

Fiscal Year 2014-2015



City of Santa Fe Springs, CA

July 1, 2014 to June 30, 2015

# Comprehensive Annual Financial Report

City of Santa Fe Springs, CA  
Year Ended June 30, 2015



## City Council

Richard J. Moore, Mayor  
William K. Rounds, Mayor Pro-Tem  
Jay Sarno, Councilmember  
Juanita Trujillo, Councilmember  
Joe Angel Zamora, Councilmember

## Planning Commission

Ralph Aranda  
Ken Arnold  
Gabriel Jimenez  
John Mora  
Frank Ybarra

## 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, Director of Fiscal Services  
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Michelle Prieto, Administrative Clerk II

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CITY OF SANTA FE SPRINGS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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# CITY OF SANTA FE SPRINGS

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## INTRODUCTORY SECTION





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

January 28, 2016

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, Lance, Soll & Lunghard LLP. The complete report is divided into distinct sections:

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

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

Richard J. Moore, Mayor • William K. Rounds, Mayor Pro Tem  
City Council  
Jay Sarno • Juanita Trujillo • Joe Angel Zamora  
City Manager  
Thaddeus McCormack

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**Introduction  
(cont.)**

controls and compliance with applicable laws and regulations, and a schedule of findings and examined costs are included in a separately issued single audit report.

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

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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:

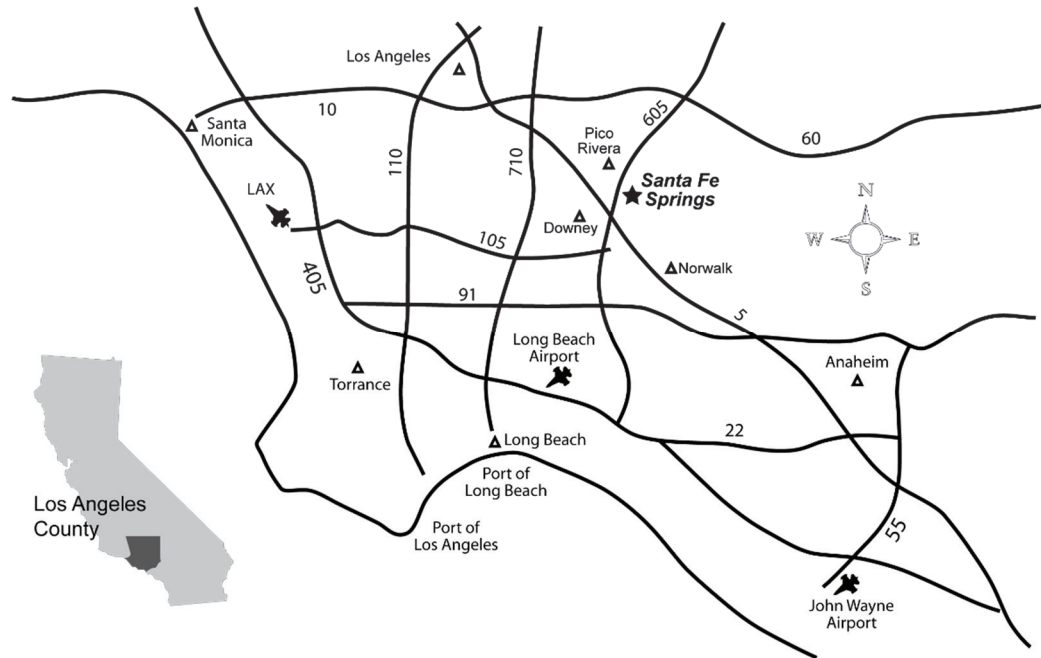
- (1) The safeguarding of assets against loss from unauthorized use or disposition; and
- (2) The reliability of financial records for preparing financial statements and maintaining accountability for assets.

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 17,600; 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 2014-15, witnessed increases in sales tax, utility user’s tax (UUT), franchise tax, and property tax revenues.

The City’s primary revenue source, sales and use taxes, rose for a fifth 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 financial indicators, the City is still recovering structurally from the State’s elimination of redevelopment. The absence of redevelopment tools will also have a lasting effect in greatly limiting the City’s ability to address economic development and infrastructure needs.

In the meantime, the voter-approved addition of the UUT has taken on a more prominent and stabilizing role. It has helped diversify and significantly supplement the City’s revenue stream going forward. The 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 has begun to re-establish some of the above long-range planning tools along with strategic goals that will better guide the City

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**Accomplishments  
& Outlook (cont.)**

into the future. As approved by the State, this includes 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 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 60 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 CUPA Division is working toward implementing the California Environmental Reporting System (CERS) allowing business residents to file their annual hazardous materials disclosures electronically. The Fire Prevention Division continues to provide many services, including the residential rental inspection program, code enforcement, plan checks, issuing permits, fire investigations, and public education events. Fire-Rescue suppression personnel have implemented a business-friendly fire inspection program with the goal of annually inspecting each business in the City to identify possible fire and life safety issues as well as update emergency contact information in the department's data base. The Department of Fire Rescue conducted over 3,000 business and residential inspections and responded to over 3,400 emergency calls in FY 2014-15.

The Fire-Rescue Department currently staffs a Regional Urban Search and Rescue Team designated at the highest level as a "Heavy" rescue team by the Office of Emergency Services (OES). Fire-Rescue also staffs a Type I Hazardous Materials Response Team with all staff trained to the Haz-Mat "Specialist" level. The City is currently one of only thirty Hazardous Material Teams in the State certified as a Type I Response Team and qualified to mitigate emergencies involving acts of terrorism and weapons of mass destruction. The Department houses and maintains an OES Fire Engine for local and statewide disaster response. The Department continues to support neighboring communities through the California Master Mutual Aid Agreement in response to major disasters and emergencies including brush fires, landslides, earthquakes, acts of terrorism, major disasters, etc.

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**Accomplishments  
& Outlook (cont.)**

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

In FY 2014-15, the Fire-Rescue Department applied for and received over \$620,000 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 (USAR) Response Team. Specifically, grant awards allowed for the purchase of ten (10) Mobile Data Computers (MDC), forty (40) sets of firefighting turnouts including boots and helmets, one set of "Jaws of Life" emergency cutters, two (2) Zoll automatic defibrillators, training equipment and Hazardous Material Specialist and Urban Search and Rescue (USAR) training classes. As in past years, the use of grant funds provided the City's General Fund with much relief.

The Department continues to provide vehicle apparatus maintenance for the City of Compton's 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 personnel. Together, this team is based out of the City-owned 8,000 square foot Police Services Center providing dedicated police and municipal code enforcement services. The City's Department of Police Services is on the forefront of public safety issues, including crime prevention utilizing interdisciplinary strategies through an array of intervention programs provided by trained City staff, as well as collaborative efforts of numerous other professional public agencies.

In FY 2014-15, the Department of Police Services implemented a residential patrol program designed to deter residential property crimes, address common parking enforcement issues, and assist code enforcement. The program is also a conduit to building good relationships with the community.

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.

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



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**Accomplishments  
& Outlook (cont.)****Department of Public Works**

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

The Engineering Division is responsible for the administration of the Capital Improvement Program (CIP), working closely with the Council CIP Subcommittee. In addition, traffic engineering and development review services are provided within the Engineering Division. In Fiscal Year 2014-15, the Engineering Division issued 337 total excavation and construction permits.

During Fiscal Year 2014-15, the Department coordinated and completed a multitude of public works projects, including:

- Fire Station Roof Improvements at Stations No. 3 and 4
- Light Emitting Diode (LED) Pedestrian Crosswalk at Orr & Day Road/Whiteland Avenue
- Imperial Highway Street Rehabilitation (Joint LA County Project)
- Library and Fire Station Parking Lot Slurry Seal Project
- Town Center Hall Electronic Reader Board Replacement Project
- Soaring Dream Restoration Project
- Street Light Installation on Firestone Boulevard and Freeway Drive
- Underground Storage Tank Removal on Norwalk Boulevard and Carmenita Road
- Clarke Estate Reception Area Improvement Project
- City Wide Computer Replacement
- City Wide Computer Software Replacement (Microsoft Office)
- Street Light Conversion Project (Commercial)
- Park Wading Pools Wrought Iron Fence Replacements
- Carmenita Road Landscape Improvements Project (Joint LA County Project)
- Installation of Wading Pool Controllers
- Valley View grade Separation Project

**Department of Planning and Development**

The Planning and Building Department is 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, building permits and inspections, these functions collectively protect and enhance the 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 2014-15, however, we saw a slight pull back of construction activities. During FY 2014-15, there were a total of 962 permits issued with a total valuation of work at \$59,887,550. In all, the Building Department addressed a total of 2,166 queries (an average 181 queries each month) at the Building Counter.

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**Accomplishments  
& Outlook (cont.)**

During FY 2014-15, a total of 80 planning entitlements were presented to the Planning Commission for consideration. Entitlements include, but are not limited to, conditional use permits, development plan approvals, zone variances, general plan amendments, zone changes, modifications, tentative parcel maps, and code amendments. In addition, the department also completed a total of 174 plan checks, issued a total of 38 sign permits and 3 banner permits, prepared a total of 28 zone certification letters, and issued a total of 6 home occupation permits. In all, the Planning Department addressed a total of 1,782 queries (an average 149 queries each month) at the Planning Counter.

Based on recent activities, it appears construction activities should remain relatively stable with a potential for a slight upward movement. It is therefore anticipated that the department numbers should remain stable throughout the current fiscal year. Nevertheless, the department remains committed to playing a prominent role in the shaping of the community through high-quality standards for the preservation and development of residential, commercial, and industrial areas citywide.

#### Department of Community Services

The Department of Community Services includes the following Divisions: 1) Parks and Recreation Services; 2) Library and Cultural Services; 3) Family and Human Services. It is one of the City departments' that has the most direct impact upon the residents. Program are available to City residents, as well as business residents, and range from social, recreational, cultural, and child care services. During Fiscal Year 2014-2015, the Department of Community Services achieved several significant accomplishments. They include the following:

- Clark Estate was renovated with a new look after storm damage to the home in December 2014. The new reception site is now located on the North Lawn (Bowling Green). The venue now hosts up to 200 people with a built in dance floor, designated bar area, over hanging bistro lighting and lush gardens. The Estate welcomed its first wedding event on May 1, 2015.
- Heritage Park opened their doors to a new kitchen at the existing park Café location. The City and "Manuel's Original Tepeyac" went into partnership on June 1, 2015 to open what is known as "Lolita's Café". The café is open 7 days a week, Monday through Friday from 7:30 a.m. to 2:30 p.m. and Saturday and Sundays 8 a.m. – 2 p.m.
- The Library had a very successful year. Approximately 160,000 people visited the library during the past fiscal year. Patrons checked out 140,000 items. Over 30,000 patrons used 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 18,177 hours of instruction. The programs reached 619 local students and more than 2,300 books were distributed to children.
- The Parks & Recreation Division offered 368 classes, programs and sports leagues. Close to 4,000 youth and adults participated in these services.



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**Accomplishments  
& Outlook (cont.)**

- The Youth Sports Program had approximately 800 youth and teens register for its volleyball, flag football, soccer and basketball clinics and leagues. Children were exposed to the fundamentals of sports, sportsmanship, team work and competitive sports games.
- Over 1,300 adults participated in the Adult Sports Program. Both, Adult Basketball Leagues and Adult Softball Leagues were offered to the community throughout the year.
- A total of 73 swim classes were offered with 703 participating youth.
- Over 2,000 community participants took part in the Halloween Carnival, which included a costume parade and carnival booths. Approximately 2,200 participants visited the Haunted House over a 4 day period.
- The Santa's Float Program completed its 34<sup>th</sup> year spreading holiday cheer to families throughout Santa Fe Springs. This last year Santa saw approximately 5,500 patrons.
- The Aloha Festival attracted approximately 5,000 visitors over two days at Heritage Park.
- The Preschool and child care programs provided 427,284 hours of care and quality educational enrichment to 286 children.
- Through the assistance of Internal Revenue Service (IRS) and certified City volunteers, the Family and Human Services Division's Volunteer Income Tax Assistance (VITA) program completed over 300 tax returns with nearly \$725,580 in refunds returning back to the community.
- The Heritage Art in Public Places (HAPP) program successfully conserved and restored the Soaring Dreams water artwork feature. The art feature underwent a transformation to include new lighting, modifications to bring the piece up to code, and replaced the water feature with decomposed granite.
- The 3<sup>rd</sup> annual SFS Art Fest was highly successful. Over 3,000 people attended the event, 200 artists displayed their artwork, new entertainment and decoration was included, and the entire estate was utilized as an art gallery.
- As part of the Health and Wellness Initiative, the first annual Family Fun Run and Health & Safety Expo took place in June 2015. Over 950 participants ran/walked the route.
- Fiestas Patrias 2014 celebrated 50 years partnership with our Sister City of Navajoa, Mexico. Two representatives from Navajoa, Mexico were present during the festivities, including a member from the Mexican Consulate of Los Angeles. Over 2,500 people attended the event.

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**Accomplishments  
& Outlook (cont.)**

- The FHS Division has expanded its relationship with the Whole Child to offer additional mental health services. The agency moved into the vacated office (the former PIH clinic) to offer a Family Housing Program to the local community.
- Approximately 33,000 older adults visited the Gus Velasco Neighborhood Center and participated in the dances and/or senior activities and programs last fiscal year. On average 125 seniors partake in daily activities, including Bingo, dances, and recreational activities.
- The Teens Engaged and Empowered in Neighborhood Service (TEENS) program continues to maintain an average attendance of 25 teens per education workshop and/or per activity. Youth participated in monthly workshops/fieldtrips; a total of 10 workshops and excursions were offered, including a beach cleanup, a hike and bonfire, and workshops regarding college and career prep.

**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 and Human Resources. A major focus of the City Manager's Office has been restructuring and re-stabilizing the organization in the aftermath of the elimination of Redevelopment, which had significant deleterious effects on the City. Much of the City Manager's office time focused on developing longer-term sustainable operational plans in a scaled-down environment, as well as restricting departmental organization structures to effectuate more efficient oversight and more productive outputs.

**Department of Finance and Administrative Services**

The Department of Finance and Administrative Services manages a number of tasks, working very closely with the City Manager's office. The department is responsible for various activities, including managing and safeguarding financial resources in accordance with specific principles and practices, 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 revision to the two-year budget, and working to develop long-term sustainable strategies. Additionally, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Fe Springs for its prior fiscal year comprehensive annual financial report. This report must 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. City employees are paying their full share of City pension costs. This, coupled with “tiered” benefits providing future City employees with a reduced set of benefits and a greater share of the costs, will substantially help the City’s future fiscal standing. In conjunction with subsequent pension reform earmarked changes adopted by the State, the effect should be the stabilization of employee costs.

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**Debt  
Administration**

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

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

At June 30, 2015, the City of Santa Fe Springs oversaw 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 former 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, the City Council Audit Subcommittee, and City departments for their cooperation and support in planning and conducting the financial operations of the City during the past fiscal year. Specifically, we would like to thank the Department of Finance & Administrative Services for their consistent dedication and hard work.



Thaddeus McCormack  
City Manager



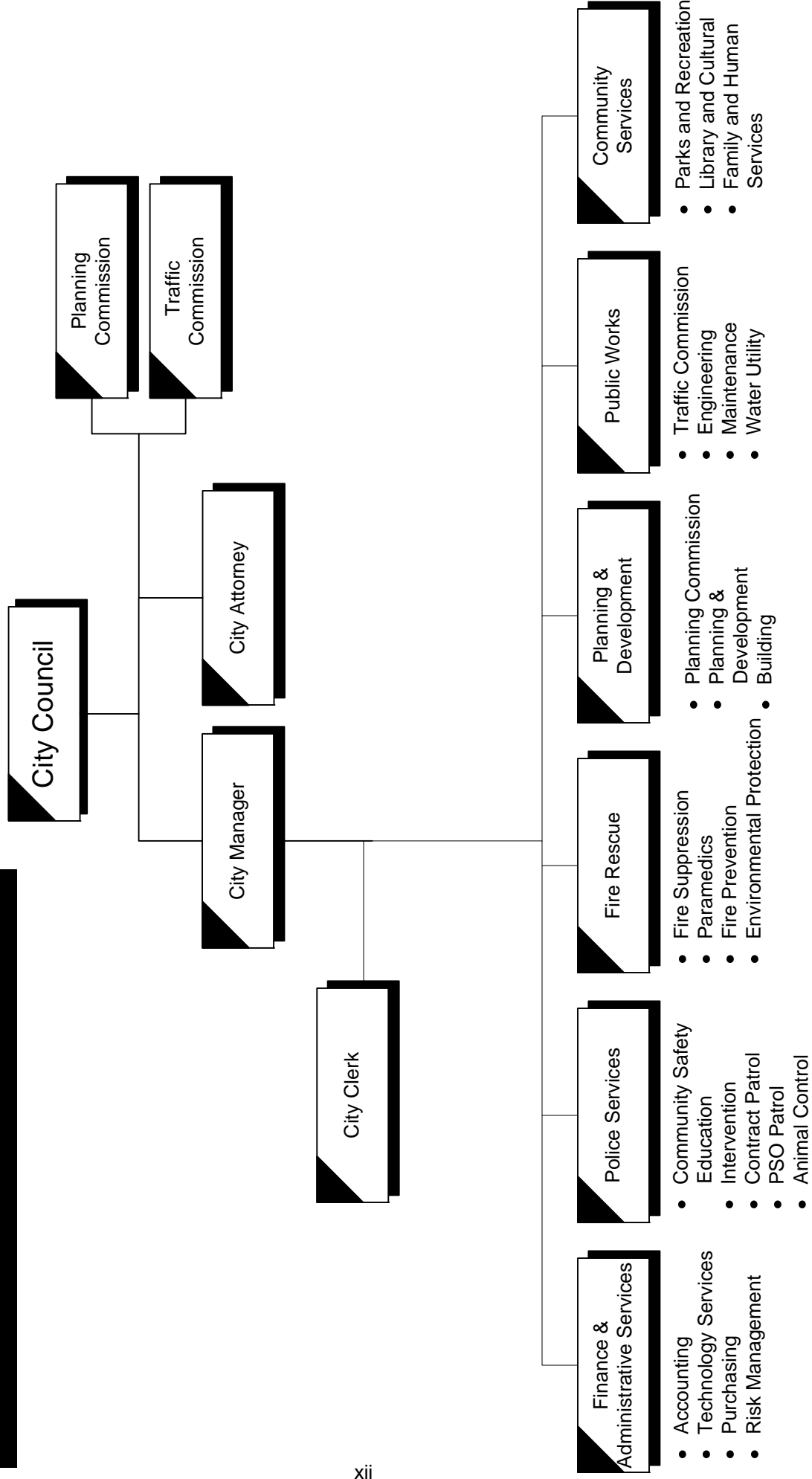
Jose Gomez  
Assistant City Manager / Director of Finance and Administrative Services



Travis Hickey  
Director of Fiscal 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, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style with a prominent 'J' and 'E'.

Executive Director/CEO

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# CITY OF SANTA FE SPRINGS

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## FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Santa Fe Springs, California, (the City) as of and for the year ended June 30, 2015, 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.

