facilities Assessment Districts Fund***

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

#### ***Southeast Water Coalition Fund***

This fund is used to account for activities in Southeast Water Coalition organized under a Joint Powers Agreement.

**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Fiduciary Net Position - Agency Funds**  
**June 30, 2013**

	<b>Section 8 Rental Assistance Program</b>	<b>Assessment District</b>	<b>Community Facilities Assessment District</b>	<b>Southeast Water Coalition</b>	<b>Total</b>
<b>Assets:</b>					
Cash and investments	\$ -	\$ 97,980	\$ 711,286	\$ -	\$ 809,266
Cash and investments with fiscal agent	-	319,895	-	-	319,895
Accounts receivable	-	-	30,339	-	30,339
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	-	417,875	741,625	-	1,159,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Liabilities:</b>					
Due to other governments	-	417,875	-	-	417,875
Accounts payable	-	-	590	-	590
Due to bond holders	-	-	741,035	-	741,035
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	417,875	741,625	-	1,159,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Position (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**For the Fiscal Year Ended June 30, 2013**

<b><u>Section 8 Rental Assistance Program</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
<b>Assets:</b>				
Cash and investments	\$ 363	\$ 650	\$ 1,013	\$ -
<b>Liabilities:</b>				
Due to other governments	\$ 363	\$ -	\$ 363	\$ -
Total liabilities	\$ 363	\$ -	\$ 363	\$ -
 <b><u>Assessment Districts</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 41,456	\$ 275,772	\$ 219,248	\$ 97,980
Cash and investments with fiscal agent	267,035	219,248	166,388	319,895
Due from other governments	71,491	-	71,491	-
Total assets	\$ 379,982	\$ 495,020	\$ 457,127	\$ 417,875
<b>Liabilities:</b>				
Due to other governments	\$ 379,982	\$ 204,281	\$ 166,388	\$ 417,875
Total liabilities	\$ 379,982	\$ 204,281	\$ 166,388	\$ 417,875
 <b><u>Community Facilities Assessment Districts</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 656,538	\$ 152,658	\$ 97,910	\$ 711,286
Accounts receivable	31,227	-	888	30,339
Due from other governments	4,360	-	4,360	-
Total assets	\$ 692,125	\$ 152,658	\$ 103,158	\$ 741,625
<b>Liabilities:</b>				
Accounts payable	\$ 308	\$ 12,019	\$ 11,737	\$ 590
Due to bond holders	691,817	148,257	99,039	741,035
Total liabilities	\$ 692,125	\$ 160,276	\$ 110,776	\$ 741,625

**CITY OF SANTA FE SPRINGS**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds (Continued)**  
**For the Fiscal Year Ended June 30, 2013**

<b><u>Southeast Water Coalition</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
<b>Assets:</b>				
Cash and investments	\$ 213,532	\$ 430	\$ 213,962	\$ -
Due from other governments	-	-	-	-
Total assets	<u>\$ 213,532</u>	<u>\$ 430</u>	<u>\$ 213,962</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Accounts payable	\$ 1,120	\$ 212,842	\$ 213,962	\$ -
Deposits	212,412	-	212,412	-
Total liabilities	<u>\$ 213,532</u>	<u>\$ 212,842</u>	<u>\$ 426,374</u>	<u>\$ -</u>
 <b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 911,889	\$ 429,510	\$ 532,133	\$ 809,266
Cash and investments with fiscal agent	267,035	219,248	166,388	319,895
Accounts receivable	31,227	-	888	30,339
Due from other governments	75,851	-	75,851	-
Total assets	<u>\$ 1,286,002</u>	<u>\$ 648,758</u>	<u>\$ 775,260</u>	<u>\$ 1,159,500</u>
<b>Liabilities:</b>				
Due to other governments	\$ 380,345	\$ 204,281	\$ 166,751	\$ 417,875
Accounts payable	1,428	224,861	225,699	590
Due to bond holders	904,229	148,257	311,451	741,035
Total liabilities	<u>\$ 1,286,002</u>	<u>\$ 577,399</u>	<u>\$ 703,901</u>	<u>\$ 1,159,500</u>

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# City of Santa Fe Springs

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## Statistical Section (Not Covered by Auditor's Opinion)

**CITY OF SANTA FE SPRINGS**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2013**

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

	<b>Fiscal Year</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 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 position	<u>\$ 61,544,401</u>	<u>\$ 92,445,644</u>	<u>\$ 95,265,506</u>	<u>\$ 95,971,215</u>	<u>\$ 102,134,609</u>
<b>Business-type activities:</b>					
Net investment in capital assets	\$ 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 position	<u>\$ 18,113,348</u>	<u>\$ 17,810,801</u>	<u>\$ 17,177,848</u>	<u>\$ 16,662,490</u>	<u>\$ 16,008,826</u>
<b>Primary government:</b>					
Net investment in capital assets	\$ 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 position	<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>

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

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

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

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 4,182,328	\$ 3,438,268	\$ 2,163,896	\$ 3,883,766	\$ 5,773,716
27,819,575	27,580,109	26,383,489	27,242,545	28,371,664
20,631,199	30,950,225	20,666,314	13,832,431	3,420,343
7,169,870	6,711,824	10,044,324	8,874,948	22,545,319
7,856,203	12,002,498	8,229,998	8,480,678	7,916,483
4,128,929	3,468,839	2,919,442	2,929,811	2,664,800
61,695	21,617	62,365	62,366	64,246
8,087,433	7,911,796	7,249,129	4,191,452	343,881
79,937,232	92,085,176	77,718,957	69,497,997	71,100,452
9,455,272	9,080,895	9,737,232	10,028,948	9,738,082
89,392,504	101,166,071	87,456,189	79,526,945	80,838,534
1,137,500	732,638	686,006	717,021	746,832
2,924,531	2,870,405	2,773,032	2,801,311	2,792,442
3,048,561	3,758,049	3,859,883	3,137,047	4,018,338
455,206	291,322	308,852	336,955	260,835
934,448	1,082,696	466,019	443,425	636,462
653,585	721,334	654,912	641,003	579,073
3,249,259	5,188,053	5,172,057	6,100,535	4,714,266
1,843,328	2,978,733	4,851,876	6,016,364	36,562,363
14,246,418	17,623,230	18,772,637	20,193,661	50,310,611
9,221,517	9,168,719	9,852,607	11,748,391	13,063,973
176,868	26,667	223,673	914,585	4,002,420
9,398,385	9,195,386	10,076,280	12,662,976	17,066,393
23,644,803	26,818,616	28,848,917	32,856,637	67,377,004
(65,690,814)	(74,461,946)	(58,946,320)	(49,304,336)	(20,789,841)
(56,887)	114,491	339,048	2,634,028	7,328,311
(65,747,701)	(74,347,455)	(58,607,272)	(46,670,308)	(13,461,530)
				(continued)

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

	<b>Fiscal Year</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General revenues and other changes in net position:</b>					
Governmental activities:					
Taxes:					
Sales and use taxes	\$ 21,590,153	\$ 23,070,830	\$ 25,592,900	\$ 26,373,068	\$ 25,716,341
Property taxes	22,812,759	24,425,264	26,896,587	29,796,606	30,792,418
Franchise taxes	2,351,329	2,404,968	2,776,978	3,090,282	2,902,765
Motor vehicle in lieu tax - general purpose	868,719	1,561,110	1,324,255	1,390,299	1,446,785
Business operations taxes	793,574	780,041	790,175	867,675	816,384
Utility users taxes	-	-	-	-	-
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 to Successor Agency	1,615,007	-	-	-	-
Transfers	-	1,627,294	1,655,261	1,609,356	1,300,790
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>51,603,434</u>	<u>56,845,168</u>	<u>59,937,804</u>	<u>70,081,922</u>	<u>68,789,166</u>
Business-type activities:					
Investment income	56,843	153,675	292,821	324,780	225,296
Transfers	(1,615,007)	(1,627,294)	(1,655,261)	(1,609,356)	(1,300,790)
Total business-type activities	<u>(1,558,164)</u>	<u>(1,473,619)</u>	<u>(1,362,440)</u>	<u>(1,284,576)</u>	<u>(1,075,494)</u>
Total primary government	<u>50,045,270</u>	<u>55,371,549</u>	<u>58,575,364</u>	<u>68,797,346</u>	<u>67,713,672</u>
Special - donation of land and improvements	-	23,702,922	-	-	-
<b>Changes in Net Position:</b>					
Governmental activities	5,551,419	5,679,070	2,819,862	2,421,687	6,163,394
Business-type activities	520,262	(302,547)	(632,953)	(515,358)	(653,664)
Total primary government	<u>\$ 6,071,681</u>	<u>\$ 5,376,523</u>	<u>\$ 2,186,909</u>	<u>\$ 1,906,329</u>	<u>\$ 5,509,730</u>