### *Auditors' Responsibility*

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

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

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





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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Fe Springs, California, as of June 30, 2015, 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, the General Fund budgetary comparison information, the schedule of changes in the net pension liability and related ratios for the agent multiple-employer miscellaneous plan, schedule of plan contributions for the agent multiple-employer miscellaneous plan, schedule of proportionate share of the net pension liability for multiple-employer cost sharing plans, and the schedule of plan contributions for multiple-employer cost sharing plans be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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.



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

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 January 19, 2016 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.

*Lance, Soll & Lughard, LLP*

Brea, California  
January 19, 2016

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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, 2015. 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 \$23.8 million to \$156.3 million. The governmental net position increased by \$23.4 million or 19.5%, and the business-type net position increased by \$.5 million or 3.7%
- The City implemented GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* which involves reporting the entire net pension liability and provides a more comprehensive way of reporting net pension expense. The implementation resulted in a restatement of beginning net position, lowering the beginning balance by \$99.0 million or 42.8% to an adjusted beginning balance of \$132.4 million. Of this amount, \$91.6 million related to the governmental activities and \$7.4 million related to the business-type activities.
- The general fund, on the current financial resources basis, reported an increase in fund balance of \$3.6 million to \$27.5 million. The primary reason for the increase was due to improving revenues which kept pace with expenditures continuing to increase. Revenues were \$.9 million (1.7%) higher than the prior year and exceeded the current year budget estimates by just over \$1.0 million. On the expenditures side, an increase of \$3.6 million (7.5%) over the prior year was reported. The increase is primarily due to continuing increases in retirement and post-retirement contribution rates along with increased capital project funding during FY 2014-15. These costs were built into the expenditure budget, and along with savings across every department, the City reported expenditures \$1.1 million under the final budget estimates.
- The City's redevelopment agency, along with all California redevelopment agencies, was dissolved as of February 1, 2012. The City assumed the role of Successor Agency to wind down the affairs of the redevelopment agency including payment of approved obligations and distribution of available balances to various taxing agencies. The balances of the former redevelopment agency are reported in a private-purpose trust fund (fiduciary fund), and are excluded from the government-wide statements. As of July 1, 2015, pursuant to an approved Bond Expenditure Agreement, approximately \$20.0 million of unspent bond proceeds were transferred to the City by the Successor Agency to be spent in accordance with the original bond documents. These funds are reported in the Successor Agency Bond Funded Capital Projects fund.

## Overview of the Financial Statements

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

### Government-wide Financial Statements

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

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

The City's Water Utility operates as a proprietary fund and is reported as the City's only business-type activity in the government-wide statements. 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 pension and other post-employment benefits obligation to its employees. In addition to these required elements, we have included supplementary statements and schedules that provide details about the City's nonmajor governmental funds.

### Financial Analysis of the Government-wide Statements

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

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

City of Santa Fe Springs Summary of Net Position June 30, 2014 and 2015 (in millions)							
	<u>Governmental Activities</u>		<u>Business- type Activities</u>		<u>Total</u>		<u>Total Percent Change</u>
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	
Current and other assets	\$ 74.9	\$ 90.2	\$ 9.4	\$ 8.0	\$ 84.3	\$ 98.2	16.5%
Capital assets	164.5	164.2	22.4	23.8	186.9	188.0	0.6%
Total assets	<u>239.4</u>	<u>254.4</u>	<u>31.8</u>	<u>31.8</u>	<u>271.2</u>	<u>286.2</u>	5.5%
Deferred outflows	-	5.7	0.2	0.6	0.2	6.3	3050.0%
Net pension liability	91.6	77.3	7.4	6.9	99.0	84.2	-14.9%
Long-term liabilities	15.4	13.7	9.7	9.5	25.1	23.2	-7.6%
Other liabilities	12.9	10.8	2.0	1.8	14.9	12.6	-15.4%
Total liabilities	<u>119.9</u>	<u>101.8</u>	<u>19.1</u>	<u>18.2</u>	<u>139.0</u>	<u>120.0</u>	-13.7%
Deferred inflows	-	15.4	-	0.8	-	16.2	
Net position							
Net investment in capital assets	163.7	163.7	16.4	15.5	180.1	179.2	-0.5%
Restricted	9.7	29.3	-	-	9.7	29.3	202.1%
Unrestricted	(53.9)	(50.1)	(3.5)	(2.1)	(57.4)	(52.2)	-9.1%
	<u>\$ 119.5</u>	<u>\$ 142.9</u>	<u>\$ 12.9</u>	<u>\$ 13.4</u>	<u>\$ 132.4</u>	<u>\$ 156.3</u>	18.1%

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 and deferred outflows exceed liabilities and deferred inflows by \$156.2 million at the close of the fiscal year. The largest portion of the City's net position, 115%, is invested in capital assets, net of related debt. Unrestricted net position is a deficit \$52.2 million, primarily a factor of implementing GASB Statement No. 68 and reporting the full net pension liability for the first time.

During the fiscal year, the City's net position increased by \$23.8 million. This was the result of several factors including increased revenues from sales tax, utility users tax, other revenues, along with a transfer of \$20.0 million from the Successor Agency. The transfer is primarily related to unspent bond proceeds of the Successor Agency, which were transferred to the City pursuant to an approved Bond Expenditure Agreement. Capital contributions and grants saw a significant decline from the prior year due to the completion of the City's largest ever capital project undertaking, the Valley Grade Separation project. Expenses of both the governmental and business-type activities were slightly lower than the prior year, decreasing 1.1% and 1.2%, respectively.

### Changes in Net Position

For the Fiscal Years Ended June 30, 2014 and 2015  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2014	2015	2014	2015	2014	2015	
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 9.2	\$ 8.7	\$ 13.1	\$ 12.3	\$ 22.3	\$ 21.0	-5.8%
Operating grants and contributions	3.4	2.1	-	-	3.4	2.1	-38.2%
Capital grants and contributions	18.9	6.8	0.6	0.1	19.5	6.9	-64.6%
General revenues:							
Sales and use taxes	26.1	26.4	-	-	26.1	26.4	1.1%
Property taxes	3.6	4.1	-	-	3.6	4.1	13.9%
Franchise taxes	2.8	3.0	-	-	2.8	3.0	7.1%
Motor vehicle in lieu	1.6	1.7	-	-	1.6	1.7	6.2%
Business operations taxes	0.8	0.8	-	-	0.8	0.8	0.0%
Utility users taxes	6.6	6.8	-	-	6.6	6.8	3.0%
Other taxes	0.4	0.5	-	-	0.4	0.5	25.0%
Investment income	1.4	1.4	0.1	-	1.5	1.4	-6.7%
Other	2.2	2.7	-	0.2	2.2	2.9	31.8%
Total revenues	<u>77.0</u>	<u>65.0</u>	<u>13.8</u>	<u>12.6</u>	<u>90.8</u>	<u>77.6</u>	-14.5%
<b>Expenses</b>							
Governmental activities:							
General government	5.9	5.6	-	-	5.9	5.6	-5.1%
Public safety	25.9	28.2	-	-	25.9	28.2	8.9%
Community development	4.0	3.8	-	-	4.0	3.8	-5.0%
Public works	17.0	14.3	-	-	17.0	14.3	-15.9%
Culture and leisure	7.7	7.7	-	-	7.7	7.7	0.0%
Human services	2.9	3.1	-	-	2.9	3.1	6.9%
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2	0.0%
Business-type activities:							
Water	-	-	10.7	10.9	10.7	10.9	1.9%
Total expenses	<u>63.6</u>	<u>62.9</u>	<u>10.7</u>	<u>10.9</u>	<u>74.3</u>	<u>73.8</u>	-0.7%
Excess (deficiency) before transfers and extraordinary gain	13.4	2.1	3.1	1.7	16.5	3.8	-77.0%
Transfers	1.6	1.2	(1.6)	(1.2)	-	-	
Extraordinary item	(2.2)	20.0	-	-	(2.2)	20.0	
<b>Increase (decrease) in net position</b>	<u>12.8</u>	<u>23.3</u>	<u>1.5</u>	<u>0.5</u>	<u>14.3</u>	<u>23.8</u>	66.4%
Net position - beginning	196.4	211.1	19.1	20.3	215.5	231.4	7.4%
Restatements	1.9	(91.6)	(0.3)	(7.3)	-	(98.9)	
Net position - ending	<u>\$ 211.1</u>	<u>\$ 142.8</u>	<u>\$ 20.3</u>	<u>\$ 13.5</u>	<u>\$ 229.8</u>	<u>\$ 156.3</u>	-32.0%

The City's total revenues were \$77.6 million for the fiscal year ended June 30, 2015. Revenues from governmental activities totaled \$65.0 million and revenues from business-type activities totaled \$12.6 million. Program revenues comprise 27.1% of total revenues with the largest portion of this, \$8.7 million, resulting from charges for services. Sales and use taxes comprise 40.6% of total revenues and 55.7% of general revenues. Total revenues decreased by 14.5%, primarily driven by significant grant funding received in the prior two fiscal years for two large capital projects, the Valley View Grade Separation and water system improvements related to Caltrans' I-5 Widening Project. The decrease in grant funding was partially offset by increases in almost all categories of general revenues including sales and use, property, franchise, motor vehicle in lieu, and utility user taxes, reflective of an improved economy.

Expenses of the City for the year totaled \$73.8 million. Governmental activity expenses totaled \$62.9 million, or 85.2% of total expenses. The most significant decrease from the prior year was noted in the area of public works related to decreased costs incurred on behalf of a neighboring city in connection with the Valley View Grade Separation Project. The most significant increase was seen in the public safety function due to the impact of GASB Statement No. 68 on how pension expenses are reported. The following table summarizes the total cost and net cost of the City's governmental activities by function type.

### Net Cost of Governmental Activities

(in millions)

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2014	2015		2014	15	
General government	\$ 5.9	\$ 5.6	-5.1%	\$ (1.3)	\$ 2.3	-276.9%
Public safety	25.9	28.2	8.9%	22.2	24.6	10.8%
Community development	4.0	3.8	-5.0%	1.1	1.7	54.5%
Public works	17.0	14.3	-15.9%	0.9	7.3	711.1%
Culture and leisure	7.7	7.7	0.0%	7.1	7.1	0.0%
Human services	2.9	3.1	6.9%	1.9	2.1	10.5%
Interest on long-term debt	0.2	0.2	0.0%	0.2	0.2	0.0%
Total	<u>\$ 63.6</u>	<u>\$ 62.9</u>	<u>-1.1%</u>	<u>\$ 32.1</u>	<u>\$ 45.3</u>	<u>41.1%</u>

### Business-type Activities

Program revenues of the City's only business-type activity, the Water Utility, totaled \$12.6 million. Expenses of the Water Utility were \$10.9 million. Water rates include a factor to provide for a modest annual water infrastructure replacement program. Income before transfers was \$1.7 million. Transfers out totaled \$1.2 million. This entire amount was transferred to the City's general fund for use of the City's rights of way and maintenance of the City's extensive infrastructure. The cost of capital improvements is reported in the statement of net position, rather than as expenses in the statement of activities. Capital assets of \$23.8 million (net of accumulated depreciation) increased by approximately \$1.4 million.



## Financial Analysis of the Fund Statements

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

The City's governmental funds provide information on near-term inflows, outflows and the balance of available resources. The City's governmental funds reported combined fund balances at June 30, 2015, of \$66.4 million, an increase of approximately \$25.2 million from the previous fiscal year. The primary reason for the increase was a one-time transfer of \$20.0 million from the Successor Agency. This amount, reported as an extraordinary item, relates to unspent bond proceeds of the former redevelopment agency which were transferred to the City to be spent on eligible bond projects pursuant to an approved Bond Expenditure Agreement.

The General Fund is the chief operating fund of the City. At June 30, 2015, the General Fund's unassigned fund balance was \$20.0 million. Additional General Fund balances were: nonspendable \$4.8 million, restricted \$.1 million, committed \$.2 million, and assigned \$2.4 million. Revenues increased approximately \$.9 million while expenditures increased approximately \$3.6 million. The revenue increase is primarily due to modest increases in most tax categories including sales and use, property, franchise, utility user, and motor vehicle in-lieu related to the recovering economy. The expenditure increase is reflective of continuing increases in certain costs including retirement and post-retirement costs. In addition, overall labor costs increased through the filling of vacant positions and strategic staffing adjustment made in wake of recovering from the redevelopment agency's dissolution in FY 2011-12. During the fiscal year ended June 30, 2015, the overall fund balance in the General Fund increased by \$3.6 million. The primary factor for the increase in fund balance stems from slightly higher than anticipated revenues along with departmental expenditures maintaining within established budgets. Ongoing revenues exceeded ongoing expenditures by \$2.9 million allowing for funding of the City's Prefunded Capital Projects Fund to carry out the Capital Improvement Program.

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

The Low and Moderate Income Housing Assets Special Revenue Fund was created during FY 2011-12 to account for the assets of the housing fund of the former redevelopment agency. Under the redevelopment dissolution bills, the City acts as housing successor to the former redevelopment agency and will retain the rights and obligations to administer the assets of the fund. The assets of the fund total \$7.8 million consisting primarily of cash and investments, loans and advances receivable, and land and buildings held for resale. During fiscal year 2014-15 the fund expended \$.2 million in housing assistance loans to write down the cost of housing units to an affordable level for income qualified buyers.

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 fund activity contains the expenditures and grant revenues related to the Valley View Grade Separation Project, the largest capital project in City history. As of June 30, 2015 the project totaled approximately \$66.0 million. The project was completed during fiscal year 2014-15.

The Prefunded Capital Projects Fund was created during fiscal year 2012-13 to account for the City's Capital Improvement Program in the post-redevelopment era. The former redevelopment agency was a significant source of funding prior to dissolution. Without the redevelopment agency the General Fund 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. Additionally, one time revenues will be considered for allocation to the fund. For the fiscal year ended June 30, 2015 the General Fund

transferred \$2.8 million into the fund. The fund has an accumulated balance of \$9.5 million as of the fiscal year-end. City staff, in conjunction with the CIP sub-committee of the City Council, work together throughout the year to plan and manage the projects financed through this fund.

#### General Fund Budgetary Highlights

The difference between the original budget and the final amended budget for expenditures was a \$.8 million increase. There were various adjustments made to the individual activities within each department but the overall budget was adjusted less than 1.5%. The final amended budget exceeded actual expenditures by \$1.1 million or approximately 2.0% due to lower than expected operation costs throughout most functional areas.

Revenues exceeded their budget amount by \$1.0 million, primarily due to increases in sales and use, property, franchise, utility user, and motor vehicle in-lieu taxes reflecting an improving economy. Sales tax revenue increased for the fifth consecutive year; however, the final balance fell slightly short of budget expectations (less than \$.1 million). Additionally, the utility user's tax, voted in during FY 2010-11, exceeded budget expectations during the fourth full fiscal year of collection. 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, 2015, amounts to \$164.2 million (net of accumulated depreciation), a decrease of \$.3 million from the previous year. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, equipment and infrastructure. Note 7 –Capital Assets provides more detailed information on the capital assets.

The City's investment in capital assets for its business-type activities, the Water Utility Fund, as of June 30, 2015, amounts to \$23.8 million (net of accumulated depreciation), an increase of approximately \$1.4 million. During the fiscal year, the construction in progress increased approximately \$1.6 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, 2015, the City had \$15.2 million in governmental activities long-term liabilities outstanding and \$9.6 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 9 – Long-Term Liabilities.

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

**Outstanding Debt**  
(in millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2014	2015	2014	2015	2014	2015	
Revenue bonds	\$0.0	\$0.0	\$9.2	\$9.0	\$9.2	\$9.0	-2.2%
Pension obligation bonds	5.9	5.2	0.0	0.0	5.9	5.2	-11.9%
Compensated absences	2.9	2.8	0.0	0.0	2.9	2.8	-3.4%
OPEB obligation	7.1	6.7	0.6	0.6	7.7	7.3	-5.2%
Other loans/leases	0.8	0.5	0.0	0.0	0.8	0.5	-37.5%
Total	<u>\$16.7</u>	<u>\$15.2</u>	<u>\$9.8</u>	<u>\$9.6</u>	<u>\$26.5</u>	<u>\$24.8</u>	-6.4%

During FY 2012-13 the City's business-type activity Water Utility Fund issued \$6.9 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.

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, which historically funded the majority of capital projects prior to the dissolution of redevelopment. The approval of the Bond Expenditure Agreement makes available the approximately \$20 million in remaining unspent proceeds of the former redevelopment agency.
- Funding for significantly increasing retirement contributions rates caused by a number of factors including the reduced number of active employees, actuarial assumption changes related to mortality and expected investment returns, and poor investment performance of the pension plan during the economic downturn.
- The City's funding policy to address the impact of implementing Governmental Accounting Standards Board (GASB) Statement No. 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 2015-16 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.