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 23,237,402	\$ 19,214,299	\$ 20,254,386	\$ 22,868,333	23,655,903
33,478,543	34,470,314	33,167,105	11,386,328	3,150,294
2,857,707	2,524,816	2,553,493	2,499,668	2,443,761
1,505,277	1,569,001	1,574,226	1,519,877	1,542,531
805,857	783,107	775,506	771,766	778,483
-	-	1,023,863	4,342,780	6,095,190
723,819	576,767	570,792	518,095	890,344
3,006,525	1,699,361	2,380,810	1,988,650	1,384,050
391,132	356,634	236,254	3,425,588	1,413,449
-	-	-	-	-
-	-	-	-	(1,181,525)
1,297,241	1,712,319	1,131,284	1,582,575	1,633,857
-	-	-	76,845,362	-
<u>67,303,503</u>	<u>62,906,618</u>	<u>63,667,719</u>	<u>127,749,022</u>	<u>41,806,337</u>
79,642	7,322	5,892	4,830	9,809
(1,297,241)	(1,712,319)	(1,131,284)	(1,582,575)	(1,633,857)
<u>(1,217,599)</u>	<u>(1,704,997)</u>	<u>(1,125,392)</u>	<u>(1,577,745)</u>	<u>(1,624,048)</u>
<u>66,085,904</u>	<u>61,201,621</u>	<u>62,542,327</u>	<u>126,171,277</u>	<u>40,182,289</u>
-	-	-	-	-
1,612,689	(11,555,328)	4,721,399	78,444,686	21,016,496
(1,274,486)	(1,590,506)	(786,344)	1,056,283	5,704,263
<u>\$ 338,203</u>	<u>\$ (13,145,834)</u>	<u>\$ 3,935,055</u>	<u>\$ 79,500,969</u>	<u>\$ 26,720,759</u>

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

	<b>Fiscal Year</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General fund:</b>					
Reserved	\$ 12,241,087	\$ 14,032,267	\$ 14,272,672	\$ 14,388,788	\$ 13,617,551
Unreserved	18,081,668	18,948,412	18,851,647	17,017,518	15,099,382
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>
<b>All other governmental funds:</b>					
Reserved	\$ 26,318,775	\$ 27,603,708	\$ 31,370,232	\$ 39,559,163	\$ 42,709,013
Unreserved, reported in:					
Special revenue funds	2,969,295	1,989,508	2,666,450	2,640,445	2,158,778
Debt service funds	(2,342,282)	(2,640,256)	(2,355,832)	(2,040,292)	(1,679,421)
Capital project funds	21,659,330	23,479,870	21,234,317	56,216,049	47,613,794
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>
	<b>2011*</b>	<b>2012</b>	<b>2013</b>		
<b>General fund:</b>					
Nonspendable	\$ 6,028,152	\$ 6,047,653	\$ 5,224,843		
Restricted	1,326,532	181,532	-		
Committed	1,455,318	1,455,318	225,000		
Assigned	-	-	9,337,498		
Unassigned	16,439,102	23,978,015	15,744,237		
Total general fund	<u>\$ 25,249,104</u>	<u>\$ 31,662,518</u>	<u>\$ 30,531,578</u>		
<b>All other governmental funds:</b>					
Nonspendable	\$ 9,148,250	\$ 7,634,198	1,018,291		
Restricted	68,588,092	4,401,519	8,894,627		
Assigned	-	-	4,579,545		
Unassigned	(5,724,815)	(1,621,191)	-		
Total all other governmental funds	<u>\$ 72,011,527</u>	<u>\$ 10,414,526</u>	<u>\$ 14,492,463</u>		

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

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

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

<b>2009</b>	<b>2010</b>
\$ 15,279,818	\$ 15,789,234
11,632,731	7,821,085
<b>\$ 26,912,549</b>	<b>\$ 23,610,319</b>
\$ 46,410,455	\$ 53,512,156
1,955,895	1,514,867
(1,679,353)	(1,954,284)
44,588,079	22,540,869
<b>\$ 91,275,076</b>	<b>\$ 75,613,608</b>



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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Revenues:</b>					
Taxes	\$ 48,146,230	\$ 51,279,875	\$ 56,758,561	\$ 60,787,976	\$ 60,962,794
Licenses and permits	1,872,843	2,358,170	1,937,477	1,629,490	1,701,480
Fines, forfeitures and seizures	355,259	338,843	543,522	609,712	548,283
Interest and rentals	1,876,392	2,552,311	3,851,945	5,953,140	5,892,674
From other agencies	6,057,180	5,301,442	5,175,615	5,917,337	7,578,801
Charges for current services	4,439,811	4,178,852	4,897,205	4,739,147	5,305,063
Other	1,642,275	3,398,340	2,518,156	2,491,930	1,702,360
Total revenues	64,389,990	69,407,833	75,682,481	82,128,732	83,691,455
<b>Expenditures:</b>					
Current:					
General government	1,727,403	3,295,793	6,082,704	8,407,116	4,111,182
Public safety	19,517,165	20,881,213	23,632,838	25,077,753	25,824,532
Community development	11,834,822	17,149,044	16,709,315	16,535,419	19,500,243
Transportation	4,858,846	4,186,499	4,299,753	4,496,028	4,641,050
Culture and leisure	6,892,548	7,083,663	8,362,724	9,025,881	8,511,379
Human services	3,033,094	2,169,841	3,578,218	3,982,317	4,117,257
Capital outlay:					
General government	218,478	274,508	352,319	514,044	6,596,550
Public safety	174,057	4,198	65,961	374,023	188,100
Community development	1,542,804	1,077,781	555,209	966,204	2,919,363
Transportation	5,861,494	1,390,273	1,454,821	2,562,745	3,466,560
Culture and leisure	726,279	3,412,361	1,139,624	1,414,715	1,279,981
Human services	258,044	541,510	-	7,307	784,174
Loss on sale of property	234,818	-	3,250,937	2,394,149	-
Debt service:					
Interest	5,708,320	5,767,172	5,969,105	6,222,003	6,175,132
Principal retirement	3,467,251	4,181,415	4,303,173	4,814,783	6,309,031
Bond issuance costs	297,710	-	-	1,783,534	-
Total expenditures	66,353,133	71,415,271	79,756,701	88,578,021	94,424,534
Excess (deficiency) of revenues over (under) expenditures	(1,963,143)	(2,007,438)	(4,074,220)	(6,449,289)	(10,733,079)
<b>Other financing sources (uses):</b>					
Proceeds (loss) from sale of assets	-	-	-	-	-
Lease purchase agreements	305,739	-	82,690	108,986	107,588
Loan 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 agent	(6,693,972)	-	-	(45,656,679)	-
Transfer from private-purpose trust fund	-	-	-	-	-
Transfers in	18,767,279	25,411,810	17,712,793	23,177,837	15,611,252
Transfers out	(17,152,272)	(23,784,516)	(16,057,532)	(21,568,481)	(14,310,462)
Total other financing sources (uses)	2,030,180	5,491,664	6,700,197	49,299,685	2,470,505
Extraordinary loss	-	-	-	-	-
Net change in fund balances	\$ 67,037	\$ 3,484,226	\$ 2,625,977	\$ 42,850,396	\$ (8,262,574)
Debt service as a percentage of noncapital expenditures	15.9%	15.4%	13.7%	15.4%	15.9%

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

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

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012 *</b>	<b>2013</b>
\$ 61,103,328	\$ 57,569,302	\$ 58,310,307	\$ 42,294,544	36,999,332
1,524,535	2,115,081	1,867,845	2,102,755	2,969,902
529,748	503,749	465,360	428,472	344,325
4,062,816	2,745,752	2,321,749	1,995,506	1,398,990
5,641,140	9,270,391	10,644,890	12,349,659	35,766,822
5,212,477	5,365,282	5,292,591	5,031,896	4,965,080
2,178,637	1,194,374	1,573,488	4,532,497	3,907,821
80,252,681	78,763,931	80,476,230	68,735,329	86,352,272
3,381,651	2,718,500	1,670,047	3,826,155	5,629,632
26,691,447	26,459,351	25,439,776	33,199,540	25,846,858
18,917,170	29,453,154	19,344,105	13,434,645	3,346,701
4,503,733	4,413,626	7,563,987	5,966,489	4,240,659
7,507,153	6,886,004	7,295,141	7,604,051	7,130,910
3,905,691	3,238,862	2,731,901	2,790,524	2,481,419
243,549	167,570	2,500	-	550,370
104,149	48,180	235,472	144,157	659,131
1,325,014	1,489,530	313,643	-	-
1,484,761	3,439,283	1,511,229	4,241,679	30,882,456
2,085,627	7,764,597	1,657,034	112,936	-
28,784	4,113	-	-	-
-	-	-	-	-
7,022,705	6,801,175	6,081,574	3,042,465	310,664
6,587,336	6,962,183	7,178,400	7,295,987	789,060
-	-	-	119,993	-
83,788,770	99,846,128	81,024,809	81,778,621	81,867,860
(3,536,089)	(21,082,197)	(548,579)	(13,043,292)	4,484,412
80,445	(64,538)	9,924	23,496	50,662
-	-	-	-	-
826,931	470,718	596,075	-	-
-	-	-	7,759,094	-
-	-	-	-	-
-	-	-	995,421	(1,181,525)
14,613,933	14,483,825	23,360,976	22,577,622	6,600,367
(13,316,692)	(12,771,506)	(22,229,692)	(20,995,047)	(5,642,617)
2,204,617	2,118,499	1,737,283	10,360,586	(173,113)
-	-	-	(52,500,881)	-
\$ (1,331,472)	\$ (18,963,698)	\$ 1,188,704	\$ (55,183,587)	\$ 4,311,299
17.2%	15.8%	17.2%	13.5%	2.2%