## CITY OF SANTA FE SPRINGS

STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 52,104,333	\$ 4,885,619	\$ 56,989,952
Receivables:			
Accounts	2,109,396	2,105,107	4,214,503
Accrued interest	38,267	2,715	40,982
Deposits	140,734	-	140,734
Due from other governments	15,797,507	9,245	15,806,752
Inventories	587,133	224,765	811,898
Restricted assets:			
Cash with fiscal agent	-	816,694	816,694
Advances to successor agency	16,494,244	-	16,494,244
Total current assets	87,271,614	8,044,145	95,315,759
Noncurrent assets:			
Notes and loans	2,090,994	-	2,090,994
Land held for resale	801,800	-	801,800
Capital assets not being depreciated	52,301,276	13,114,445	65,415,721
Capital assets, net of depreciation	111,889,956	10,679,978	122,569,934
Total noncurrent assets	167,084,026	23,794,423	190,878,449
<b>Total Assets</b>	<b>254,355,640</b>	<b>31,838,568</b>	<b>286,194,208</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	224,674	224,674
Deferred pension related items	5,697,877	426,579	6,124,456
<b>Total Deferred Outflows of Resources</b>	<b>5,697,877</b>	<b>651,253</b>	<b>6,349,130</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	2,339,053	109,978	2,449,031
Accrued liabilities	1,798,877	945,783	2,744,660
Accrued interest	9,268	60,888	70,156
Unearned revenue	1,726,915	-	1,726,915
Deposits payable	2,931,557	498,174	3,429,731
Due to other governments	147,372	-	147,372
Contracts payable	397,844	-	397,844
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,488,940	170,000	1,658,940
Total current liabilities	10,839,826	1,784,823	12,624,649
Noncurrent liabilities:			
Other postemployment benefits obligation	6,681,045	577,775	7,258,820
Net pension liability	77,268,972	6,939,129	84,208,101
Long-term debt - due in more than one year	7,023,239	8,899,544	15,922,783
Total noncurrent liabilities	90,973,256	16,416,448	107,389,704
<b>Total Liabilities</b>	<b>101,813,082</b>	<b>18,201,271</b>	<b>120,014,353</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	15,434,069	819,276	16,253,345
<b>Total Deferred Inflows of Resources</b>	<b>15,434,069</b>	<b>819,276</b>	<b>16,253,345</b>
<b>Net Position:</b>			
Net investment in capital assets	163,742,164	15,541,573	179,283,737
Restricted for:			
Community development projects	7,215	-	7,215
Public safety	6,908	-	6,908
Public works	1,598,040	-	1,598,040
Capital projects	19,262,029	-	19,262,029
Low and moderate income housing	6,780,182	-	6,780,182
Art in public places - expendable	1,032,498	-	1,032,498
Art in public places - non expendable	422,419	-	422,419
Waste management	98,821	-	98,821
Unrestricted	(50,143,910)	(2,072,299)	(52,216,209)
<b>Total Net Position</b>	<b>\$ 142,806,366</b>	<b>\$ 13,469,274</b>	<b>\$ 156,275,640</b>

See Notes to Financial Statements

## CITY OF SANTA FE SPRINGS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 5,614,730	\$ 1,975,162	\$ 771,335	\$ 532,577
Public safety	28,215,907	2,985,378	603,323	-
Community development	3,794,506	1,953,691	177,182	-
Public works	14,269,841	753,510	-	6,243,732
Culture and Leisure	7,681,363	533,242	26,946	25,000
Human Services	3,133,900	520,428	511,349	-
Interest on long-term debt	239,719	-	-	-
<b>Total Governmental Activities</b>	<b>62,949,966</b>	<b>8,721,411</b>	<b>2,090,135</b>	<b>6,801,309</b>
Business-Type Activities:				
Water Fund	10,911,725	12,252,452	-	111,777
<b>Total Business-Type Activities</b>	<b>10,911,725</b>	<b>12,252,452</b>	<b>-</b>	<b>111,777</b>
<b>Total Primary Government</b>	<b>\$ 73,861,691</b>	<b>\$ 20,973,863</b>	<b>\$ 2,090,135</b>	<b>\$ 6,913,086</b>

**General Revenues:**

## Taxes:

Property taxes, levied for general purpose

Sales and use taxes

Franchise taxes

Business operation taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Interest and rentals

Other

**Extraordinary item - transfer of bond proceeds****Transfers****Total General Revenues,****Extraordinary Items and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,335,656)	\$ -	\$ (2,335,656)
(24,627,206)	-	(24,627,206)
(1,663,633)	-	(1,663,633)
(7,272,599)	-	(7,272,599)
(7,096,175)	-	(7,096,175)
(2,102,123)	-	(2,102,123)
(239,719)	-	(239,719)
<b>(45,337,111)</b>	<b>-</b>	<b>(45,337,111)</b>
-	1,452,504	1,452,504
-	<b>1,452,504</b>	<b>1,452,504</b>
<b>(45,337,111)</b>	<b>1,452,504</b>	<b>(43,884,607)</b>
4,088,687	-	4,088,687
26,432,547	-	26,432,547
2,978,360	-	2,978,360
780,747	-	780,747
6,836,360	-	6,836,360
567,503	-	567,503
1,686,499	-	1,686,499
1,440,422	15,849	1,456,271
2,692,622	240,554	2,933,176
19,954,190	-	19,954,190
1,224,700	(1,224,700)	-
<b>68,682,637</b>	<b>(968,297)</b>	<b>67,714,340</b>
23,345,526	484,207	23,829,733
211,069,980	20,338,701	231,408,681
(91,609,140)	(7,353,634)	(98,962,774)
<b>\$ 142,806,366</b>	<b>\$ 13,469,274</b>	<b>\$ 156,275,640</b>

## CITY OF SANTA FE SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

		Special Revenue Fund	Capital Projects Funds	
		Low and Moderate Income Housing Assets Fund	Capital Improvement	Prefunded Capital Projects
	General			
<b>Assets:</b>				
Pooled cash and investments	\$ 15,539,156	\$ 1,264,525	\$ -	\$ 9,525,298
Receivables:				
Accounts	1,544,772	29,098	535,526	-
Notes and loans	739,970	1,054,667	-	-
Accrued interest	25,433	-	-	-
Deposits and other assets	136,803	-	3,931	-
Due from other governments	6,177,048	-	9,085,771	-
Due from other funds	8,099,825	-	-	-
Advances to successor agency	13,300,799	3,193,445	-	-
Advances to other funds	-	1,437,861	-	-
Inventories	587,133	-	-	-
Land held for resale	-	801,800	-	-
<b>Total Assets</b>	<b>\$ 46,150,939</b>	<b>\$ 7,781,396</b>	<b>\$ 9,625,228</b>	<b>\$ 9,525,298</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,117,590	\$ 1,214	\$ 150,244	\$ 38,744
Accrued liabilities	1,794,862	-	57	1,001
Unearned revenues	1,513,079	-	213,836	-
Deposits payable	1,685,931	-	1,245,626	-
Due to other governments	87,933	-	58,758	-
Due to other funds	-	-	7,585,122	-
Advances from other funds	1,437,861	-	-	-
Contracts Payable	8,225	-	384,622	4,997
<b>Total Liabilities</b>	<b>8,645,481</b>	<b>1,214</b>	<b>9,638,265</b>	<b>44,742</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	10,001,056	1,000,000	-	-
<b>Total Deferred Inflows of Resources</b>	<b>10,001,056</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	587,133	-	-	-
Land held for resale	-	801,800	-	-
Notes and loans	92,664	54,667	-	-
Advances to successor agency	3,936,464	3,193,445	-	-
Deposits	136,803	-	3,931	-
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital Projects	-	-	-	-
Low and moderate income housing	-	2,730,270	-	-
Art in public places	-	-	-	-
Waste management	98,821	-	-	-
<b>Committed to:</b>				
Capital Projects	225,000	-	-	-
<b>Assigned to:</b>				
Capital Projects	1,226,000	-	-	9,480,556
OPEB trust contribution	600,000	-	-	-
Equipment replacement	500,000	-	-	-
Insurance stabilization	73,700	-	-	-
<b>Unassigned</b>	<b>20,027,817</b>	<b>-</b>	<b>(16,968)</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>27,504,402</b>	<b>6,780,182</b>	<b>(13,037)</b>	<b>9,480,556</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 46,150,939</b>	<b>\$ 7,781,396</b>	<b>\$ 9,625,228</b>	<b>\$ 9,525,298</b>

## CITY OF SANTA FE SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>Capital Projects Funds</u>		
	<u>Successor Agency Bond Funded Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 19,262,550	\$ 3,068,639	\$ 48,660,168
Receivables:			
Accounts	-	-	2,109,396
Notes and loans	277,107	19,250	2,090,994
Accrued interest	12,834	-	38,267
Deposits and other assets	-	-	140,734
Due from other governments	-	534,688	15,797,507
Due from other funds	-	-	8,099,825
Advances to successor agency	-	-	16,494,244
Advances to other funds	-	-	1,437,861
Inventories	-	-	587,133
Land held for resale	-	-	801,800
<b>Total Assets</b>	<b>\$ 19,552,491</b>	<b>\$ 3,622,577</b>	<b>\$ 96,257,929</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 13,031	\$ 18,230	\$ 2,339,053
Accrued liabilities	324	2,633	1,798,877
Unearned revenues	-	-	1,726,915
Deposits payable	-	-	2,931,557
Due to other governments	-	681	147,372
Due to other funds	-	514,703	8,099,825
Advances from other funds	-	-	1,437,861
Contracts Payable	-	-	397,844
<b>Total Liabilities</b>	<b>13,355</b>	<b>536,247</b>	<b>18,879,304</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	19,250	11,020,306
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>19,250</b>	<b>11,020,306</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Inventory	-	-	587,133
Land held for resale	-	-	801,800
Notes and loans	277,107	-	424,438
Advances to successor agency	-	-	7,129,909
Deposits	-	-	140,734
<b>Restricted for:</b>			
Community development projects	-	7,215	7,215
Public safety	-	6,908	6,908
Public works	-	1,598,040	1,598,040
Capital Projects	19,262,029	-	19,262,029
Low and moderate income housing	-	-	2,730,270
Art in public places	-	1,454,917	1,454,917
Waste management	-	-	98,821
<b>Committed to:</b>			
Capital Projects	-	-	225,000
<b>Assigned to:</b>			
Capital Projects	-	-	10,706,556
OPEB trust contribution	-	-	600,000
Equipment replacement	-	-	500,000
Insurance stabilization	-	-	73,700
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>20,010,849</b>
<b>Total Fund Balances</b>	<b>19,539,136</b>	<b>3,067,080</b>	<b>66,358,319</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 19,552,491</b>	<b>\$ 3,622,577</b>	<b>\$ 96,257,929</b>



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**CITY OF SANTA FE SPRINGS**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

Fund balances of governmental funds		\$ 66,358,319
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		164,191,232
Deferred outflows related to pension related items are not included in the governmental fund activity:		
Contributions made after the measurement date	\$ 5,021,009	
Differences in proportions	<u>676,868</u>	5,697,877
Long-term debt, compensated absences and net pension liability are not included in the governmental fund activity:		
Bonds payable	(5,238,000)	
Notes payable	(449,068)	
Compensated absences	(2,825,111)	
Net pension liability	<u>(77,268,972)</u>	(85,781,151)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		(6,681,045)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(9,268)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		11,020,306
Deferred inflows related to pension related items are not included in the governmental fund activity:		
Difference between projected and actual earnings on pension plans investments	(13,888,119)	
Differences in proportions	(22,235)	
Differences between actual contributions and the proportionate share of contributions	<u>(1,523,715)</u>	(15,434,069)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>3,444,165</u>
<b>Net Position of governmental activities</b>		<b><u><u>\$ 142,806,366</u></u></b>

## CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

		Special Revenue Fund	Capital Projects Funds	
		Low and Moderate Income Housing Assets Fund	Capital Improvement	Prefunded Capital Projects
	General			
<b>Revenues:</b>				
Taxes	\$ 41,681,470	\$ -	\$ -	\$ -
Licenses and permits	2,206,324	-	-	-
Intergovernmental	2,622,196	-	6,293,073	-
Charges for services	5,250,369	-	-	-
Interest and Rentals	1,373,199	5,698	-	-
Fines and forfeitures	529,250	-	-	-
Miscellaneous	1,403,519	168,793	530,699	2,003
<b>Total Revenues</b>	<b>55,066,327</b>	<b>174,491</b>	<b>6,823,772</b>	<b>2,003</b>
<b>Expenditures:</b>				
Current:				
General government	5,483,276	-	-	-
Public safety	26,549,260	-	-	-
Community development	3,530,156	209,201	-	-
Public works	4,591,234	-	-	-
Culture and leisure	6,995,907	-	-	-
Human services	2,798,407	-	-	-
Capital outlay	940,673	-	6,865,955	1,157,652
Debt service:				
Principal retirement	1,045,658	-	-	-
Interest and fiscal charges	240,815	-	-	-
<b>Total Expenditures</b>	<b>52,175,386</b>	<b>209,201</b>	<b>6,865,955</b>	<b>1,157,652</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,890,941	(34,710)	(42,183)	(1,155,649)
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,590,300	-	42,183	2,841,818
Transfers out	(2,980,000)	-	-	-
Proceeds from sale of capital asset	25,000	-	-	-
Contributions to successor agency	-	(20,000)	-	-
Contributions from successor agency	100,238	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>735,538</b>	<b>(20,000)</b>	<b>42,183</b>	<b>2,841,818</b>
Extraordinary item - transfer of bond proceeds	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>3,626,479</b>	<b>(54,710)</b>	<b>-</b>	<b>1,686,169</b>
<b>Fund Balances:</b>				
Beginning of year, as originally reported	24,492,869	6,834,892	(13,037)	7,794,387
Restatements	(614,946)	-	-	-
Beginning of year, as restated	23,877,923	6,834,892	(13,037)	7,794,387
<b>End of Year</b>	<b>\$ 27,504,402</b>	<b>\$ 6,780,182</b>	<b>\$ (13,037)</b>	<b>\$ 9,480,556</b>

## CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Capitol Projects Funds Successor Agency Bond Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ -	\$ 2,734	\$ 41,684,204
Licenses and permits	-	-	2,206,324
Intergovernmental	-	2,139,076	11,054,345
Charges for services	-	-	5,250,369
Interest and Rentals	54,410	7,115	1,440,422
Fines and forfeitures	-	-	529,250
Miscellaneous	112,667	637,573	2,855,254
<b>Total Revenues</b>	<b>167,077</b>	<b>2,786,498</b>	<b>65,020,168</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	5,483,276
Public safety	-	418,812	26,968,072
Community development	-	16,239	3,755,596
Public works	-	-	4,591,234
Culture and leisure	-	-	6,995,907
Human services	-	-	2,798,407
Capital outlay	596,620	184,511	9,745,411
Debt service:			
Principal retirement	-	-	1,045,658
Interest and fiscal charges	-	-	240,815
<b>Total Expenditures</b>	<b>596,620</b>	<b>619,562</b>	<b>61,624,376</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(429,543)	2,166,936	3,395,792
<b>Other Financing Sources (Uses):</b>			
Transfers in	50,000	-	6,524,301
Transfers out	(11,818)	(1,758,083)	(4,749,901)
Proceeds from sale of capital asset	-	-	25,000
Contributions to successor agency	-	-	(20,000)
Contributions from successor agency	-	-	100,238
<b>Total Other Financing Sources (Uses)</b>	<b>38,182</b>	<b>(1,758,083)</b>	<b>1,879,638</b>
Extraordinary item - transfer of bond proceeds	19,954,190	-	19,954,190
<b>Net Change in Fund Balances</b>	<b>19,562,829</b>	<b>408,853</b>	<b>25,229,620</b>
<b>Fund Balances:</b>			
Beginning of year, as originally reported	(23,693)	2,713,520	41,798,938
Restatements	-	(55,293)	(670,239)
Beginning of year, as restated	(23,693)	2,658,227	41,128,699
<b>End of Year</b>	<b>\$ 19,539,136</b>	<b>\$ 3,067,080</b>	<b>\$ 66,358,319</b>

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**CITY OF SANTA FE SPRINGS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

---

Net change in fund balances - total governmental funds \$ 25,229,620

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 3,908,185	
Depreciation	(5,397,972)	
Gain/(loss) on sale of capital assets	<u>(5,380)</u>	(1,495,167)

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

Pension obligation bonds principal repayment	706,000	
Capital lease repayment	82,634	
Loan repayment	<u>257,024</u>	1,045,658

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

1,096

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

119,427

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

402,654

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

36,847

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

(23,424)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

(1,971,185)

**Change in net position of governmental activities**

**\$ 23,345,526**

## CITY OF SANTA FE SPRINGS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Water Fund		
<b>Assets:</b>			
Current:			
Cash and investments	\$	4,885,619	\$ 3,444,165
Receivables:			
Accounts		2,105,107	-
Accrued interest		2,715	-
Due from other governments		9,245	-
Inventories		224,765	-
Restricted:			
Cash with fiscal agent		816,694	-
<b>Total Current Assets</b>		<b>8,044,145</b>	<b>3,444,165</b>
Noncurrent:			
Capital assets - net of accumulated depreciation		23,794,423	-
<b>Total Noncurrent Assets</b>		<b>23,794,423</b>	<b>-</b>
<b>Total Assets</b>		<b>31,838,568</b>	<b>3,444,165</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding		224,674	-
Deferred pension related items		426,579	-
<b>Total Deferred Outflows of Resources</b>		<b>651,253</b>	<b>-</b>
<b>Total Assets and Deferred Outflows and Net Position</b>	<b>\$</b>	<b>32,489,821</b>	<b>\$ 3,444,165</b>
<b>Liabilities:</b>			
Current:			
Accounts payable	\$	109,978	\$ -
Accrued liabilities		945,783	-
Accrued interest		60,888	-
Deposits payable		498,174	-
Bonds, notes, and capital leases		170,000	-
<b>Total Current Liabilities</b>		<b>1,784,823</b>	<b>-</b>
Noncurrent:			
Other postemployment benefits obligation		577,775	-
Bonds, notes, and capital leases		8,899,544	-
Net pension liability		6,939,129	-
<b>Total Noncurrent Liabilities</b>		<b>16,416,448</b>	<b>-</b>
<b>Total Liabilities</b>		<b>18,201,271</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items		819,276	-
<b>Total Deferred Inflows of Resources</b>		<b>819,276</b>	<b>-</b>
<b>Net Position:</b>			
Net investment in capital assets		15,541,573	-
Unrestricted		(2,072,299)	3,444,165
<b>Total Net Position</b>		<b>13,469,274</b>	<b>3,444,165</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$</b>	<b>32,489,821</b>	<b>\$ 3,444,165</b>

## CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Fund	
<b>Operating Revenues:</b>		
Sales and service charges	\$ 12,252,452	\$ 72,906
Other water revenues	240,554	-
<b>Total Operating Revenues</b>	<b>12,493,006</b>	<b>72,906</b>
<b>Operating Expenses:</b>		
Source of supply	5,366,961	-
System maintenance and operation	2,223,101	-
Billing and collection	911,037	-
Administration	1,173,256	-
Labor and benefits	-	1,494,391
Depreciation expense	837,308	-
<b>Total Operating Expenses</b>	<b>10,511,663</b>	<b>1,494,391</b>
Operating Income (Loss)	1,981,343	(1,421,485)
<b>Nonoperating Revenues (Expenses):</b>		
Interest revenue	15,849	-
Interest expense	(400,062)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(384,213)</b>	<b>-</b>
Income (Loss) Before Transfers and Contributions	1,597,130	(1,421,485)
Contributions	111,777	-
Transfers in	-	150,000
Transfers out	(1,224,700)	(699,700)
Changes in Net Position	484,207	(1,971,185)
<b>Net Position:</b>		
Beginning of Year, as originally reported	20,338,701	5,415,350
Restatements	(7,353,634)	-
Beginning of Fiscal Year, as restated	12,985,067	5,415,350
<b>End of Fiscal Year</b>	<b>\$ 13,469,274</b>	<b>\$ 3,444,165</b>



## CITY OF SANTA FE SPRINGS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Fund	
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers and users	\$ 12,593,804	\$ 72,906
Cash paid to suppliers for goods and services	(7,493,578)	-
Cash paid to employees for services	(2,489,538)	(1,494,391)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,610,688</b>	<b>(1,421,485)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash transfers out	(1,224,700)	(699,700)
Cash transfers in	-	150,000
Repayment made to other funds	(3,698)	-
Advance from other funds	1,024	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(1,227,374)</b>	<b>(549,700)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(2,109,549)	-
Principal paid on capital debt	(165,000)	-
Interest paid on capital debt	(373,579)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(2,648,128)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>		
Interest received	15,849	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>15,849</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,248,965)</b>	<b>(1,971,185)</b>
Cash and Cash Equivalents at Beginning of Year	6,951,278	5,415,350
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 5,702,313</b>	<b>\$ 3,444,165</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ 1,981,343	\$ (1,421,485)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>		
Depreciation	837,308	-
(Increase) decrease in accounts receivable	100,798	-
(Increase) decrease in inventory	(33,195)	-
(Increase) decrease in deferred outflows for pension related items	(124,963)	-
Increase (decrease) in accounts payable	(83,457)	-
Increase (decrease) in accrued liabilities	(167,989)	-
Increase (decrease) in deposits payable	29,980	-
Increase (decrease) in deferred inflows for pension related items	819,276	-
Increase (decrease) in net pension liability	(716,121)	-
Increase (decrease) in other postemployment benefits	(32,292)	-
<b>Total Adjustments</b>	<b>629,345</b>	<b>-</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,610,688</b>	<b>\$ (1,421,485)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>		
Donated capital assets	\$ 111,777	\$ -
Amortization of bond discounts and premiums	27,858	-

## CITY OF SANTA FE SPRINGS

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the former RDA
<b>Assets:</b>		
Pooled cash and investments	\$ 237,341	\$ 580,343
Receivables:		
Accounts	6,332	11,954
Notes and loans	-	61,438
Due from other governments	-	22,483
Land held for resale	-	10,550,120
Restricted assets:		
Cash and investments with fiscal agents	321,645	23,733,152
Capital assets:		
Capital assets, not being depreciated	-	5,006,722
<b>Total Assets</b>	<b>\$ 565,318</b>	<b>39,966,212</b>
<b>Deferred Outflows of Resources:</b>		
Deferred charge on refunding		1,774,133
<b>Total Deferred Outflows of Resources</b>		<b>1,774,133</b>
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 206
Accrued liabilities	-	1,749
Accrued interest	-	1,193,063
Deposits payable	558,098	48,300
Due to other governments	7,220	405
Long-term liabilities:		
Due in one year	-	8,332,084
Due in more than one year	-	123,238,534
<b>Total Liabilities</b>	<b>\$ 565,318</b>	<b>132,814,341</b>
<b>Net Position:</b>		
Held in trust for other purposes		(91,073,996)
<b>Total Net Position</b>		<b>\$ (91,073,996)</b>

## CITY OF SANTA FE SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust Fund Successor Agency of the former RDA
<b>Additions:</b>	
Taxes	\$ 12,930,345
Interest and change in fair value of investments	47,906
Contributions from City	20,000
Miscellaneous	48,344
<b>Total Additions</b>	<b>13,046,595</b>
<b>Deductions:</b>	
Administrative expenses	378,521
Program expenses	536,147
Interest expense	5,190,697
<b>Total Deductions</b>	<b>6,105,365</b>
Extraordinary item - transfer of bond proceeds	(19,954,190)
<b>Changes in Net Position</b>	<b>(13,012,960)</b>
<b>Net Position:</b>	
Beginning of the year	(78,061,036)
<b>End of the Year</b>	<b>\$ (91,073,996)</b>

## I. SIGNIFICANT ACCOUNTING POLICIES

### Note 1: Organization and Summary of Significant Accounting Policies

#### The Financial Reporting Entity

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

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

#### Blended Component Units

- a. In accordance with Assembly Bill 1X 26 (the "Dissolution Act"), the Successor Agency to the Community Development Commission for the City of Santa Fe Springs (Successor Agency) was created on February 1, 2012 to serve as a custodian for the assets and to wind down the affairs of the former Agency. The Successor Agency is a legally separate public entity from the City, 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 17 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 17 for further detail regarding the dissolution.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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

- 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, 2015, were based on the following percentages:

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

During the fiscal year ended June 30, 2015, the City contributed \$256,102 for the operation of the Center. Separate audited financial statements are not prepared for the joint venture. Financial information can be obtained from the City of Downey at 11111 Brookshire Avenue, Downey, California.

2. Southeast Water Coalition

The City is a participant in the Southeast Water Coalition (Coalition). The Coalition is currently comprised of several municipal entities in the County of Los Angeles and is organized under a Joint Powers Agreement. The purpose of the Center is to maintain groundwater quality within the Central and West Coast Basins (Basins), maintain secure groundwater supplies within the Basins, manage the use of groundwater within the Basins, coordinate efforts among Watermaster and entities proposing to store water within the Basins for future recovery, facilitate the implementation of a conjunctive use program by water purveyors, coordinate efforts among local entities and Watermaster to devise and implement strategies to safeguard groundwater quality, and work cooperatively with Watermaster, the Water Replenishment District of Southern California, and other entities to promote coordination of policies and activities throughout the region. Each member of the Coalition shares financial

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

responsibility equally. Each member is required to make a contribution at the beginning of each year. The contribution requirement for the fiscal year ended 2015 was \$1,000. 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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

Governmental Funds Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

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

**Proprietary Funds Financial Statements:**

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary fund:

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

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 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.



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

The City reports the following agency funds:

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

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

**Use of Restricted Resources**

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

**Functional Classifications**

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

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

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

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

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

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

**Inventory and Prepaid Items**

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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

## Property Taxes

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

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

## Cash and Cash Equivalents

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

## Investments

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

## Capital Assets

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

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:

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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

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

**Land and Buildings Held for Resale**

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

**Deferred outflows/inflows of resources**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: notes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the government has deferred inflows relating to the net pension liability reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized straight-line over a five-year period.

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

Compensated Absences

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

Pension Plans

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

Net Position

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

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

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

- **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.

The City Council delegates to the City Manager and Assistant City Manager/Director of Finance 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.

**Effect of New Accounting Standards**

During the fiscal year ended June 30, 2015, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 68 – *Accounting and financial Reporting for Pensions—an Amendment of GASB Statement No. 27* will improve the decision-usefulness of information in local government employer entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

disclosures and required supplementary information. The requirements of this statement were effective for financial statements for periods beginning after June 15, 2014.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a local government employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB Statement No. 71 were effective for financial statements beginning after June 15, 2014.

**Note 2: Cash and Investments**

Cash and investments as of June 30, 2015, are classified in the accompanying financial follows:

Statement of net position:

Cash and investments	\$ 56,989,952
Cash and investments with fiscal agent	816,694
Fiduciary funds:	
Cash and investments	817,684
Cash and investments with fiscal agent	24,054,797
Total	<u>\$ 82,679,127</u>

Cash and investments were comprised of the following as of June 30, 2015:

Cash on hand	\$ 8,277
Deposits with financial institutions	1,978,134
Investments	80,692,716
Total	<u>\$ 82,679,127</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 (CONTINUED)  
JUNE 30, 2015

Note 2: Cash and Investments (Continued)

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

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

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

Investments Authorized by Debt Agreements

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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**Note 2: Cash and Investments (Continued)**

## Credit Risk

The City's investment policy limits investments to a rating of "A-1" or higher for California state and local agency obligations, banker acceptances, and commercial paper that is (i) organized within the United States as a special purpose corporation, trust, or limited liability company and (ii) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit. The City's investment policy limits investments to a rating of "A-1" or higher for other state obligations, medium-term notes, asset backed securities and commercial paper that is (i) organized and operating in the United States as a general corporation and (ii) has total assets in excess of five hundred million dollars (\$500,000,000). The City's investment policy limits investments to a rating of "AA" or higher for supranationals. As of June 30, 2015, the City's investments in external investment pools and money market mutual funds are unrated.

## Disclosures Relating to Interest Rate Risk

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

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:

Investment Type	Weighted Average Maturity (in days)	
Local Agency Investment Fund	278 *	\$ 55,581,225
Certificates of Deposit	<180	240,000
Held by Bond Trustee:		
Money Market Funds	<180	24,871,491
Total		<u>\$ 80,692,716</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, 2015.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 2: Cash and Investments (Continued)**

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, 2015.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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, 2015, was \$21.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015, had a balance of \$69.6 billion, of that amount, 2.08% was invested in medium-term and short-term structured notes and asset-backed securities. This information can be located on the California State Treasurer's website at <http://www.treasurer.ca.gov/>.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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**Note 3: Loans and Notes Receivable**

The loans and notes receivable balance consists of the following:

<u>Fund</u>	<u>Balance</u>
<b>Governmental Funds</b>	
General Fund	\$ 739,970
Low and Moderate Income Housing Assets Special Revenue Fund	1,054,667
Successor Agency Bond Funded Capital Projects Fund	277,107
Nonmajor Governmental Funds	19,250
Total Funds	<u>\$ 2,090,994</u>

The General Fund has loans and notes receivable in the amount of \$50,114 representing monies advanced to City employees for home computer purchases. These loans are required to be repaid within 2 years and bear no interest. Notes receivable in the amount of \$647,327 relate to monies advanced to Community Facilities District 2002-1 for infrastructure improvements. This loan bears an interest rate of 5.75% per annum. Lastly, the General Fund has other loans and notes receivable totaling \$42,529.

The Low and Moderate Income Housing Assets Special Revenue Fund has three notes outstanding for "silent second" mortgage notes issued to qualified buyers to assist with housing acquisition. The loans are for \$20,000 and have a 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, 2015, is \$54,667. In addition, the Low and Moderate Income Housing Assets Special Revenue Fund has ten notes outstanding related to housing for qualified buyers. The loans are secured by a deed of trust and must be repaid upon sale or refinance of the home. The balance outstanding at June 30, 2015, is \$1,000,000.

The Successor Agency Bond Funded Capital Projects Fund has notes receivable in the amount of \$277,107 related to monies advanced by the former Commission for property owner assistance. These loans bear an interest rate of 5.75% per annum.

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, 2015, is \$19,250.

**Note 4: Due from Other Governments**

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

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 5: Interfund Activity**

The following is a summary of interfund transfers for the fiscal year ended June 30, 2015:

Transfers Out:	Transfers In					Total
	General Fund	Capital Improvements Fund	Successor Agency Bond Funded Capital Projects Fund	Prefunded Capital Projects Fund	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ 2,830,000	\$ 150,000	\$ 2,980,000
Successor Agency Bond Funded Capital Projects Fund	-	-	-	11,818	-	11,818
Water Fund	1,224,700	-	-	-	-	1,224,700
Internal Service Funds	699,700	-	-	-	-	699,700
Nonmajor Governmental Funds	1,665,900	42,183	50,000	-	-	1,758,083
Total	<u>\$ 3,590,300</u>	<u>\$ 42,183</u>	<u>\$ 50,000</u>	<u>\$ 2,841,818</u>	<u>\$ 150,000</u>	<u>\$ 6,674,301</u>

The General Fund transferred \$2,830,000 into the Prefunded Capital Projects Funds to provide funding for current and future capital projects. The General Fund transferred \$150,000 into the Internal Service Fund to provide additional funding.

The Water Fund transferred \$1,224,700 into the General Fund to fund certain indirect costs of the water utility including use of the City water infrastructure system in accordance with an agreement with the City's Water Utility Authority.

The Successor Agency Bond Funded Capital Projects Fund transferred \$11,818 into the Prefunded Capital Projects Fund to reimburse expenditures incurred by the Prefunded Capital Projects Fund on its behalf.

The Internal Service Funds transferred \$699,700 into the General Fund to reimburse expenditures incurred by the General Fund on its behalf.

The Non-Major Governmental Funds transferred \$1,665,900 into the General Fund to reimburse expenditures paid out of the General Fund. The Non-Major Governmental Funds transferred \$42,183 into the Capital Improvement Funds and \$50,000 into the Prefunded Capital Projects Funds to provide funding for current and future capital projects.

## CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 5: Interfund Activity (Continued)**

Due to/from other funds at June 30, 2015, were as follows:

<u>Due from</u>	<u>Due to</u>
	General Fund
Capital Improvement Fund	\$ 7,585,122
Nonmajor Governmental Funds	514,703
	<u>\$ 8,099,825</u>

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 at June 30, 2015, consist of loans as follows:

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

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

**Note 6: Advances to the Successor Agency**

Advances to the Successor Agency at June 30, 2015, consist of the following:

General Fund	\$ 13,300,799
Low and Moderate Income Housing Assets Fund	3,193,445
	<u>\$ 16,494,244</u>

A series of advances were made from the General Fund to the former Washington Boulevard Redevelopment Project Debt Service Fund from 1987 through 2011 totaling \$3,936,464. 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. 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. Under the dissolution bills the interest on the unpaid principal has been recalculated at 3% per annum.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 6: Advances to the Successor Agency (Continued)**

In September 2010, the general fund advanced \$8,846,000 to the former redevelopment agency, which was paid back to the general fund in one lump sum in March 2011 along with accrued interest of \$518,335. This lump sum payment was subsequently denied by the Department of Finance (DOF). The City is appealing the decision of the DOF, but this advance is still allowed to be repaid in accordance with the dissolution rules for interagency loans. Interest on the advance has been recalculated at 3% in accordance with the dissolution bills. The balance of the advance at June 30, 2015 was \$9,364,335. This is included as unavailable income in the general fund since repayment may not occur for several years.

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. The amount outstanding at June 30, 2015, is \$1,000,000. This loan was originally scheduled to be paid off on or before May 13, 2014, but is subject to repayment under the dissolution bills as discussed below.

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, 2015, is \$2,193,445. This loan was originally scheduled to be paid off on or before May, 2016, but is subject to repayment under the dissolution bills as discussed below. 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), each of these balances are considered "interagency loans" and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2015, subject to annual limitations, once the California Department of Finance issues a "finding of completion". A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the former Commission during the fiscal year ended June 30, 2015, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission's non-housing funds. A finding of completion was issued in December 2013. See Note 17 for further details.

**CITY OF SANTA FE SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**Note 7: Capital Assets**

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

	Balance July 1, 2014	Adjustments	Adjusted Beginning Balance	Transfers	Additions	Deletions	Balance June 30, 2015
<b>Governmental Activities:</b>							
Capital Assets, not being depreciated:							
Land	\$ 51,258,770	\$ -	\$ 51,258,770	\$ -	\$ -	\$ -	\$ 51,258,770
Construction in process	31,198,833	1,151,753	32,350,586	(34,326,090)	3,018,010	-	1,042,506
Total capital assets not being depreciated	82,457,603	1,151,753	83,609,356	(34,326,090)	3,018,010	-	52,301,276
Capital assets, being depreciated:							
Buildings	32,436,712	-	32,436,712	1,230,518	-	-	33,667,230
Improvements	22,935,387	-	22,935,387	662,108	-	-	23,597,495
Equipment	12,753,890	-	12,753,890	-	890,175	68,172	13,575,893
Infrastructure	108,135,218	-	108,135,218	32,433,464	-	-	140,568,682
Total capital assets, being depreciated	176,261,207	-	176,261,207	34,326,090	890,175	68,172	211,409,300
Less accumulated depreciation							
Buildings	10,479,675	-	10,479,675	-	604,066	-	11,083,741
Improvements	14,986,761	-	14,986,761	-	647,293	-	15,634,054
Equipment	9,184,162	-	9,184,162	-	832,501	62,792	9,953,871
Infrastructure	59,533,566	-	59,533,566	-	3,314,112	-	62,847,678
Total accumulated depreciation	94,184,164	-	94,184,164	-	5,397,972	62,792	99,519,344
Total capital assets, being depreciated, net	82,077,043	-	82,077,043	34,326,090	(4,507,797)	5,380	111,889,956
Government activities capital assets, net	\$ 164,534,646	\$ 1,151,753	\$ 165,686,399	\$ -	\$ (1,489,787)	\$ 5,380	\$ 164,191,232

	Balance July 1, 2014	Transfers	Additions	Deletions	Balance June 30, 2015
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land and water rights	\$ 3,384,974	\$ -	\$ -	\$ -	\$ 3,384,974
Construction-in-progress	8,106,895	(598,750)	2,221,326	-	9,729,471
Total Capital Assets, Not Being Depreciated	11,491,869	(598,750)	2,221,326	-	13,114,445
Capital assets, being depreciated:					
Source of supply plant	3,032,091	-	-	-	3,032,091
Transmission and distribution plant	28,223,642	598,750	-	-	28,822,392
Pumping and treatment plant	83,216	-	-	-	83,216
General Plant	1,096,135	-	-	-	1,096,135
Total Capital Assets, Being Depreciated	32,435,084	598,750	-	-	33,033,834
Less accumulated depreciation:					
Source of supply plant	1,977,839	-	79,407	-	2,057,246
Transmission and distribution plant	18,346,327	-	689,358	-	19,035,685
Pumping and treatment plant	83,216	-	68,543	-	151,759
General Plant	1,109,166	-	-	-	1,109,166
Total Accumulated Depreciation	21,516,548	-	837,308	-	22,353,856
Total Capital Assets, Being Depreciated, Net	10,918,536	598,750	(837,308)	-	10,679,978
Water Utility Capital Assets, Net	\$ 22,410,405	\$ -	\$ 1,384,018	\$ -	\$ 23,794,423

## CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 7: Capital Assets (Continued)**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
General government	\$ 46,818	\$ -
Public safety	666,020	-
Community development	47,731	-
Transportation	3,677,235	-
Culture and leisure	667,493	-
Human Services	292,675	-
Water Utility	-	837,308
Total Governmental Activities	<u>\$ 5,397,972</u>	<u>\$ 837,308</u>

**Note 8: Contracts Payable**

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

**Note 9: Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<b>Governmental activities:</b>					
Pension obligation bonds	\$ 5,944,000	\$ -	\$ 706,000	\$ 5,238,000	\$ 904,000
Compensated absences	2,944,538	235,125	354,552	2,825,111	500,000
Other post employment benefits obligation (Note 12)	7,083,699	4,062,252	4,464,906	6,681,045	-
SunTrust loan payable	257,024	-	257,024	-	-
Oshkosh lease payable	531,702	-	82,634	449,068	84,940
	<u>\$ 16,760,963</u>	<u>\$ 4,297,377</u>	<u>\$ 5,865,116</u>	<u>\$ 15,193,224</u>	<u>\$ 1,488,940</u>
<b>Business-type activities:</b>					
Water revenue bonds:					
2005 Series A	\$ 2,475,000	\$ -	\$ 165,000	\$ 2,310,000	\$ 170,000
2013 Series A	6,890,000	-	-	6,890,000	-
Issuance discount/premiums	(133,307)	-	(2,851)	(130,456)	-
Other postemployment benefits Obligation (Note 12)	610,067	329,701	361,993	577,775	-
	<u>\$ 9,841,760</u>	<u>\$ 329,701</u>	<u>\$ 524,142</u>	<u>\$ 9,647,319</u>	<u>\$ 170,000</u>

## CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9: Long-Term Liabilities (Continued)**

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

**Governmental Activities**

Year Ending June 30	<b>Pension Obligation Bonds</b>	
	Principal	Interest
2016	\$ 904,000	\$ 186,521
2017	972,000	152,260
2018	1,044,000	115,450
2019	1,119,000	75,925
2020	1,199,000	33,554
Total	<u>\$ 5,238,000</u>	<u>\$ 563,710</u>

Year Ending June 30	<b>Oshkosh Lease Payable</b>	
	Principal	Interest
2016	\$ 84,940	\$ 12,529
2017	87,309	10,159
2018	89,745	7,723
2019	92,250	5,219
2020	94,824	2,646
Total	<u>\$ 449,068</u>	<u>\$ 38,276</u>

**Business-Type Activities**

Year Ending June 30	<b>Revenue Bonds</b>	
	Principal	Interest
2016	\$ 170,000	\$ 365,331
2017	180,000	356,831
2018	185,000	347,831
2019	200,000	338,581
2020	205,000	328,581
2021-2025	1,165,000	1,492,601
2026-2030	1,530,000	1,224,794
2031-2035	1,835,000	939,000
2036-2040	2,200,000	570,363
2041-2045	1,530,000	124,000
Total	<u>\$ 9,200,000</u>	<u>\$ 6,087,913</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 9: Long-Term Liabilities (Continued)**

**Governmental Activities:**

**Taxable Pension Obligation Bonds**

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

The bond is secured by the sales and use tax revenues generated by the City. These revenues have been pledged until the year 2022. The bond has covenants that pledged revenues received in the next preceding prior fiscal year should be at least equal to 150% of maximum annual debt service payment on the bond. Pledged sales and use tax revenue for the prior year was \$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 \$6.7 million. The total outstanding principal as of June 30, 2015, is \$5,238,000.

**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 of 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. The balance of this loan was paid off during the fiscal year ended June 30, 2015.