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

<b><u>Fiscal Year</u></b>	<b><u>Secured Property</u></b>	<b><u>Unsecured Property</u></b>	<b><u>Less Property Exemptions</u></b>	<b><u>Grand Total</u></b>	<b><u>Homeowner's Exemption</u></b>	<b><u>Net Taxable Value</u></b>	<b><u>Total Direct Tax Rate</u></b>
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%
2010	5,085,904	1,014,688	55,391	6,045,201	15,452	6,029,749	0.572%
2011	5,092,022	961,737	51,456	6,002,303	15,271	5,987,032	0.572%
2012	5,164,916	943,242	65,907	6,042,251	15,124	6,027,127	0.572%
2013	5,299,330	963,433	56,513	6,206,250	15,072	6,191,178	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: Muniservices LLC  
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)**

<b>Fiscal Year</b>	<b>Basic 1% Direct Tax Rate</b>		<b>Override Assessments</b>						<b>Total</b>
	<b>City of Santa Fe Springs</b>	<b>Los Angeles County</b>	<b>Elementary Schools</b>	<b>Los Angeles County</b>	<b>Rio Hondo Community College District</b>	<b>Whittier Union High School District</b>	<b>Los Angeles County Flood Control District</b>	<b>Metro. Water District</b>	
2004	0.077	0.923	0.000	0.001	0.000	0.038	0.000	0.006	1.045
2005	0.077	0.923	0.000	0.001	0.022	0.031	0.000	0.006	1.060
2006	0.077	0.923	0.000	0.001	0.018	0.045	0.000	0.005	1.069
2007	0.077	0.923	0.035	0.001	0.015	0.044	0.000	0.004	1.099
2008	0.077	0.923	0.075	0.000	0.014	0.044	0.000	0.004	1.137
2009	0.077	0.923	0.074	0.000	0.023	0.037	0.000	0.004	1.138
2010	0.077	0.923	0.073	0.000	0.027	0.042	0.000	0.004	1.146
2011	0.077	0.923	0.076	0.000	0.034	0.042	0.000	0.004	1.156
2012	0.077	0.923	0.053	0.000	0.034	0.043	0.000	0.004	1.134
2013	0.077	0.923	0.069	0.000	0.028	0.046	0.000	0.004	1.147

**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 14.6%.

The Basic 1% tax rates have been adjusted in prior years to reflect the correct allocation of the 1% rate.

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

Rates are not adjusted for ERAF

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

	<b>FY 2012-13</b>		<b>FY 2003-04</b>	
	<b>Taxable Assessed Value</b>	<b>Percent of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percent of Total City Taxable Assessed Value</b>
<b>Taxpayer</b>				
Golden Springs Development Company	\$ 284,342,734	4.59%	\$ 116,261,563	2.80%
Breitburn Operating LP	151,876,170	2.45%	19,102,593	0.46%
AMB	108,660,190	1.76%	20,521,886	
Legacy Partners II Santa Fe Springs	78,794,474	1.27%		
McMaster Carr Supply Company	74,470,549	1.20%	37,041,963	0.89%
Gateway Santa Fe Springs	64,000,000	1.03%		
Teachers Insurance & Annuity	57,834,139	0.93%		
Inland Paperboard and Packaging	56,052,670	0.91%	18,009,974	0.43%
Catellus Development Corp	51,893,372	0.84%	28,862,185	0.69%
Vons Companies Inc.	47,228,441	0.76%	37,833,592	0.91%
PR Mid Counties LLC	44,000	0.00%		
Heraeus Metals Processing Inc.	43,784,765	0.71%	41,297,956	0.99%
Maruichi American Corp	43,176,713	0.70%	40,231,506	0.97%
Centro Watt Property Owner II	38,352,000	0.62%		0.00%
Bloomfield Commerce Center Cor	37,720,568	0.61%	32,573,394	0.78%
	<u>\$ 1,138,230,785</u>	<u>18.38%</u>	<u>\$ 391,736,612</u>	<u>9.43%</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 Eight Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of Levy</b>		<b>Collections in Subsequent Years</b>	<b>Collections to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
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%	2,576	32,270,603	96.09%
2010	35,553,303	33,444,853	94.07%	3,442	33,448,295	94.08%
2011	33,855,534	33,082,969	97.72%	2,344	33,085,313	97.72%
2012	30,577,401	29,841,895	97.59%	-	29,841,895 *	97.59%
2013	31,385,138	30,858,535	98.32%	-	30,858,535 *	98.32%

**NOTE:**

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

The City receives limited information from Los Angeles County in relation to tax levies and collections. The City was unable to obtain further detail from Los Angeles County regarding the 2006 collections in excess of the levy amount

With the implementation of GASB Statement No. 44, the City began reporting this data in fiscal year 2005-06. Therefore, only seven years are presented.

\* Upon the dissolution of the redevelopment agency in 2012, a portion of the redevelopment agency tax increment is distributed directly to other taxing entities therefore not reported as tax revenue in the Successor Agency.

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

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

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capital <sup>1</sup>
	Loans	Tax Allocation Bonds	Pension Obligation Bonds	Capitalized Lease Obligations	Total Governmental Activities	Revenue Bonds			
2005	\$ 5,177,233	\$ 111,171,415	\$ -	\$ 159,121	\$ 116,507,769	\$ 8,085,479	\$ 124,593,248	42.28%	\$ 6,973
2006	10,004,479	107,226,731	-	138,902	117,370,112	7,935,290	125,305,402	41.33%	7,048
2007	11,035,729	149,005,755	-	133,348	160,174,832	7,781,103	167,955,935	53.46%	9,410
2008	11,637,827	144,980,330	-	96,936	156,715,093	7,621,416	164,336,509	51.02%	9,238
2009	11,938,543	140,121,585	-	35,815	152,095,943	7,456,728	159,552,671	47.72%	8,972
2010	11,717,893	135,078,706	-	-	146,796,599	7,282,040	154,078,639	45.05%	8,695
2011	8,910,568	129,859,479	-	-	138,770,047	7,102,352	145,872,399	43.51%	8,868
2012 <sup>2</sup>	802,216	-	7,091,000	612,094	8,505,310	6,917,664	15,422,974	4.81%	934
2013 <sup>2</sup>	503,156	-	6,601,000	612,094	7,716,250	9,282,194	16,998,444	5.11%	1,011

**NOTES:**

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

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

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

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

With the implementation of GASB Statement No. 44, the City began reporting this data in fiscal year 2005-06. The City was also able to retroactively obtain the data for fiscal year 2004-05. Therefore, only eight years are presented.

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

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

<b>Fiscal Year Ended June 30</b>	<b>Outstanding General Bonded Debt</b>			<b>Percent of Assessed Value<sup>1</sup></b>	<b>Per Capita</b>
	<b>Tax Allocation Bonds</b>	<b>Pension Obligation Bonds</b>	<b>Total General Bonded Debt</b>		
2005	\$ 111,171,415	\$ -	\$ 111,171,415	2.58%	\$ 6,222
2006	107,226,731	-	107,226,731	2.31%	6,031
2007	149,005,755	-	149,005,755	2.95%	8,348
2008	144,980,330	-	144,980,330	2.64%	8,150
2009	140,121,585	-	140,121,585	2.40%	7,879
2010	135,078,706	-	135,078,706	2.24%	7,623
2011	129,859,479	-	129,859,479	2.17%	7,894
2012 <sup>2</sup>	-	7,091,000	7,091,000	0.12%	429
2013 <sup>2</sup>	-	6,601,000	6,601,000	0.11%	393

**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).

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

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

With the implementation of GASB Statement No. 44, the City began reporting this data in Fiscal Year 2005. The City was also able to retroactively obtain the data for Fiscal Year 2004-05. Therefore, only nine years :