**Oshkosh Lease Payable**

In October 2011, the City entered into a lease agreement for \$612,094 with Oshkosh Capital to lease a fire engine. Payments are due annually in the amount of \$97,469 on October 3, each year at an annual interest rate of 2.79%; with the lease expiring on October 3, 2019. The current balance outstanding for this lease is \$449,068.

**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 Post-Employment Benefits Obligation**

Refer to Note 12 for related disclosures regarding other postemployment benefits obligation. The liability is primarily liquidated from the General Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 9: Long-Term Liabilities (Continued)**

**Business-Type Activities:**

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

Revenue Bonds in the amount of \$3,705,000 were issued on May 1, 2005. The Revenue Bonds were issued to (1) provide funds for the refinancing of the 1996 Installment Sale Agreement and the defeasance of \$3,585,000 of the City's 1996 Water Revenue Bond Series A; (2) establish a reserve account for the Bonds; and (3) pay the costs of issuance associated with the issuance and sale of the Bonds. The Bonds are due in annual principal installments of \$130,000 to \$205,000 through 2026. Interest rates range from 3.25% to 4.625% and interest is payable semiannually on November 1 and May 1. The total amount outstanding as of June 30, 2015, is \$2,310,000.

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 \$4,068,684 against debt service payments of \$282,143. Total principal and interest remaining is \$2,984,859.

**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, 2015, is \$6,890,000.

The Bonds are payable from and secured by net revenues on a parity basis with an existing installment payment obligation of the PFA's 2005 Installment Payment. These payments consist primarily of net revenues of the City's water system and facilities. The City has covenanted in the Installment Sale Agreement to set rates and charges for water services for its customers sufficient to provide net revenues each fiscal year equal to at least 120% of the debt service due in such fiscal year. Net revenue is determined by the gross revenues received during such period minus the amount required to pay all operation and maintenance costs becoming payable during such period. Net revenue pledged to these bonds for the current year was \$4,068,684 against debt service payments of \$256,438. Total principal and interest remaining is \$12,303,054.

**Note 10: California Joint Powers Insurance Authority Insurance Program**

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

The City of Santa Fe Springs is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**b. Self-Insurance Programs of the Authority**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

**Liability**

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

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

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

**Workers' Compensation**

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

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**c. Purchased Insurance**

*Pollution Legal Liability Insurance*

The City of Santa Fe Springs participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Santa Fe Springs. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

*Property Insurance*

The City of Santa Fe Springs participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Santa Fe Springs property is currently insured according to a schedule of covered property submitted by the City of Santa Fe Springs to the Authority. City of Santa Fe Springs property currently has all-risk property insurance protection in the amount of \$95,690,845. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

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

*Earthquake and Flood Insurance*

The City of Santa Fe Springs purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Santa Fe Springs property currently has earthquake protection in the amount of \$44,094,680. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

*Crime Insurance*

The City of Santa Fe Springs purchases crime insurance coverage in the amount of \$5,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

**d. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2014-15.

**Note 11: Pension Plan Obligations**

**a. City Miscellaneous Plan**

**1. General Information About the Pension Plan**

*Plan Description*

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. 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.

*Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 11: Pension Plan Obligations (Continued)**

2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

	<b>Miscellaneous</b>	
	<b>Tier 1 *</b>	<b>Tier 2 *</b>
Hire date	Prior to November 19, 2012	November 19, 2012 but prior to January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively
Required employee contribution rates	8.000%	8.000%
Required employer contribution rates	30.216%	30.216%

\* Plan is closed to new entrants. The PEPRA plan was enacted for new members hired after January 1, 2013. There were no members of the PEPRA plan as of June 30, 2013.

***Employees Covered***

As of the valuation date of June 30, 2013, the following employees were covered by the benefit terms of the Plan:

<b>Description</b>	<b>Number of Members</b>
Active members	111
Transferred members	38
Terminated members	41
Retired members and beneficiaries	199
<b>Total</b>	<b>389</b>

***Contribution Description***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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**Note 11: Pension Plan Obligations (Continued)**

For the year ended June 30, 2015, the employer contributions recognized as a reduction to the net position liability for all the Plan was \$2,513,465.

**2. Net Pension Liability**

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 11: Pension Plan Obligations (Continued)**

Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Agent Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 11: Pension Plan Obligations (Continued)**

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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

**3. Changes in the Net Pension Liability**

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

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Assets) (c)=(a)-(b)</b>
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 151,920,625	\$ 88,126,871	\$ 63,793,754
Changes Recognized for the Measurement Period:			
Service Cost	1,578,729	-	1,578,729
Interest on the Total Pension Liability	11,142,267	-	11,142,267
Contributions from the Employer	-	2,513,465	(2,513,465)
Contributions from Employees	-	1,210,652	(1,210,652)
Net Investment Income (2)	-	14,964,552	(14,964,552)
Benefit Payments including Refunds of Employee Contributions	(8,292,893)	(8,292,893)	-
Net Changes During 2013-14	4,428,103	10,395,776	(5,967,673)
Balance at: 6/30/2014 (Measurement Date) (1)	\$ 156,348,728	\$ 98,522,647	\$ 57,826,081

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

(2) Net of administrative expenses.

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

## CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

## Note 11: Pension Plan Obligations (Continued)

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Plan's Net Pension Liability/(Assets)	\$ 77,063,324	\$ 57,826,081	\$ 41,778,197

***Pension Plan Fiduciary Net Position***

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

**4. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

As of the start of the measurement period (July 1, 2013), the net pension liability was \$63,793,754. For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense/(income) of \$3,373,090 for the Plan.

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Current year contributions that occurred after the measurement date of June 30, 2014	\$ 3,554,823	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	6,827,298
<b>Total</b>	<b>\$ 3,554,823</b>	<b>\$ 6,827,298</b>

The \$3,554,823 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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**Note 11: Pension Plan Obligations (Continued)**

<b>Measurement Period ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2015	\$ (1,706,824)
2016	(1,706,824)
2017	(1,706,824)
2018	(1,706,826)
Total	<u>\$ (6,827,298)</u>

**b. Safety Plans****1. General Information about the Pension Plan*****Plan Descriptions***

The City contributes to the California Public Employees Retirement System (PERS), 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.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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**Note 11: Pension Plan Obligations (Continued)**

	<b>Safety cost-sharing plans</b>	
	<b>Tier 1 *</b>	<b>Tier 2 *</b>
Hire date	Prior to November 19, 2012	November 19, 2012 but prior to January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively
Required employee contribution rates	8.986%	8.980%
Required employer contribution rates	28.171%	22.502%

\* Plan is closed to new entrants. The PEPRA plan was enacted for new members hired after January 1, 2013. There were no members of the PEPRA plan as of June 30, 2013.

***Contribution Description***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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**Note 11: Pension Plan Obligations (Continued)**

For the year ended June 30, 2015, the employer contributions recognized as a reduction to the net position liability for all cost-sharing plans were \$1,713,899.

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<b>Proportionate Share of Net Pension Liability</b>
Safety Tier 1	\$ 26,375,345
Safety Tier 2	6,675
Total Net Pension Liability	<u>\$ 26,382,020</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014, was as follows:

<b>Safety Cost-Sharing Plans</b>		
	<b>Tier 1</b>	<b>Tier 2</b>
Proportion - June 30, 2013	0.72780%	0.00018%
Proportion - June 30, 2014	0.70316%	0.00018%
Change - Increase (Decrease)	<u>-0.02464%</u>	<u>0.00000%</u>

For the year ended June 30, 2015, the City recognized pension expense of \$2,015,842. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 11: Pension Plan Obligations (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 7,880,097
Adjustment due to Difference in Proportions	676,868	22,234
Differences between the employer's contributions and the employer's proportionate share of contributions	-	1,523,716
City contributions subsequent to the measurement date	1,892,765	-
<b>Total</b>	<b>\$ 2,569,633</b>	<b>\$ 9,426,047</b>

\$1,892,765 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2015	\$ (2,137,204)
2016	(2,137,204)
2017	(2,183,964)
2018	(2,290,807)
Total	<b>\$ (8,749,179)</b>

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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**Note 11: Pension Plan Obligations (Continued)**

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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**Note 11: Pension Plan Obligations (Continued)**

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 11: Pension Plan Obligations (Continued)**
***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

<b>Safety Cost-Sharing Plans</b>			
<b>Plan</b>	<b>Discount Rate - 1% 6.50%</b>	<b>Current Discount 7.50%</b>	<b>Discount Rate +1% 8.50%</b>
Safety Tier 1	\$ 45,222,339	\$ 26,375,345	\$ 10,846,236
Safety Tier 2	11,488	6,675	2,710
<b>TOTAL:</b>	<b>\$ 45,233,827</b>	<b>\$ 26,382,020</b>	<b>\$ 10,848,946</b>

***Pension Plan Fiduciary Net Position***

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

**Note 12: Post-Employment 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, 2013, the date of the most recent actuarial valuation:

## CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 12: Post-Employment Health Care Benefits (Continued)**

	Management	Miscellaneous	Fire	Total
Retirees and Beneficiaries				
Receiving benefits	54	104	73	231
Active plan members	25	87	46	158
Total	<u>79</u>	<u>191</u>	<u>119</u>	<u>389</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 \$1,376 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, 2015, the City contributed \$4,826,570 to the plan. Plan members receiving benefits contributed \$44,210 (approximately 1% of total premiums) through their required contribution.

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

The City's Net OPEB obligation as of June 30, 2015, was \$7.26 million. The annual required contribution (ARC) as of June 30, 2015, was \$4.42 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	\$ 4,421
Interest on net OPEB obligation	494
Adjustment to annual required contribution	(524)
Annual OPEB cost (expense)	<u>4,391</u>
Contributions made	<u>(4,826)</u>
Increase in net OPE obligation	<u>(435)</u>
Net OPEB Obligation, Beginning of Year	<u>7,694</u>
Net OPEB Obligation, End of Year	<u>\$ 7,259</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows (dollar amounts are in thousands):

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 12: Postemployment Health Care Benefits (Continued)**

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 3,948	88%	\$ 7,049
6/30/2014	4,154	84%	7,694
6/30/2015	4,391	110%	7,259

**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, 2015, the City made a contribution of \$1.31 million to the CERBT.

The funded status for postemployment benefit based on the June 30, 2013, actuarial valuation is as follows (in thousands):

Entry Age Actuarial Value of Assets	Normal Accrued Liability	Unfunded/ (Overfunded) Liability (UAAL)	Funded Ratio	Covered Payroll	Actuarial Accrued Liability % of Payroll
\$ 3,451	\$ 54,521	\$ 51,070	6.3%	\$ 13,917	367%

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**


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

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:

<u>Year</u>	<u>Pre-Medicare</u>	<u>Eligible</u>	<u>Post-Medicare</u>
	<u>HMO</u>	<u>PPO</u>	<u>HMO</u>
2014/15	8.0%	8.0%	8.3%
2015/16	7.5%	7.5%	7.8%
2016/17	7.5%	7.5%	7.8%
2017/18	7.5%	7.5%	7.8%

**Note 13: Commitments and Contingencies****a. Claims**

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

**Note 14: Non-City Obligation Debt**

The City issued \$2,315,000 of Heritage Springs Assessment District Improvement Bonds on August 9, 2001. The bonds are not included in the accompanying financial statements as neither the faith and credit nor the taxing powers of the City or the Commission have been pledged to the payment of the obligations. The outstanding balance at June 30, 2015, is \$1,755,000.

**Note 15: Restatements of Fund Balance/Net Position**Fund Balance

The General Fund's beginning fund balance was restated by (\$614,946) to accurately reflect the sales tax triple flip receivable as of June 30, 2015.

The State Gas Tax Fund's beginning fund balance was restated by (\$55,293) to recognize the July 2014 gas tax payment as revenue in fiscal year 2014-2015 instead of fiscal year 2013-2014.

**CITY OF SANTA FE SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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**Note 15: Restatements of Fund Balance/Net Position (Continued)**

Net Position

In addition to the restatements described in fund balances, net position on governmental activities was restated by (\$92,090,654) as a result of the implementation of GASB Statement No. 68 and recognition of the City's share of the net pension liability.

In addition, net position on governmental activities was by \$1,151,753 as a result of the City not capitalizing a portion of an easement in the prior year.

The Water Fund's beginning fund balance was restated by (\$7,353,634) as a result of the implementation of GASB Statement No. 68 and recognition of the City's share of the net pension liability.

**Note 16: Extraordinary Item**

The City reported an extraordinary gain in the amount of \$19,954,190 for bond proceeds transferred from the Successor Agency. This transfer was allowed by the California Department of Finance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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

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

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

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

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City of \$16,483,639 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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)****Loans and Notes Receivable**

The loans and notes receivable balance consists of the following:

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

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

**Capital Assets**

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

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>Private-Purpose Trust Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,006,722	\$ -	\$ -	\$ 5,006,722
Total Capital Assets, Not Being Depreciated	<u>\$ 5,006,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,006,722</u>

## CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)****Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<b>Private-purpose activities:</b>					
Consolidated Redevelopment					
Project tax allocation bonds:					
2001 Refunding issue	\$ 17,050,000	\$ -	\$ 1,510,000	\$ 15,540,000	\$ 1,575,000
2002 Refunding issue	7,190,000	-	1,445,000	5,745,000	595,000
2003 Refunding taxable issue	3,225,000	-	220,000	3,005,000	230,000
2006 issue	36,313,493	-	1,665,000	34,648,493	1,740,000
Accreted Interest on					
Capital appreciation bonds	9,181,393	1,461,064	-	10,642,457	-
2007 Refunding issue	40,170,000	-	2,850,000	37,320,000	3,925,000
Issuance discounts/premiums	1,679,082	-	238,494	1,440,588	-
Tax increment loan from					
Los Angeles County	6,427,322	40,430	-	6,467,752	-
ERAF loan	727,084	-	460,000	267,084	267,084
Advances from City	16,483,639	68,679	58,074	16,494,244	-
	<u>\$ 138,447,013</u>	<u>\$ 1,570,173</u>	<u>\$ 8,446,568</u>	<u>\$ 131,570,618</u>	<u>\$ 8,332,084</u>

**Tax Allocation Bonds**

Year Ending June 30	Principal	Interest
2016	\$ 8,065,000	\$ 5,443,047
2017	8,765,000	5,025,312
2018	9,615,000	4,049,316
2019	10,280,000	4,069,785
2020	10,387,914	1,651,583
2021-2025	41,996,069	2,708,759
2026-2030	7,149,510	-
Total	<u>\$ 96,258,493</u>	<u>\$ 22,947,802</u>
Cumulative accretion interest on Capital appreciation bonds	<u>\$ 10,642,457</u>	
Total Principal, June 30, 2015	<u>\$ 106,900,950</u>	

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

**ERAF Loan**

Year Ending June 30	Principal	Interest
2016	\$ 267,084	\$ 15,076
Total	<u>\$ 267,084</u>	<u>\$ 15,076</u>



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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

**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:

Redemption Dates	Redemption Price (% of Principal)
September 1, 2012 and thereafter	100%

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 of 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 \$2.3 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 \$2.3 million at June 30, 2015. 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 \$18.8 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. Total amount outstanding as of June 30, 2015, is \$15,540,000.

**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:

Redemption Dates	Redemption Price (% of Principal)
September 1, 2011 and thereafter	100%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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 \$1.8 million against total debt service payments of \$1.8 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 \$8.8 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. Total amount outstanding as of June 30, 2015, is \$5,745,000.

**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 \$0.4 million against total debt service payments of \$0.4 million on this bond. Revenues are pledged against the debt service outstanding on the bonds of \$3.9 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. Total amount outstanding as of June 30, 2015, is \$3,005,000.

**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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

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.

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 \$1.0 million at June 30, 2015. Revenues are pledged against the debt service outstanding on the bonds of \$62.7 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. Total amount outstanding as of June 30, 2015, is \$45,290,950 including \$10,642,457 of accreted interest.

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

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

The 2007 bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The 2007 bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the Commission's 2006 Tax Allocation Bonds Series A and B and the non-housing portion of the 2001 Tax Allocation Bonds. These revenues have been pledged until the year 2022. Pledged tax increment revenue for the year was \$4.7 million against total debt service payments of \$4.7 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 \$44.6 million.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. Upon dissolution, former tax increment revenues are deposited into the Los Angeles County Redevelopment Property Tax Trust Fund (RPTTF) and are distributed to Successor Agencies based on approved enforceable obligations. The City does not believe the dissolution bill changes the pledged nature of the former tax increment and considers all deposits to the RPTTF pledged for debt service until the full debt service obligation for the fiscal year is reached. Total amount outstanding as of June 30, 2015, is \$37,320,000.

**Tax Increment Loan Payable**

A loan of property tax increment was issued by the County of Los Angeles, California, to the former Washington Boulevard Redevelopment Project Debt Service Fund at a variable interest rate equivalent to the Los Angeles County Annual Treasury Pool rate as calculated annually by the County Auditor-Controller. Principal and interest payments on this loan were originally to be deferred until such time as the former Washington Boulevard Project has received a combined total of \$10,750,000 in monies from sales tax increment, as described in Note 6, and property tax increment. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency. The repayment schedule is not fixed and will be dependent upon the availability of RPTTF to be used for that purpose, subject to the approval of the Oversight Board, Los Angeles County Auditor-Controller, and California Department of Finance. Total amount outstanding as of June 30, 2015, is \$6,467,752.

**ERAF Loan**

The former Commission received a loan 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. Total amount outstanding as of June 30, 2015, is \$267,084.

**Advances from the City**

Advances from the City consisted of advances totaling \$16,494,244.

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. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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

In September 2010, the general fund advanced \$8,846,000 to the former redevelopment agency, which was paid back to the general fund in one lump sum in March 2011 along with accrued interest of \$518,335. This lump sum payment was subsequently denied by the Department of Finance (DOF). The City is appealing the decision of the DOF, but this advance is still allowed to be repaid in accordance with the dissolution rules for interagency loans. Interest on the advance is consistent with the Local Agency Investment Fund (LAIF) interest rate at the time the Oversight Board made the finding that the advance was for legitimate redevelopment purposes. The balance of the advance at June 30, 2015 was \$9,364,335.

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. This loan was scheduled to be paid off on or before May 13, 2014.

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, 2015, is \$2,193,445. This advance was scheduled to 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, 2015, subject to annual limitations, once the California Department of Finance issues a "finding of completion". A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the former Commission during the fiscal year ended June 30, 2015, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission's non-housing funds. A finding of completion was issued in December 2013.

**Commitments and Contingencies**

**a. 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

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

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.

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. December 2013 the City paid the disputed amount under protest along with additional interest of \$16,232. The payment under protest does not alter the status of the pending litigation.

**Extraordinary Item**

The Successor Agency reported an extraordinary loss in the amount of \$19,954,190 for bond proceeds transferred to the City. This transfer was allowed by the California Department of Finance.