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



**City of Santa Fe Springs  
Direct and Overlapping Debt  
June 30, 2013**

2012-13 Assessed Valuation: \$6,206,250,051

	Total Debt 6/30/13	% Applicable (1)	City's Share of Debt 6/30/13
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Los Angeles County Flood Control District Limited Obligations	\$ 19,770,000	0.529%	\$ 104,583
Metropolitan Water District	165,085,000	0.296	488,652
Cerritos Community College District	188,228,801	4.882	9,189,330
Rio Hondo Community College District	167,628,211	15.133	25,367,177
Whittier Union High School District	115,863,319	23.735	27,500,159
ABC Unified School District	43,914,966	3.684	1,617,827
Norwalk-La Mirada Unified School District	142,952,323	13.656	19,521,569
Little Lake City School District	27,374,901	58.471	16,006,378
Los Nietos School District	14,580,132	69.552	10,140,773
South Whittier School District	16,870,794	47.672	8,042,645
Whittier City School District	45,260,000	0.527	238,520
City of Santa Fe Springs Heritage Springs Assessment District	1,870,000	100.	1,870,000
Los Angeles County Regional Park and Open Space Assessment District	142,870,000	0.570	814,359
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$120,901,972</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Los Angeles County General Fund Obligations	\$1,729,437,327	0.570%	\$ 9,857,793
Los Angeles County Superintendent of Schools Certificates of Participation	10,377,239	0.570	59,150
Norwalk-La Mirada Unified School District Certificates of Participation	2,770,165	13.656	378,294
Whittier City School District Certificates of Participation	8,075,000	0.527	42,555
<b>City of Santa Fe Springs Pension Obligations</b>	<b>6,601,000</b>	<b>100.</b>	<b>6,601,000</b>
<b>City of Santa Fe Springs Capital Leases</b>	<b>1,115,250</b>	<b>100.</b>	<b>1,115,250</b>
Los Angeles County Sanitation District No. 18 Authority	15,969,039	18.029	2,879,058
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$20,933,100</b>
Less: Los Angeles County General Fund Obligations supported by landfill revenues			31,303
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$20,901,797</b>
<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u></b>	<b>\$111,308,493</b>	<b>100. %</b>	<b>\$111,308,493</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$7,716,250</b>
GROSS TOTAL OVERLAPPING DEBT			\$246,542,515
NET TOTAL OVERLAPPING DEBT			\$246,511,212
GROSS COMBINED TOTAL DEBT			\$253,143,515 (2)
NET COMBINED TOTAL DEBT			\$253,112,212

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

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.95%
<b>Total Direct Debt (\$7,716,250) .....</b>	<b>0.11%</b>
Gross Combined Total Debt .....	4.06%
Net Combined Total Debt.....	4.06%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,292,564,204):

Total Overlapping Tax Increment Debt.....	3.38%
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AB:(\$475)

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

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

**NOTE:**

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

<sup>1</sup>The City issued pension obligation bonds during Fiscal Year 2011-12

With the implementation of GASB Statement No. 44, the City began reporting this data in Fiscal Year 2005-06. The City was also able to retroactively obtain the data for Fiscal Year 2004-05. Therefore, only nine years are presented.

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

Fiscal Year Ended June 30				
2009	2010	2011	2012	2013
\$ 5,865,229,569	\$ 6,045,200,975	\$ 6,002,303,665	\$ 6,042,251,000	\$ 6,206,250,000
25%	25%	25%	25%	25%
1,466,307,392	1,511,300,244	1,500,575,916	1,510,562,750	1,551,562,500
15%	15%	15%	15%	15%
219,946,109	226,695,037	225,086,387	226,584,413	232,734,375
			7,091,000	6,601,000
<u>\$ 219,946,109</u>	<u>\$ 226,695,037</u>	<u>\$ 225,086,387</u>	<u>\$ 219,493,413</u>	<u>\$ 226,133,375</u>
0.0%	0.0%	0.0%	3.1%	2.8%

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

Fiscal Year	Water Revenue Bonds					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2004	\$ 8,825,139	\$ 5,763,724	\$ 3,061,415	\$ 130,000	\$427,229	5.49
2005	8,049,007	5,769,942	2,279,065	160,000	382,566	4.20
2006	8,300,098	6,180,382	2,119,716	160,000	391,207	3.85
2007	9,049,612	6,903,387	2,146,225	165,000	383,363	3.91
2008	9,233,319	7,585,307	1,648,012	170,000	378,588	3.00
2009	9,301,159	8,308,715	992,444	175,000	373,576	1.81
2010	9,176,041	7,916,630	1,259,411	185,000	367,928	2.28
2011	9,858,499	8,570,700	1,287,799	190,000	362,907	2.33
2012	11,753,221	9,672,641	2,080,580	195,000	356,307	3.77
2013	13,063,973	9,429,722	3,634,251	200,000	338,298	6.75

**NOTE:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

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

With the implementation of GASB Statement No. 44, the City began reporting the tax allocation bond data in Fiscal Year 2005-06. Therefore, only seven years are presented.

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

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

<b>Fiscal Year</b>	<b>Tax Allocation Bonds</b>			
	<b>Tax Increment</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
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
2010	32,484,836	6,235,000	5,348,548	2.80
2011	31,340,825	6,465,000	5,071,797	2.72
2012 <sup>1</sup>	-	-	-	-
2013	-	-	-	-

**NOTE:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

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

With the implementation of GASB Statement No. 44, the City began reporting the tax data in Fiscal Year 2005-06. Therefore, only seven years are presented.