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## **REQUIRED SUPPLEMENTARY INFORMATION**



## CITY OF SANTA FE SPRINGS

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

<b>MEASUREMENT PERIOD (1)</b>	<b>2014</b>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 1,578,729
Interest	11,142,267
Benefit Payments, Including Refunds of Employee Contributions	(8,292,893)
<b>Net Change in Total Pension Liability</b>	<b>4,428,103</b>
<b>Total Pension Liability - Beginning</b>	<b>151,920,625</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 156,348,728</b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - Employer	\$ 2,513,465
Contributions - Employee	1,210,652
Net Investment Income (2)	14,964,552
Benefit Payments, Including Refunds of Employee Contributions	(8,292,893)
<b>Net Change in Fiduciary Net Position</b>	<b>10,395,776</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>88,126,871</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 98,522,647</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 57,826,081</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>63.01%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 8,963,114</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>645.16%</b>

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

(2) Net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

**CITY OF SANTA FE SPRINGS**

**MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2015</b>
Actuarially Determined Contribution	\$ 3,554,823
Contribution in Relation to the Actuarially Determined Contribution	(3,554,823)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 9,037,550
Contributions as a Percentage of Covered-Employee Payroll	39.33%

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

**Note to Schedule:**

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	30 years as of valuation date
Assets valuation method	Market value
Inflation	2.75%
Salary Increases	3.3% to 14.2% depending on age, service and type of employment
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	Minimum 50 years
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF SANTA FE SPRINGS**

**COST SHARING MULTIPLE-EMPLOYER PLANS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2014</b>
Proportion of the Net Pension Liability	
Safety Tier 1 Plan	0.42387%
Safety Tier 2 Plan	0.00011%
Proportionate Share of the Net Pension Liability	
Safety Tier 1 Plan	\$ 26,375,345
Safety Tier 2 Plan	6,675
	<u>\$ 26,382,020</u>
Covered-Employee Payroll	
Safety Tier 1 Plan	\$ 5,664,892
Safety Tier 2 Plan	524,015
	<u>\$ 6,188,907</u>
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	
Safety Tier 1 Plan	<b>465.59%</b>
Safety Tier 2 Plan	<b>1.27%</b>
Total Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	
Safety Tier 1 Plan	<b>78.83%</b>
Safety Tier 2 Plan	<b>78.83%</b>

**Notes to Schedule:**

Benefit Changes: None.

Changes of Assumptions: None.

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

**CITY OF SANTA FE SPRINGS**

**COST SHARING MULTIPLE-EMPLOYER PLANS  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2015</b>
Actuarially Determined Contributions	
Safety Tier 1 Plan	\$ 1,736,362
Safety Tier 2 Plan	156,403
Contribution in Relation to the Actuarially Determined Contribution	(1,892,765)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 6,502,095
Contributions as a Percentage of Covered-Employee Payroll	29.11%

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

**Note to Schedule:**

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	30 years as of valuation date
Assets valuation method	Market value
Inflation	2.75%
Salary Increases	3.3% to 14.2% depending on age, service and type of
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	Minimum 50 years
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to

## CITY OF SANTA FE SPRINGS

**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**


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**Schedule of Funding Progress for Post-Employment Benefits (Dollar Amounts in Thousands)**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Normal Accrued Liability	(b a) Unfunded/ (Overfunded) Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a % of Covered Payroll
6/30/2007	\$ -	\$ 39,737	\$ 39,737	0%	\$ 19,532	203%
6/30/2009	191	42,413	42,222	0%	19,839	213%
6/30/2011	911	47,020	46,109	2%	17,925	257%
6/30/2013	3,451	54,521	51,070	6%	13,917	367%

## CITY OF SANTA FE SPRINGS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 38,935,000	\$ 41,203,000	\$ 41,681,470	\$ 478,470
Licenses and permits	2,399,700	2,314,300	2,206,324	(107,976)
Intergovernmental	2,457,600	2,576,800	2,622,196	45,396
Charges for services	5,032,500	5,036,000	5,250,369	214,369
Use of money and property	1,351,500	1,295,000	1,373,199	78,199
Fines and forfeitures	393,400	431,800	529,250	97,450
Miscellaneous	943,000	1,202,500	1,403,519	201,019
<b>Total Revenues</b>	<b>51,512,700</b>	<b>54,059,400</b>	<b>55,066,327</b>	<b>1,006,927</b>
<b>Expenditures:</b>				
General government	5,717,600	6,070,800	5,483,276	587,524
Public safety	26,120,600	26,609,500	26,549,260	60,240
Community development	3,699,200	3,601,500	3,530,156	71,344
Public works	4,653,600	4,610,000	4,591,234	18,766
Culture and leisure	7,269,800	7,039,400	6,995,907	43,493
Human services	2,949,000	2,991,200	2,798,407	192,793
Capital outlay	794,500	1,045,400	940,673	104,727
Debt service:				
Principal retirement	1,045,800	1,045,800	1,045,658	142
Interest and fiscal charges	241,000	241,000	240,815	185
<b>Total Expenditures</b>	<b>52,491,100</b>	<b>53,254,600</b>	<b>52,175,386</b>	<b>1,079,214</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(978,400)	804,800	2,890,941	2,086,141
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,945,600	3,647,500	3,590,300	(57,200)
Proceeds from sale of capital asset	8,000	5,000	25,000	20,000
Transfers out	(2,950,000)	(2,980,000)	(2,980,000)	-
Contributions from successor agency	-	-	100,238	100,238
<b>Total Other Financing Sources (Uses)</b>	<b>1,003,600</b>	<b>672,500</b>	<b>735,538</b>	<b>63,038</b>
Net Change in Fund Balances	25,200	1,477,300	3,626,479	2,149,179
Fund Balances, Beginning of Year, as restated	23,877,923	23,877,923	23,877,923	-
<b>Fund Balances, End of Year</b>	<b>\$ 23,903,123</b>	<b>\$ 25,355,223</b>	<b>\$ 27,504,402</b>	<b>\$ 2,149,179</b>

**Budgetary Comparison Information**

**a. Summary of Budgetary Policies**

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

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

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

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

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

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

Low and Moderate Income Housing Fund  
Heritage Springs Street Maintenance District  
Business License Surcharge  
Community Development Block Grant Program Income Fund  
Villages Service District  
Heritage Art Education Endowment Fund

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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 Gas Tax**

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

#### **County Transit Tax**

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

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

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

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

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

#### **Art in Public Places**

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

#### **Business License Surcharge**

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

#### **Air Quality Improvement**

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

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

### **Community Development Block Grant**

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

### **Fire Grants**

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

### **Public Safety Augmentation**

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

### **Supplemental Law Enforcement Services**

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

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

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

## **PERMANENT FUND**

### **Heritage Art Fund**

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

## CITY OF SANTA FE SPRINGS

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

<b>Special Revenue Funds</b>			
	<b>State Gas Tax</b>	<b>County Transit Tax</b>	<b>Street Lighting Maintenance District</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 247,181	\$ 990,383	\$ 103,446
Receivables:			
Notes and loans	-	-	-
Due from other governments	-	8,263	3,441
<b>Total Assets</b>	<b>\$ 247,181</b>	<b>\$ 998,646</b>	<b>\$ 106,887</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
<b>Restricted for:</b>			
Community development projects	-	-	-
Public safety	-	-	-
Public works	247,181	998,646	106,887
Art in public places	-	-	-
<b>Total Fund Balances</b>	<b>247,181</b>	<b>998,646</b>	<b>106,887</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 247,181</b>	<b>\$ 998,646</b>	<b>\$ 106,887</b>

## CITY OF SANTA FE SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Heritage Springs Street Maintenance District	Art in Public Places	Business License Surcharge	Air Quality Improvement
<b>Assets:</b>				
Pooled cash and investments	\$ 183,007	\$ 1,032,498	\$ 7,896	\$ 56,671
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	-	-	-	5,648
<b>Total Assets</b>	<b>\$ 183,007</b>	<b>\$ 1,032,498</b>	<b>\$ 7,896</b>	<b>\$ 62,319</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	681	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>681</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	7,215	-
Public safety	-	-	-	-
Public works	183,007	-	-	62,319
Art in public places	-	1,032,498	-	-
<b>Total Fund Balances</b>	<b>183,007</b>	<b>1,032,498</b>	<b>7,215</b>	<b>62,319</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 183,007</b>	<b>\$ 1,032,498</b>	<b>\$ 7,896</b>	<b>\$ 62,319</b>

## CITY OF SANTA FE SPRINGS

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

<b>Special Revenue Funds</b>				
	<b>Community Development Block Grant</b>	<b>Fire Grants</b>	<b>Public Safety Augmentation</b>	<b>Supplemental Law Enforcement Services</b>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 6,908
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	16,239	472,387	28,710	-
<b>Total Assets</b>	<b>\$ 16,239</b>	<b>\$ 472,387</b>	<b>\$ 28,710</b>	<b>\$ 6,908</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	472	2,161	-	-
Due to other governments	-	-	-	-
Due to other funds	15,767	470,226	28,710	-
<b>Total Liabilities</b>	<b>16,239</b>	<b>472,387</b>	<b>28,710</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	6,908
Public works	-	-	-	-
Art in public places	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,908</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 16,239</b>	<b>\$ 472,387</b>	<b>\$ 28,710</b>	<b>\$ 6,908</b>

## CITY OF SANTA FE SPRINGS

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>Special Revenue Fund</b>		<b>Permanent Fund</b>	
	<b>Community Development Block Grant Program Income</b>	<b>Villages Service District</b>	<b>Heritage Art Education Endowment Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 15,818	\$ 2,412	\$ 422,419	\$ 3,068,639
Receivables:				
Notes and loans	19,250	-	-	19,250
Due from other governments	-	-	-	534,688
<b>Total Assets</b>	<b>\$ 35,068</b>	<b>\$ 2,412</b>	<b>\$ 422,419</b>	<b>\$ 3,622,577</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,818	\$ 2,412	\$ -	\$ 18,230
Accrued liabilities	-	-	-	2,633
Due to other governments	-	-	-	681
Due to other funds	-	-	-	514,703
<b>Total Liabilities</b>	<b>15,818</b>	<b>2,412</b>	<b>-</b>	<b>536,247</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	19,250	-	-	19,250
<b>Total Deferred Inflows of Resources</b>	<b>19,250</b>	<b>-</b>	<b>-</b>	<b>19,250</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	7,215
Public safety	-	-	-	6,908
Public works	-	-	-	1,598,040
Art in public places	-	-	422,419	1,454,917
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>422,419</b>	<b>3,067,080</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 35,068</b>	<b>\$ 2,412</b>	<b>\$ 422,419</b>	<b>\$ 3,622,577</b>

## CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

Special Revenue Funds			
	State Gas Tax	County Transit Tax	Street Lighting Maintenance District
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	510,181	729,453	-
Interest and rentals	661	2,274	206
Miscellaneous	-	8,263	182,252
<b>Total Revenues</b>	<b>510,842</b>	<b>739,990</b>	<b>182,458</b>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	510,842	739,990	182,458
<b>Other Financing Sources (Uses):</b>			
Transfers out	(494,200)	(415,551)	(183,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(494,200)</b>	<b>(415,551)</b>	<b>(183,000)</b>
Net Change in Fund Balances	16,642	324,439	(542)
<b>Fund Balances:</b>			
Beginning of year, as originally reported	285,832	674,207	107,429
Restatements	(55,293)	-	-
Beginning of year, as restated	230,539	674,207	107,429
<b>End of Year</b>	<b>\$ 247,181</b>	<b>\$ 998,646</b>	<b>\$ 106,887</b>

## CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Heritage Springs Street Maintenance District	Art in Public Places	Business License Surcharge	Air Quality Improvement
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 2,734	\$ -
Intergovernmental	-	-	-	-
Interest and rentals	-	2,516	-	177
Miscellaneous	-	425,533	-	21,525
<b>Total Revenues</b>	<b>-</b>	<b>428,049</b>	<b>2,734</b>	<b>21,702</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	428,049	2,734	21,702
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(391,682)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(391,682)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	36,367	2,734	21,702
<b>Fund Balances:</b>				
Beginning of year, as originally reported	183,007	996,131	4,481	40,617
Restatements	-	-	-	-
Beginning of year, as restated	183,007	996,131	4,481	40,617
<b>End of Year</b>	<b>\$ 183,007</b>	<b>\$ 1,032,498</b>	<b>\$ 7,215</b>	<b>\$ 62,319</b>



## CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Community Development Block Grant	Fire Grants	Public Safety Augmentation	Supplemental Law Enforcement Services
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	16,239	603,323	173,650	106,230
Interest and rentals	-	-	-	151
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>16,239</b>	<b>603,323</b>	<b>173,650</b>	<b>106,381</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	418,812	-	-
Community development	16,239	-	-	-
Capital outlay	-	184,511	-	-
<b>Total Expenditures</b>	<b>16,239</b>	<b>603,323</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	173,650	106,381
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(173,650)	(100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(173,650)</b>	<b>(100,000)</b>
Net Change in Fund Balances	-	-	-	6,381
<b>Fund Balances:</b>				
Beginning of year, as originally reported	-	-	-	527
Restatements	-	-	-	-
Beginning of year, as restated	-	-	-	527
<b>End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,908</b>

## CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Special Revenue Fund		Permanent Fund	
	Community Development Block Grant Program Income	Villages Service District	Heritage Art Education Endowment Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 2,734
Intergovernmental	-	-	-	2,139,076
Interest and rentals	-	-	1,130	7,115
Miscellaneous	-	-	-	637,573
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>1,130</b>	<b>2,786,498</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	418,812
Community development	-	-	-	16,239
Capital outlay	-	-	-	184,511
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>619,562</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	1,130	2,166,936
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	-	(1,758,083)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,758,083)</b>
Net Change in Fund Balances	-	-	1,130	408,853
<b>Fund Balances:</b>				
Beginning of year, as originally reported	-	-	421,289	2,713,520
Restatements	-	-	-	(55,293)
Beginning of year, as restated	-	-	421,289	2,658,227
<b>End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 422,419</b>	<b>\$ 3,067,080</b>

## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 STATE GAS TAX  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 494,200	\$ 494,200	\$ 510,181	\$ 15,981
Use of money and property	-	-	661	661
<b>Total Revenues:</b>	<b>494,200</b>	<b>494,200</b>	<b>510,842</b>	<b>16,642</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(494,200)	(494,200)	(494,200)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(494,200)</b>	<b>(494,200)</b>	<b>(494,200)</b>	<b>-</b>
Net Change in Fund Balances	-	-	16,642	16,642
Fund Balances, Beginning of Year, as restated	230,539	230,539	230,539	-
<b>Fund Balances, End of Year</b>	<b>\$ 230,539</b>	<b>\$ 230,539</b>	<b>\$ 247,181</b>	<b>\$ 16,642</b>

## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
COUNTY TRANSIT TAX  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 721,900	\$ 721,900	\$ 729,453	\$ 7,553
Use of money and property	-	-	2,274	2,274
Miscellaneous	-	-	8,263	8,263
<b>Total Revenues:</b>	<b>721,900</b>	<b>721,900</b>	<b>739,990</b>	<b>18,090</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(418,000)	(418,000)	(415,551)	2,449
<b>Total Other Financing Sources (Uses)</b>	<b>(418,000)</b>	<b>(418,000)</b>	<b>(415,551)</b>	<b>2,449</b>
Net Change in Fund Balances	303,900	303,900	324,439	20,539
Fund Balances, Beginning of Year	674,207	674,207	674,207	-
<b>Fund Balances, End of Year</b>	<b>\$ 978,107</b>	<b>\$ 978,107</b>	<b>\$ 998,646</b>	<b>\$ 20,539</b>

## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 STREET LIGHTING MAINTENANCE DISTRICT  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 206	\$ 206
Miscellaneous	183,000	183,000	182,252	(748)
<b>Total Revenues:</b>	<b>183,000</b>	<b>183,000</b>	<b>182,458</b>	<b>(542)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(183,000)	(183,000)	(183,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(183,000)</b>	<b>(183,000)</b>	<b>(183,000)</b>	<b>-</b>
Net Change in Fund Balances	-	-	(542)	(542)
Fund Balances, Beginning of Year	107,429	107,429	107,429	-
<b>Fund Balances, End of Year</b>	<b>\$ 107,429</b>	<b>\$ 107,429</b>	<b>\$ 106,887</b>	<b>\$ (542)</b>

## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 ART IN PUBLIC PLACES  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 2,516	\$ 2,516
Miscellaneous	100,000	100,000	425,533	325,533
<b>Total Revenues:</b>	<b>100,000</b>	<b>100,000</b>	<b>428,049</b>	<b>328,049</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(441,000)	(441,000)	(391,682)	49,318
<b>Total Other Financing Sources (Uses)</b>	<b>(441,000)</b>	<b>(441,000)</b>	<b>(391,682)</b>	<b>49,318</b>
Net Change in Fund Balances	(341,000)	(341,000)	36,367	377,367
Fund Balances, Beginning of Year	996,131	996,131	996,131	-
<b>Fund Balances, End of Year</b>	<b>\$ 655,131</b>	<b>\$ 655,131</b>	<b>\$ 1,032,498</b>	<b>\$ 377,367</b>

## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY IMPROVEMENT  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 177	\$ 177
Miscellaneous	20,800	20,800	21,525	725
<b>Total Revenues:</b>	<b>20,800</b>	<b>20,800</b>	<b>21,702</b>	<b>902</b>
Net Change in Fund Balances	20,800	20,800	21,702	902
Fund Balances, Beginning of Year	40,617	40,617	40,617	-
<b>Fund Balances, End of Year</b>	<b>\$ 61,417</b>	<b>\$ 61,417</b>	<b>\$ 62,319</b>	<b>\$ 902</b>

## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 16,200	\$ 16,200	\$ 16,239	\$ 39
<b>Total Revenues:</b>	<b>16,200</b>	<b>16,200</b>	<b>16,239</b>	<b>39</b>
<b>Expenditures</b>				
Community development	8,100	16,200	16,239	(39)
<b>Total Expenditures</b>	<b>16,200</b>	<b>16,200</b>	<b>16,239</b>	<b>(39)</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 FIRE GRANTS  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 603,323	\$ 518,323
<b>Total Revenues:</b>	<b>85,000</b>	<b>85,000</b>	<b>603,323</b>	<b>518,323</b>
<b>Expenditures</b>				
Public safety	85,000	85,000	418,812	(333,812)
Capital outlay	-	-	184,511	(184,511)
<b>Total Expenditures</b>	<b>85,000</b>	<b>85,000</b>	<b>603,323</b>	<b>(518,323)</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
PUBLIC SAFETY AUGMENTATION  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 142,000	\$ 142,000	\$ 173,650	\$ 31,650
<b>Total Revenues:</b>	<b>142,000</b>	<b>142,000</b>	<b>173,650</b>	<b>31,650</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(142,000)	(142,000)	(173,650)	(31,650)
<b>Total Other Financing Sources (Uses)</b>	<b>(142,000)</b>	<b>(142,000)</b>	<b>(173,650)</b>	<b>(31,650)</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 SUPPLEMENTAL LAW ENFORCEMENT SERVICES  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 106,230	\$ 6,230
Use of money and property	-	-	151	151
<b>Total Revenues:</b>	<b>100,000</b>	<b>100,000</b>	<b>106,381</b>	<b>6,381</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(100,000)	(100,000)	(100,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>
Net Change in Fund Balances	-	-	6,381	6,381
Fund Balances, Beginning of Year	527	527	527	-
<b>Fund Balances, End of Year</b>	<b>\$ 527</b>	<b>\$ 527</b>	<b>\$ 6,908</b>	<b>\$ 6,381</b>

## **INTERNAL SERVICE FUNDS**

### **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.

### **Employee Benefits**

This fund is used 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.

## CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2015

Governmental Activities - Internal Service Funds					
		Equipment Replacement	Employee Benefits	Risk Management	Totals
<b>Assets:</b>					
Current:					
Cash and investments		\$ 1,485,531	\$ 1,318,334	\$ 640,300	\$ 3,444,165
<b>Total Assets</b>		<b>\$ 1,485,531</b>	<b>\$ 1,318,334</b>	<b>\$ 640,300</b>	<b>\$ 3,444,165</b>
<b>Net Position:</b>					
Unrestricted		\$ 1,485,531	\$ 1,318,334	\$ 640,300	\$ 3,444,165
<b>Total Net Position</b>		<b>\$ 1,485,531</b>	<b>\$ 1,318,334</b>	<b>\$ 640,300</b>	<b>\$ 3,444,165</b>

## CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds			
	Equipment Replacement	Employee Benefits	Risk Management	Totals
<b>Operating Revenues:</b>				
Sales and service charges	\$ 72,906	\$ -	\$ -	\$ 72,906
<b>Total Operating Revenues</b>	<b>72,906</b>	<b>-</b>	<b>-</b>	<b>72,906</b>
<b>Operating Expenses:</b>				
Labor and benefits	-	1,494,391	-	1,494,391
<b>Total Operating Expenses</b>	<b>-</b>	<b>1,494,391</b>	<b>-</b>	<b>1,494,391</b>
Income (Loss) Before Transfers	72,906	(1,494,391)	-	(1,421,485)
Transfers in	-	100,000	50,000	150,000
Transfers out	(626,000)	-	(73,700)	(699,700)
Changes in Net Position	(553,094)	(1,394,391)	(23,700)	(1,971,185)
<b>Net Position:</b>				
Beginning of Year	2,038,625	2,712,725	664,000	5,415,350
<b>End of Fiscal Year</b>	<b>\$ 1,485,531</b>	<b>\$ 1,318,334</b>	<b>\$ 640,300</b>	<b>\$ 3,444,165</b>

## CITY OF SANTA FE SPRINGS

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2015**

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Equipment Replacement</b>	<b>Employee Benefits</b>	<b>Risk Management</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 72,906	\$ -	\$ -	\$ 72,906
Cash paid to employees for services	-	(1,494,391)	-	(1,494,391)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>72,906</b>	<b>(1,494,391)</b>	<b>-</b>	<b>(1,421,485)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	(626,000)	-	(73,700)	(699,700)
Cash transfers in	-	100,000	50,000	150,000
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(626,000)</b>	<b>100,000</b>	<b>(23,700)</b>	<b>(549,700)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(553,094)</b>	<b>(1,394,391)</b>	<b>(23,700)</b>	<b>(1,971,185)</b>
Cash and Cash Equivalents at Beginning of Year	2,038,625	2,712,725	664,000	5,415,350
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,485,531</b>	<b>\$ 1,318,334</b>	<b>\$ 640,300</b>	<b>\$ 3,444,165</b>

## **FIDUCIARY FUNDS**

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

### **AGENCY FUNDS**

#### **Assessment Districts Fund**

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

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

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



## CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF NET POSITION  
ALL AGENCY FUNDS  
JUNE 30, 2015

	Assessment Districts	Community Facilities Assessment Districts	Totals
<b>Assets:</b>			
Pooled cash and investments	\$ 169,325	\$ 68,016	\$ 237,341
Receivables:			
Accounts	-	6,332	6,332
Restricted assets:			
Cash and investments with fiscal agents	321,645	-	321,645
<b>Total Assets</b>	<b>\$ 490,970</b>	<b>\$ 74,348</b>	<b>\$ 565,318</b>
<b>Liabilities:</b>			
Deposits payable	\$ 490,970	\$ 67,128	\$ 558,098
Due to other governments	-	7,220	7,220
<b>Total Liabilities</b>	<b>\$ 490,970</b>	<b>\$ 74,348</b>	<b>\$ 565,318</b>

## CITY OF SANTA FE SPRINGS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2015**

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<b><u>Assessment Districts</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 133,176	\$ 204,662	\$ 168,513	\$ 169,325
Restricted assets:				
Cash and investments with fiscal agents	323,355	168,513	170,223	321,645
<b>Total Assets</b>	<b>\$ 456,531</b>	<b>\$ 373,175</b>	<b>\$ 338,736</b>	<b>\$ 490,970</b>
<b>Liabilities:</b>				
Deposits payable	\$ 456,531	\$ 204,662	\$ 170,223	\$ 490,970
<b>Total Liabilities</b>	<b>\$ 456,531</b>	<b>\$ 204,662</b>	<b>\$ 170,223</b>	<b>\$ 490,970</b>
<b><u>Community Facilities Assessment Districts</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 532,916	\$ 143,964	\$ 608,864	\$ 68,016
Receivables:				
Accounts	6,332	-	-	6,332
<b>Total Assets</b>	<b>\$ 539,248</b>	<b>\$ 143,964</b>	<b>\$ 608,864</b>	<b>\$ 74,348</b>
<b>Liabilities:</b>				
Deposits payable	\$ 71,920	\$ 10,782	\$ 15,574	\$ 67,128
Due to other governments	467,328	7,220	467,328	7,220
<b>Total Liabilities</b>	<b>\$ 539,248</b>	<b>\$ 18,002</b>	<b>\$ 482,902</b>	<b>\$ 74,348</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 666,092	\$ 348,626	\$ 777,377	\$ 237,341
Receivables:				
Accounts	6,332	-	-	6,332
Cash and investments with fiscal agents	323,355	168,513	170,223	321,645
<b>Total Assets</b>	<b>\$ 995,779</b>	<b>\$ 517,139</b>	<b>\$ 947,600</b>	<b>\$ 565,318</b>
<b>Liabilities:</b>				
Deposits payable	\$ 528,451	\$ 215,444	\$ 185,797	\$ 558,098
Due to other governments	467,328	7,220	467,328	7,220
<b>Total Liabilities</b>	<b>\$ 995,779</b>	<b>\$ 222,664</b>	<b>\$ 653,125</b>	<b>\$ 565,318</b>

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# CITY OF SANTA FE SPRINGS

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## STATISTICAL SECTION

(Not covered by Auditors' Opinion)

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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<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. ....	118
<b>Revenue Capacity</b>	
These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax. ....	128
<b>Debt Capacity</b>	
These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. ....	132
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. ....	140
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. ....	143

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 38,548,147	\$ 16,802,657	\$ 31,856,729	\$ 89,373,619
Restricted	9,519,258	11,122,372	5,501,527	7,643,082
Unrestricted	47,198,101	68,046,186	64,776,353	6,730,597
Total governmental activities net position	<u>\$ 95,265,506</u>	<u>\$ 95,971,215</u>	<u>\$ 102,134,609</u>	<u>\$ 103,747,298</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 10,315,423	\$ 10,161,603	\$ 10,160,632	\$ 12,659,705
Unrestricted	6,862,425	6,500,887	5,848,194	2,074,635
Total business-type activities net position	<u>\$ 17,177,848</u>	<u>\$ 16,662,490</u>	<u>\$ 16,008,826</u>	<u>\$ 14,734,340</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 48,863,570	\$ 26,964,260	\$ 42,017,361	\$ 102,033,324
Restricted	9,519,258	11,122,372	5,501,527	7,643,082
Unrestricted	54,060,526	74,547,073	70,624,547	8,805,232
Total primary government net position	<u>\$ 112,443,354</u>	<u>\$ 112,633,705</u>	<u>\$ 118,143,435</u>	<u>\$ 118,481,638</u>

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 80,697,495	\$ 73,525,440	\$ 141,935,739	\$ 159,461,487	\$ 163,745,920	\$ 163,742,164
8,867,118	10,414,337	9,077,534	9,905,210	9,651,144	29,208,112
2,627,357	12,973,592	24,344,782	27,007,854	37,672,916	(50,143,910)
<u>\$ 92,191,970</u>	<u>\$ 96,913,369</u>	<u>\$ 175,358,055</u>	<u>\$ 196,374,551</u>	<u>\$ 211,069,980</u>	<u>\$ 142,806,366</u>
\$ 13,780,267	\$ 11,835,708	\$ 12,353,517	\$ 15,742,624	\$ 16,386,459	\$ 15,541,573
(636,433)	521,782	1,060,256	3,375,412	3,952,242	(2,072,299)
<u>\$ 13,143,834</u>	<u>\$ 12,357,490</u>	<u>\$ 13,413,773</u>	<u>\$ 19,118,036</u>	<u>\$ 20,338,701</u>	<u>\$ 13,469,274</u>
\$ 94,477,762	\$ 85,361,148	\$ 154,289,256	\$ 175,204,111	\$ 180,132,379	\$ 179,283,737
8,867,118	10,414,337	9,077,534	9,905,210	9,651,144	29,208,112
1,990,924	13,495,374	25,405,038	30,383,266	41,625,158	(52,216,209)
<u>\$ 105,335,804</u>	<u>\$ 109,270,859</u>	<u>\$ 188,771,828</u>	<u>\$ 215,492,587</u>	<u>\$ 231,408,681</u>	<u>\$ 156,275,640</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 6,343,005	\$ 8,969,662	\$ 10,752,925	\$ 4,182,328
Public safety	22,660,078	24,794,390	25,158,056	27,819,575
Community development	17,111,298	19,635,755	13,673,467	20,631,199
Public works	4,980,176	7,343,144	6,800,109	7,169,870
Culture and leisure	10,296,861	9,661,420	9,490,393	7,856,203
Human services	3,517,043	4,150,468	5,070,440	4,128,929
Unallocated depreciation	59,767	59,449	13,421	61,695
Interest on long-term liabilities	5,991,751	6,284,405	7,935,213	8,087,433
Total governmental activities expenses	70,959,979	80,898,693	78,894,024	79,937,232
Business-type activities:				
Water utility	7,354,622	8,059,941	8,728,782	9,455,272
Total primary government expenses	78,314,601	88,958,634	87,622,806	89,392,504
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	927,573	612,834	1,048,110	1,137,500
Public safety	2,777,833	2,649,239	2,586,088	2,924,531
Community development	1,461,242	2,397,946	3,464,909	3,048,561
Public works	413,577	549,718	698,895	455,206
Culture and leisure	1,720,559	1,186,334	1,186,328	934,448
Human services	628,775	696,758	747,761	653,585
Operating grants and contributions	3,537,619	4,386,968	3,834,943	3,249,259
Capital grants and contributions	2,374,859	758,661	2,701,218	1,843,328
Total governmental activities program revenues	13,842,037	13,238,458	16,268,252	14,246,418
Business-type activities:				
Charges for services:				
Water utility	8,007,277	8,724,832	9,008,023	9,221,517
Capital grants and contributions	76,832	104,327	142,589	176,868
Total business-type activities program revenues	8,084,109	8,829,159	9,150,612	9,398,385
Total primary government program revenues	21,926,146	22,067,617	25,418,864	23,644,803
<b>Net revenues (expenses):</b>				
Governmental activities	(57,117,942)	(67,660,235)	(62,625,772)	(65,690,814)
Business-type activities	729,487	769,218	421,830	(56,887)
Total net revenues (expenses)	(56,388,455)	(66,891,017)	(62,203,942)	(65,747,701)



Fiscal Year					
2010	2011	2012	2013	2014	2015
3,438,268	\$ 2,163,896	\$ 3,883,766	\$ 5,773,716	\$ 5,941,165	\$ 5,614,730
27,580,109	26,383,489	27,242,545	28,371,664	25,903,765	28,215,907
30,950,225	20,666,314	13,832,431	3,420,343	4,050,792	3,794,506
6,711,824	10,044,324	8,874,948	22,545,319	16,997,746	14,269,841
12,002,498	8,229,998	8,480,678	7,916,483	7,690,481	7,681,363
3,468,839	2,919,442	2,929,811	2,664,800	2,881,556	3,133,900
21,617	62,365	62,366	64,246	-	-
7,911,796	7,249,129	4,191,452	343,881	213,286	239,719
92,085,176	77,718,957	69,497,997	71,100,452	63,678,791	62,949,966
9,080,895	9,737,232	10,028,948	9,738,082	10,781,780	10,911,725
101,166,071	87,456,189	79,526,945	80,838,534	74,460,571	73,861,691
732,638	686,006	717,021	746,832	2,027,076	1,975,162
2,870,405	2,773,032	2,801,311	2,792,442	2,937,252	2,985,378
3,758,049	3,859,883	3,137,047	4,018,338	2,460,571	1,953,691
291,322	308,852	336,955	260,835	756,730	753,510
1,082,696	466,019	443,425	636,462	556,566	533,242
721,334	654,912	641,003	579,073	522,881	520,428
5,188,053	5,172,057	6,100,535	4,714,266	3,405,177	2,090,135
2,978,733	4,851,876	6,016,364	36,562,363	18,887,861	6,801,309
17,623,230	18,772,637	20,193,661	50,310,611	31,554,114	17,612,855
9,168,719	9,852,607	11,748,391	13,063,973	13,139,026	12,252,452
26,667	223,673	914,585	4,002,420	632,638	111,777
9,195,386	10,076,280	12,662,976	17,066,393	13,771,664	12,364,229
26,818,616	28,848,917	32,856,637	67,377,004	45,325,778	29,977,084
(74,461,946)	(58,946,320)	(49,304,336)	(20,789,841)	(32,124,677)	(45,337,111)
114,491	339,048	2,634,028	7,328,311	2,989,884	1,452,504
(74,347,455)	(58,607,272)	(46,670,308)	(13,461,530)	(29,134,793)	(43,884,607)
(continued)					

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

	Fiscal Year			
	2006	2007	2008	2009
<b>General revenues and other changes in net position:</b>				
Governmental activities:				
Taxes:				
Sales and use taxes	\$ 25,592,900	\$ 26,373,068	\$ 25,716,341	\$ 23,237,402
Property taxes	26,896,587	29,796,606	30,792,418	33,478,543
Franchise taxes	2,776,978	3,090,282	2,902,765	2,857,707
Motor vehicle in lieu tax - general purpose	1,324,255	1,390,299	1,446,785	1,505,277
Business operations taxes	790,175	867,675	816,384	805,857
Utility users taxes	-	-	-	-
Other taxes	673,786	660,346	734,885	723,819
Investment income	2,696,536	4,946,163	4,845,514	3,006,525
Other	1,090,511	1,348,127	287,751	391,132
Loss on disposal of asset	(3,559,185)	-	(54,467)	-
Transfers to Successor Agency	-	-	-	-
Transfers	1,655,261	1,609,356	1,300,790	1,297,241
Extraordinary gain	-	-	-	-
Total governmental activities	<u>59,937,804</u>	<u>70,081,922</u>	<u>68,789,166</u>	<u>67,303,503</u>
Business-type activities:				
Investment income	292,821	324,780	225,296	79,642
Other	-	-	-	-
Transfers	(1,655,261)	(1,609,356)	(1,300,790)	(1,297,241)
Total business-type activities	<u>(1,362,440)</u>	<u>(1,284,576)</u>	<u>(1,075,494)</u>	<u>(1,217,599)</u>
Total primary government	<u>58,575,364</u>	<u>68,797,346</u>	<u>67,713,672</u>	<u>66,085,904</u>
Special - donation of land and improvements	-	-	-	-
<b>Changes in Net Position:</b>				
Governmental activities	2,819,862	2,421,687	6,163,394	1,612,689
Business-type activities	(632,953)	(515,358)	(653,664)	(1,274,486)
Total primary government	<u>\$ 2,186,909</u>	<u>\$ 1,906,329</u>	<u>\$ 5,509,730</u>	<u>\$ 338,203</u>

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
19,214,299	\$ 20,254,386	\$ 22,868,333	\$ 23,655,903	\$ 26,096,479	\$ 26,432,547
34,470,314	33,167,105	11,386,328	3,150,294	3,601,771	4,088,687
2,524,816	2,553,493	2,499,668	2,443,761	2,779,357	2,978,360
1,569,001	1,574,226	1,519,877	1,542,531	1,595,953	1,686,499
783,107	775,506	771,766	778,483	768,575	780,747
-	1,023,863	4,342,780	6,095,190	6,634,353	6,836,360
576,767	570,792	518,095	890,344	416,269	567,503
1,699,361	2,380,810	1,988,650	1,384,050	1,416,003	1,440,422
356,634	236,254	3,425,588	1,413,449	2,216,285	2,692,622
-	-	-	-	42,312	-
-	-	-	(1,181,525)	-	-
1,712,319	1,131,284	1,582,575	1,633,857	1,597,099	1,224,700
-	-	76,845,362	-	(2,249,862)	19,954,190
62,906,618	63,667,719	127,749,022	41,806,337	44,914,594	68,682,637
7,322	5,892	4,830	9,809	11,929	15,849
-	-	-	-	107,631	240,554
(1,712,319)	(1,131,284)	(1,582,575)	(1,633,857)	(1,597,099)	(1,224,700)
(1,704,997)	(1,125,392)	(1,577,745)	(1,624,048)	(1,477,539)	(968,297)
61,201,621	62,542,327	126,171,277	40,182,289	43,437,055	67,714,340
-	-	-	-	-	-
(11,555,328)	4,721,399	78,444,686	21,016,496	12,789,917	23,345,526
(1,590,506)	(786,344)	1,056,283	5,704,263	1,512,345	484,207
(13,145,834)	\$ 3,935,055	\$ 79,500,969	\$ 26,720,759	\$ 14,302,262	\$ 23,829,733

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

	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>General fund:</b>					
Reserved	\$ 14,272,672	\$ 14,388,788	\$ 13,617,551	\$ 15,279,818	\$ 15,789,234
Unreserved	18,851,647	17,017,518	15,099,382	11,632,731	7,821,085
Total general fund	<u>\$ 33,124,319</u>	<u>\$ 31,406,306</u>	<u>\$ 28,716,933</u>	<u>\$ 26,912,549</u>	<u>\$ 23,610,319</u>
<b>All other governmental funds:</b>					
Reserved	\$ 31,370,232	\$ 39,559,163	\$ 42,709,013	\$ 46,410,455	\$ 53,512,156
Unreserved, reported in:					
Special revenue funds	2,666,450	2,640,445	2,158,778	1,955,895	1,514,867
Debt service funds	(2,355,832)	(2,040,292)	(1,679,421)	(1,679,353)	(1,954,284)
Capital project funds	21,234,317	56,216,049	47,613,794	44,588,079	22,540,869
Total all other governmental funds	<u>\$ 52,915,167</u>	<u>\$ 96,375,365</u>	<u>\$ 90,802,164</u>	<u>\$ 91,275,076</u>	<u>\$ 75,613,608</u>
	<b>2011*</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General fund:</b>					
Nonspendable	\$ 6,028,152	\$ 6,047,653	\$ 5,224,843	\$ 5,585,494	\$ 4,753,064
Restricted	1,326,532	181,532	-	98,801	98,821
Committed	1,455,318	1,455,318	225,000	225,000	225,000
Assigned	-	-	9,337,498	-	2,399,700
Unassigned	16,439,102	23,978,015	15,744,237	18,583,574	20,027,817
Total general fund	<u>\$ 25,249,104</u>	<u>\$ 31,662,518</u>	<u>\$ 30,531,578</u>	<u>\$ 24,492,869</u>	<u>\$ 27,504,402</u>
<b>All other governmental funds:</b>					
Nonspendable	\$ 9,148,250	\$ 7,634,198	1,018,291	5,688,704	4,330,950
Restricted	68,588,092	4,401,519	8,894,627	3,863,639	25,059,379
Assigned	-	-	4,579,545	7,794,387	9,480,556
Unassigned	(5,724,815)	(1,621,191)	-	(40,661)	(16,968)
Total all other governmental funds	<u>\$ 72,011,527</u>	<u>\$ 10,414,526</u>	<u>\$ 14,492,463</u>	<u>\$ 17,306,069</u>	<u>\$ 38,853,917</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