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

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

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2003	17,743	285,065	16,066	8.1%
2004	17,867	\$ 294,702	\$ 16,494	4.7%
2005	17,780	303,203	17,053	4.4%
2006	17,849	314,198	17,603	3.9%
2007	17,790	322,079	18,104	4.3%
2008	17,784	334,332	18,800	6.2%
2009	17,721	342,015	19,300	9.7%
2010	16,450	335,251	20,380	10.6%
2011	16,516	320,960	19,433	9.2%
2012	16,816	332,410	19,767	9.1%

**NOTE:**

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

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

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

	<u>FY 2012-13</u>		<u>FY 2003-04</u>	
<u>Employer</u>	<u>Number of</u> <u>Employees</u>	<u>Percent of</u> <u>Total</u> <u>Employment</u>	<u>Number of</u> <u>Employees</u> *	<u>Percent of</u> <u>Total</u> <u>Employment</u> *
The Vons Companies, Inc.	762	1.92%		
McMaster Carr Supply Company	736	1.85%		
L. A. Specialty Produce Company	474	1.19%		
Southern Wine and Spirits	400	1.01%		
Vance and Hines, Inc.	387	0.97%		
Rich Products	355	0.89%		
Shaw Diversified Services, Inc.	336	0.85%		
Trojan Battery	308	0.78%		
Vans	284	0.72%		
Performance Team	270	0.68%		
	<u>4,312</u>	<u>10.86%</u>	<u>-</u>	<u>-</u>

**NOTE:**

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

\* Data unavailable for FY 2003-04.

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 Eight Fiscal Years**

	<b>Full-time and Part-time Employees as of June 30th</b>							
	<u><b>2006</b></u>	<u><b>2007</b></u>	<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>
General Government	51	51	52	49	41	39	38	36
Public Safety	103	103	91	94	84	87	72	68
Public Works	61	61	66	66	61	56	50	50
Planning and Community Development	25	25	23	23	21	19	7	4
Community Services - Administration	4	4	5	3	0	0	0	0
Community Services - Parks and Recreation	125	125	128	118	94	103	88	64
Community Services - Library Services	45	45	38	40	24	23	23	16
Community Services - Human Services	<u>65</u>	<u>65</u>	<u>63</u>	<u>65</u>	<u>46</u>	<u>40</u>	<u>42</u>	<u>42</u>
Total	<u><u>479</u></u>	<u><u>479</u></u>	<u><u>466</u></u>	<u><u>458</u></u>	<u><u>371</u></u>	<u><u>367</u></u>	<u><u>320</u></u>	<u><u>280</u></u>

**NOTES:**

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With the implementation of GASB Statement No. 44, the City began reporting this data in Fiscal Year 2005-06. Therefore, only eight years are presented.

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

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

	Fiscal Year Ended June 30							
	2006	2007	2008	2009	2010	2011	2012	2013
Fire:								
Number of emergency call	3,307	3,279	2,945	2,963	3,027	2,945	2,963	3,166
Inspections	2,874	2,459	2,540	2,519	2,573	2,645	2,255	3,793
Public works:								
Street resurfacing (miles)	0.4	1.5	1.5	1.5	2	2.5	2	3
Parks and recreation:								
Number of recreation class	557	462	480	413	401	412	362	289
Number of facility rentals	1,157	1,501	2,105	1,302	1,196	1,208	1,126	1,157
Human services:								
Children served in the City								
childcare centers	509	500	500	489	463	426	371	306
Number of facility rentals	995	1,389	1,115	971	452	73 *	42 *	51 *
Water:								
Average daily consumption								
(thousands of gallons) **	6,169	7,547	6,089	5,873	5,526	5,593	5,743	5,915

**NOTES:**

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

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

With the implementation of GASB Statement No. 44, the City began reporting this data in Fiscal Year 2005-06. Therefore, only eight years are presented.

Source: City of Santa Fe Springs

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

	<b>Fiscal Year Ended June 30</b>							
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Fire:								
Fire stations	4	4	4	4	4	4	4	4 *
Public works:								
Streets (miles)	110	110	110	110	110	110	110	110
Traffic signals	71	71	71	71	75	75	75	75
Streetlights	1,076	2,407	2,407	2,407	2,960	2,960	2,960	2,960
Parks and recreation:								
Parks	8	8	8	8	8	8	8	9
Community centers	4	4	4	4	4	4	4	4
Human services:								
Child care centers	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	2
Water:								
Water mains (miles)	91	91	91	91	107	107	107	107
Number of service connections **	5,730	5,730	6,203	6,203	6,308	6,368	6,332	6,156

With the implementation of GASB Statement No. 44, the City began reporting this data in Fiscal Year 2005-06. Therefore, only eight years are presented.

\* For a portion of FY 202-13 (August 2012 - April 2013) there were three (3) operating fire stations.

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

Source: City of Santa Fe Springs