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

	<b>Fiscal Year</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Revenues:</b>				
Taxes	\$ 56,758,561	\$ 60,787,976	\$ 60,962,794	61,103,328
Licenses and permits	1,937,477	1,629,490	1,701,480	1,524,535
Fines, forfeitures and seizures	543,522	609,712	548,283	529,748
Interest and rentals	3,851,945	5,953,140	5,892,674	4,062,816
From other agencies	5,175,615	5,917,337	7,578,801	5,641,140
Charges for current services	4,897,205	4,739,147	5,305,063	5,212,477
Other	2,518,156	2,491,930	1,702,360	2,178,637
Total revenues	<u>75,682,481</u>	<u>82,128,732</u>	<u>83,691,455</u>	<u>80,252,681</u>
<b>Expenditures:</b>				
Current:				
General government	6,082,704	8,407,116	4,111,182	3,381,651
Public safety	23,632,838	25,077,753	25,824,532	26,691,447
Community development	16,709,315	16,535,419	19,500,243	18,917,170
Transportation	4,299,753	4,496,028	4,641,050	4,503,733
Culture and leisure	8,362,724	9,025,881	8,511,379	7,507,153
Human services	3,578,218	3,982,317	4,117,257	3,905,691
Capital outlay	3,567,934	5,839,038	15,234,728	5,271,884
Loss on sale of property	3,250,937	2,394,149	-	-
Debt service:				
Interest	5,969,105	6,222,003	6,175,132	7,022,705
Principal retirement	4,303,173	4,814,783	6,309,031	6,587,336
Bond issuance costs	-	1,783,534	-	-
Total expenditures	<u>79,756,701</u>	<u>88,578,021</u>	<u>94,424,534</u>	<u>83,788,770</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,074,220)</u>	<u>(6,449,289)</u>	<u>(10,733,079)</u>	<u>(3,536,089)</u>
<b>Other financing sources (uses):</b>				
Proceeds (loss) from sale of assets	-	-	-	80,445
Lease purchase agreements	82,690	108,986	107,588	-
Loan issuance	4,962,246	1,326,493	1,062,127	826,931
Bond issuance	-	91,911,529	-	-
Payment to refunded bond escrow agent	-	(45,656,679)	-	-
Transfer from private-purpose trust fund	-	-	-	-
Transfer to private-purpose trust fund	-	-	-	-
Transfers in	17,712,793	23,177,837	15,611,252	14,613,933
Transfers out	(16,057,532)	(21,568,481)	(14,310,462)	(13,316,692)
Total other financing sources (uses)	<u>6,700,197</u>	<u>49,299,685</u>	<u>2,470,505</u>	<u>2,204,617</u>
Extraordinary loss	-	-	-	-
Net change in fund balances	<u>\$ 2,625,977</u>	<u>\$ 42,850,396</u>	<u>\$ (8,262,574)</u>	<u>(1,331,472)</u>
Debt service as a percentage of noncapital expenditures	13.7%	15.4%	15.9%	17.2%

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

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

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

Fiscal Year					
2010	2011	2012 *	2013	2014	2015
\$ 57,569,302	\$ 58,310,307	\$ 42,294,544	\$ 36,999,332	\$ 40,296,804	\$ 41,684,204
2,115,081	1,867,845	2,102,755	2,969,902	2,747,847	2,206,324
503,749	465,360	428,472	344,325	491,503	529,250
2,745,752	2,321,749	1,995,506	1,398,990	1,416,003	1,440,422
9,270,391	10,644,890	12,349,659	35,766,822	23,165,769	11,054,345
5,365,282	5,292,591	5,031,896	4,965,080	5,147,329	5,250,369
1,194,374	1,573,488	4,532,497	3,907,821	2,493,091	2,855,254
<u>78,763,931</u>	<u>80,476,230</u>	<u>68,735,329</u>	<u>86,352,272</u>	<u>75,758,346</u>	<u>65,020,168</u>
2,718,500	1,670,047	3,826,155	5,629,632	5,064,465	5,483,276
26,459,351	25,439,776	33,199,540	25,846,858	25,203,933	26,968,072
29,453,154	19,344,105	13,434,645	3,346,701	3,991,264	3,755,596
4,413,626	7,563,987	5,966,489	4,240,659	4,456,233	4,591,234
6,886,004	7,295,141	7,604,051	7,130,910	6,974,428	6,995,907
3,238,862	2,731,901	2,790,524	2,481,419	2,579,037	2,798,407
12,913,273	3,719,878	4,498,772	32,091,957	21,383,923	9,745,411
-	-	-	-	-	-
6,801,175	6,081,574	3,042,465	310,664	278,854	240,815
6,962,183	7,178,400	7,295,987	789,060	983,524	1,045,658
-	-	119,993	-	-	-
<u>99,846,128</u>	<u>81,024,809</u>	<u>81,778,621</u>	<u>81,867,860</u>	<u>70,915,661</u>	<u>61,624,376</u>
(21,082,197)	(548,579)	(13,043,292)	4,484,412	4,842,685	3,395,792
(64,538)	9,924	23,496	50,662	42,312	25,000
-	-	-	-	-	-
470,718	596,075	-	-	-	-
-	-	7,759,094	-	-	-
-	-	-	-	-	-
-	-	995,421	(1,181,525)	-	100,238
-	-	-	-	-	(20,000)
14,483,825	23,360,976	22,577,622	6,600,367	8,805,993	6,524,301
<u>(12,771,506)</u>	<u>(22,229,692)</u>	<u>(20,995,047)</u>	<u>(5,642,617)</u>	<u>(10,517,883)</u>	<u>(4,749,901)</u>
2,118,499	1,737,283	10,360,586	(173,113)	(1,669,578)	1,879,638
-	-	(52,500,881)	-	(8,408,716)	19,954,190
<u>\$ (18,963,698)</u>	<u>\$ 1,188,704</u>	<u>\$ (55,183,587)</u>	<u>\$ 4,311,299</u>	<u>\$ (5,235,609)</u>	<u>\$ 25,229,620</u>
15.8%	17.2%	13.5%	2.2%	2.1%	2.2%

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

<u>Fiscal Year</u>	<u>Secured Property</u>	<u>Unsecured Property</u>	<u>Less Property Exemptions</u>	<u>Grand Total</u>	<u>Homeowner's Exemption</u>	<u>Net Taxable Value</u>	<u>Total Direct Tax Rate</u>
2006	3,937,295	760,308	35,699	4,661,904	15,733	4,646,171	0.077%
2007	4,314,351	796,390	41,222	5,069,519	15,660	5,053,859	0.077%
2008	4,649,072	893,796	42,911	5,499,957	15,586	5,484,371	0.077%
2009	4,948,146	966,130	49,046	5,865,230	15,606	5,849,624	0.077%
2010	5,085,904	1,014,688	55,391	6,045,201	15,452	6,029,749	0.077%
2011	5,092,022	961,737	51,456	6,002,303	15,271	5,987,032	0.077%
2012	5,164,916	943,242	65,907	6,042,251	15,124	6,027,127	0.077%
2013	5,299,330	963,433	56,513	6,206,250	15,072	6,191,178	0.077%
2014	5,491,905	964,947	67,488	6,389,364	15,020	6,374,344	0.077%
2015	5,819,662	1,002,581	67,730	6,754,513	15,194	6,739,319	0.077%

**NOTE:**

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

Source: Muniservices LLC  
 Los Angeles County, Assessor



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

<b>Fiscal Year</b>	<b><u>Basic 1% Direct Tax Rate</u></b>		<b><u>Override Assessments</u></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>Metro. Water District</b>	
2006	0.077	0.923	0.000	0.001	0.018	0.045	0.005	1.069
2007	0.077	0.923	0.035	0.001	0.015	0.044	0.004	1.099
2008	0.077	0.923	0.075	0.000	0.014	0.044	0.004	1.137
2009	0.077	0.923	0.074	0.000	0.023	0.037	0.004	1.138
2010	0.077	0.923	0.073	0.000	0.027	0.042	0.004	1.146
2011	0.077	0.923	0.076	0.000	0.034	0.042	0.004	1.156
2012	0.077	0.923	0.053	0.000	0.034	0.043	0.004	1.134
2013	0.077	0.923	0.069	0.000	0.028	0.046	0.004	1.147
2014	0.077	0.923	0.085	0.000	0.029	0.045	0.004	1.163
2015	0.077	0.923	0.080	0.000	0.028	0.053	0.004	1.165

**NOTE:**

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

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

Rates are not adjusted for ERAF

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

Taxpayer	FY 2014-15		FY 2005-06	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Breitbart Operating LP	\$ 315,111,209	4.68%	\$ 18,170,823	0.39%
Golden Springs Development Company	292,234,962	4.34%	105,046,327	2.26%
AMB	110,516,555	1.64%	21,323,123	0.46%
Legacy Partners II Santa Fe Springs	86,768,493	1.29%	-	0.00%
McMaster Carr Supply Company	73,731,771	1.09%	44,972,341	0.97%
Gateway Santa Fe Springs	60,000,000	0.89%	-	0.00%
Teachers Insurance & Annuity	59,782,680	0.89%	63,500,000	1.37%
Inland Paperboard	54,758,611	0.81%	-	0.00%
Freeway Springs LLC	48,204,440	0.72%	-	0.00%
McKesson Corp	47,248,544	0.70%	-	0.00%
Vons Companies Inc.	45,720,266	0.68%	37,634,197	0.81%
Heraeus Metals Processing Inc.	44,000,862	0.65%	-	0.00%
Catellus Development Corp	41,804,931	0.62%	-	0.00%
Maruichi American Corp	40,776,806	0.61%	46,953,964	1.01%
Centro Watt Property Owner II	39,296,630	0.58%	41,541,540	0.89%
Bloomfield Commerce Center Cor	38,649,642	0.57%	33,845,155	0.73%
Prologis	35,825,308	0.53%	-	0.00%
Carmenita Plaza LLC	35,370,558	0.52%	28,254,000	0.61%
PPF Industrial Valley View LP	33,848,104	0.50%	29,728,059	0.64%
14141 Alondra LP	32,886,491	0.49%	-	0.00%
CFH Env LP	32,455,393	0.48%	32,702,841	0.70%
Solaris Paper Inc.	31,131,403	0.46%	-	0.00%
Pactiv LLC	30,415,605	0.45%	-	0.00%
Sorensen Industrial LLC	28,830,298	0.43%	-	0.00%
Pr Mid Counties LLC	28,627,334	0.42%	-	0.00%
	<u>\$ 1,687,996,896</u>	<u>25.05%</u>	<u>\$ 503,672,370</u>	<u>10.84%</u>

NOTE:

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

Source: Los Angeles County Assessor data, MuniServices, LLC

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

<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%
2014	33,546,785	33,210,254	99.00%	-	33,210,254	99.00%
2015	35,511,774	35,217,986	99.17%	-	35,217,986	99.17%

**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

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

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

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
	Loans	Tax Allocation Bonds	Pension Obligation Bonds	Capitalized Lease Obligations	Total Governmental Activities	Revenue Bonds			
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
2014 <sup>2</sup>	257,024	-	5,944,000	531,702	6,732,726	9,231,693	15,964,419	4.81%	966
2015 <sup>2</sup>	-	-	5,238,000	449,068	5,687,068	9,069,544	14,756,612	3.93%	837

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 as of July 1, 2011.

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

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

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

<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</b>	<b>Pension</b>	<b>Total</b>		
	<b>Allocation Bonds</b>	<b>Obligation Bonds</b>	<b>General Bonded Debt</b>		
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
2014 <sup>2</sup>	-	5,944,000	5,944,000	0.09%	360
2015 <sup>2</sup>	-	5,238,000	5,238,000	0.08%	297

**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.

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

**CITY OF SANTA FE SPRINGS**

**Legal Debt Margin Information**

Last Ten Fiscal Years

	<b>Fiscal Year Ended June 30</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Assessed valuation	\$ 4,661,903,295	\$ 5,069,519,480	\$ 5,499,958,005	\$ 5,865,229,569
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 1,165,475,824	\$ 1,267,379,870	\$ 1,374,989,501	\$ 1,466,307,392
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 174,821,374	\$ 190,106,981	\$ 206,248,425	\$ 219,946,109
Total net debt applicable to the limit: General obligation bonds <sup>1</sup>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Legal Debt Margin	<u>\$ 174,821,374</u>	<u>\$ 190,106,981</u>	<u>\$ 206,248,425</u>	<u>\$ 219,946,109</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	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

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

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

	<b>Fiscal Year Ended June 30</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Assessed valuation	\$ 6,045,200,975	\$ 6,002,303,665	\$ 6,042,251,000	\$ 6,206,250,000
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 1,511,300,244	\$ 1,500,575,916	\$ 1,510,562,750	\$ 1,551,562,500
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 226,695,037	\$ 225,086,387	\$ 226,584,413	\$ 232,734,375
Total net debt applicable to the limit:				
General obligation bonds <sup>1</sup>			\$ 7,091,000	\$ 6,601,000
Legal Debt Margin	<u>\$ 226,695,037</u>	<u>\$ 225,086,387</u>	<u>\$ 219,493,413</u>	<u>\$ 226,133,375</u>
Total debt applicable to the limit				
as a percentage of debt limit	0.0%	0.0%	3.1%	2.8%

**NOTE:**

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

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

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

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

	<b>Fiscal Year Ended June 30</b>	
	<b>2014</b>	<b>2015</b>
Assessed valuation	\$ 6,389,364,000	6,754,513,000
Conversion percentage	25%	25%
Adjusted assessed valuation	\$ 1,597,341,000	1,688,628,250
Debt limit percentage	15%	15%
Debt limit	\$ 239,601,150	253,294,238
Total net debt applicable to the limit: General obligation bonds <sup>1</sup>	5,944,000	5,238,000
Legal Debt Margin	\$ 233,657,150	248,056,238
Total debt applicable to the limit as a percentage of debt limit	2.5%	2.1%

**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

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



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

Fiscal Year	Water Revenue Bonds						Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	8,865,034	2,888,187	195,000	356,307	5.24	
2013	13,063,973	8,604,389	4,459,584	200,000	338,298	8.28	
2014	13,879,295	9,453,643	4,425,652	155,000	319,342	9.33	
2015	12,604,783	9,674,355	2,930,428	165,000	373,579	5.44	

**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

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

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

Fiscal Year	Tax Allocation Bonds				
	Tax Increment	Debt Service		Coverage	
		Principal	Interest		
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	-	-	-	-	
2014	-	-	-	-	
2014	-	-	-	-	

**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

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

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2006	17,780	\$ 303,203	\$ 17,053	4.4%
2007	17,849	314,198	17,603	3.9%
2008	17,790	322,079	18,104	4.3%
2009	17,784	334,332	18,800	6.2%
2010	17,721	342,015	19,300	9.7%
2011	16,450	335,251	20,380	10.6%
2012	16,516	320,960	19,433	9.2%
2013	16,816	332,410	19,767	9.1%
2014	16,524	331,945	20,089	8.2%
2015	17,627	375,077	21,279	8.4%

**NOTE:**

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

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

**CITY OF SANTA FE SPRINGS**

**Principal Employers**

Current Year and Ten Years Ago

	<b>FY 2014-15</b>		<b>FY 2005-06</b>	
<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total Employment</b>	<b>Number of Employees *</b>	<b>Percent of Total Employment *</b>
McMaster Carr Supply Company	845	1.92%	747	1.34%
The Vons Companies, Inc.	745	1.69%	715	1.29%
L. A. Specialty Produce Company	511	1.16%	388	0.70%
Swift & Company	429	0.98%		
Vance and Hines, Inc.	414	0.94%	293	0.53%
Southern Wine and Spirits	395	0.90%		
Trojan Battery Company LLC	365	0.83%	368	0.66%
FedEx Ground Package System Inc.	350	0.80%		
Performance Team	337	0.77%		
Shaw Diversified Services, Inc.	336	0.76%	516	0.93%
Vans, a Division of VF Outdoor Inc.			325	0.58%
Wal-Mart			289	0.52%
Xerox			286	0.51%
Unified Western Grocers, Inc.			278	0.50%
	<u>3,882</u>	<u>8.83%</u>	<u>3,458</u>	<u>7.56%</u>

NOTE:

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

\* Data unavailable for FY 2004-05.

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

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

	<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>	<u><b>2014</b></u>	<u><b>2015</b></u>
General Government	51	51	52	49	41	39	38	36	37	39
Public Safety	103	103	91	94	84	87	72	68	79	83
Public Works	61	61	66	66	61	56	50	50	57	54
Planning and Community Development	25	25	23	23	21	19	7	4	4	6
Community Services - Administration	4	4	5	3	0	0	0	1	1	1
Community Services - Parks and Recreation	125	125	128	118	94	103	88	64	75	88
Community Services - Library Services	45	45	38	40	24	23	23	16	14	17
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>41</u>	<u>48</u>	<u>48</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>	<u><u>315</u></u>	<u><u>336</u></u>

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

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

		Fiscal Year Ended June 30									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire:											
Number of emergency calls		3,307	3,279	2,945	2,963	3,027	2,945	2,963	3,166	3,260	3,439
Inspections		2,874	2,459	2,540	2,519	2,573	2,645	2,255	3,793	2,864	3,325
Public works:											
Street resurfacing (miles)		0.4	1.5	1.5	1.5	2	2.5	2	3	5	3
Parks and recreation:											
Number of recreation classes		557	462	480	413	401	412	362	289	425	368
**Number of facility rentals		1,157	1,501	2,105	1,302	1,196	1,259	2,710	2,536	2,605	3,038
Human services:											
Children served in the City's childcare centers		509	500	500	489	463	426	371	306	296	286
Number of facility rentals		995	1,389	1,115	971	452	73 *	42 *	51 *	528	333
Water:											
Average daily consumption (thousands of gallons)		6,169	7,547	6,089	5,873	5,526	5,593	5,743	5,915	5,197	5,207

**NOTES:**

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

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

Source: City of Santa Fe Springs

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

	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire:										
Fire stations *	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	110	110	110	110	110	110	110	110	110	110
Traffic signals	71	71	71	71	75	75	75	75	75	75
Streetlights	1,076	2,407	2,407	2,407	2,960	2,960	2,960	2,960	2,960	2,960
Parks and recreation:										
**Parks/Fields	10	10	10	10	10	10	10	11	11	11
**Community services facilities	6	6	6	6	6	6	6	6	4	4
Human services:										
Child care centers	3	3	3	3	3	3	3	3	3	3
Community services facilities	1	1	1	1	1	1	1	2	2	1
Water:										
Water mains (miles)	91	91	91	91	107	107	107	107	107	107
Number of service connections	5,730	5,730	6,203	6,203	6,308	6,368	6,332	6,156	6,150	6,330

**NOTES:**

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

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

Source: City of Santa Fe Springs