

Fiscal Year 2016–2017

CAFR

Comprehensive Annual Financial Report

City of Santa Fe Springs, CA
July 1, 2016 to June 30, 2017

Comprehensive Annual Financial Report

City of Santa Fe Springs, CA
Year Ended June 30, 2017



City Council

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

Planning Commission

Ralph Aranda
Ken Arnold
Gabriel Jimenez
John Mora
Frank Ybarra

Traffic Commission

Johana Coca
Bryan Collins
Alma Martinez
Nancy Romo

Executive Management Team

Don Powell, Interim City Manager
Steve Skolnik, City Attorney
Jose Gomez, Asst. City Mgr. / Dir. of Fin.
Maricela Balderas, Dir. of Com. Services
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CITY OF SANTA FE SPRINGS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

December 28, 2017

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

Introduction

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

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

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

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

**Introduction
(cont.)**

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

**Accounting
System and
Budgetary
Control**

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

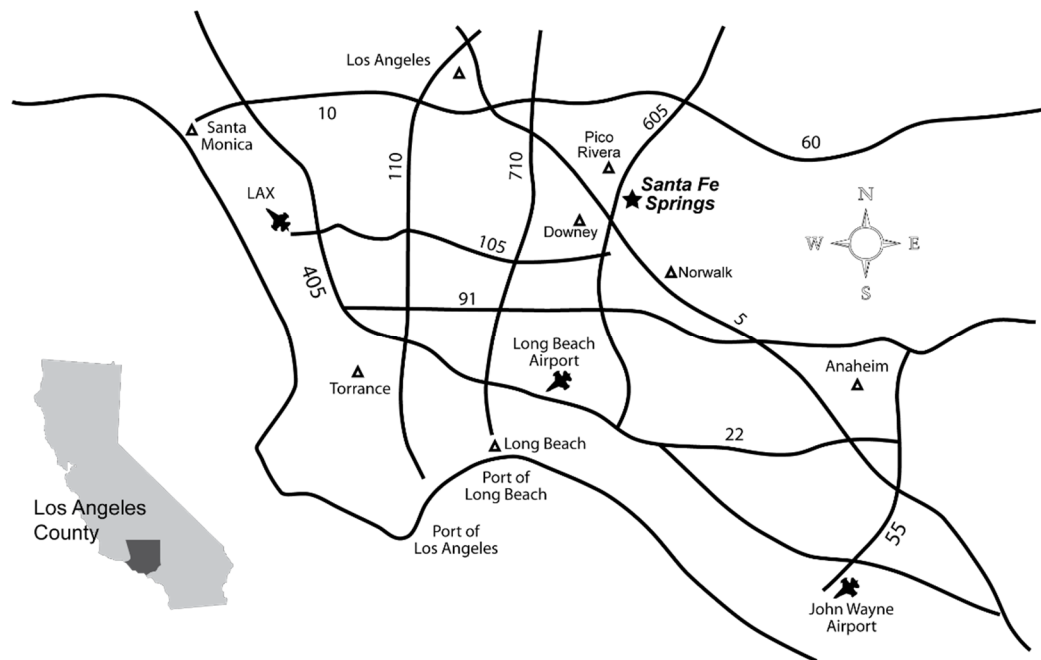
- (1) The safeguarding of assets against loss from unauthorized use or disposition; and
- (2) The reliability of financial records for preparing financial statements and maintaining accountability for assets.

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

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

Profile and Government Structure

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



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

Local Economic Outlook

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

The City's primary revenue source, sales and use taxes, reported a slight decline from the prior year.. Historically, its impact has been notable as it accounts for the vast majority of the City's General Fund revenues. Conversely, property tax revenues increased. It was primarily the result of more residual taxes from the City of Santa Fe Springs Successor Agency. Overall, the City is still recovering structurally from the State's elimination of redevelopment. The absence of redevelopment tools will also have a lasting effect in greatly limiting the City's ability to address economic development and infrastructure needs.

In the meantime, the voter-approved addition of the UUT has taken on a more prominent and stabilizing role. It has helped diversify and significantly supplement the City's revenue stream going forward. The UUT revenue will continue assisting earmarked public safety programs and capital improvement project causes. Of some concern are UUT revenues. They dropped slightly for the second consecutive year. Given the various revenue declines and the volatility of sales tax revenues, we must remain watchful of longer-term trending and implications for the City.

Vision, Mission, and Guiding Values

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

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

**Accomplishments
& Outlook**

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

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

Department of Fire- Rescue

The Department of Fire- Rescue is comprised of 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" in administering all the hazardous materials, hazardous waste and tank programs in the City. The State has long held the City's CUPA as one of the most regarded programs in the State. The CUPA Division is working toward implementing the California Environmental Reporting System (CERS) allowing business residents to file their annual hazardous materials disclosures electronically. The Fire Prevention Division continues to provide many services, including code enforcement, plan checks, issuing permits, fire investigations, and public education events. Fire-Rescue suppression personnel have implemented a business-friendly fire inspection program with the goal of annually inspecting each business in the City to identify possible fire and life safety issues as well as update emergency contact information in the department's data base. The Department of Fire Rescue conducted over 1700 business and residential inspections and responded to over 3,961 emergency calls in FY 2016-17.

The Department of Fire Rescue currently staffs a State Regional Urban Search and Rescue Team (US&R) 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

**Accomplishments
& Outlook (cont.)**

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.

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

In FY 2016-17, the Fire-Rescue Department applied for and received \$1,061,760 in grant funding. \$586,800 was secured through the State of Homeland Security Grant Program (SHSGP). This funding supports the purchase of equipment and training for the Homeland Regional Training Center, the City's Type I Hazardous Materials Response Team and the City's Urban Search and Rescue (USAR) Response Team. Furthermore, the City and Department applied for and received over \$474,960 in Community Development Block Grant Funds (CDBG). This grant funding supported the purchase of a Paramedic Advanced Life Support (ALS) vehicle and Fire Command Battalion Chief Vehicle. Both of these vehicles are front line emergency response vehicles serving the Santa Fe Springs community on a daily basis. As in the past years, the use of grant funds have provided relief to the City budget as these vehicles, equipment, and training would typically have been funded through the City's General Fund.

Department of Police Services

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

**Accomplishments
& Outlook (cont.)**

In FY 2016-17, the Department of Police Services continued to “reach out” to the community, providing programs, information, and tools designed to deter crimes and improve the quality of life for its residents, such as:

- Continuous subscription to Crimereports.com for up-to date city crime data
- “Coffee with a Cop” sessions at schools and business establishments
- Law Enforcement Week at local elementary schools that engaged students and officers in fun interactive activities
- SNT/BEPN focusing on crime trends and emergency preparedness
- Speed enforcement equipment/tools to educate and deter speeding in the community
- Pet licensing and vaccination clinic
- Sworn personnel participation in “Read Across America” at local elementary schools

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

- Diversity
- Cesar Chavez
- Red Ribbon Week/Parade
- Every 15 Minutes

Department of Public Works

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

The Engineering Division is responsible for the administration of the Capital Improvement Program (CIP), working closely with the Council CIP Subcommittee. In addition, traffic engineering and development review services are provided within the Engineering Division. In FY 2016-17, the Engineering Division issued 218 total excavation and construction permits.

**Accomplishments
& Outlook (cont.)**

During FY 2016-17, the Department of Public Works coordinated a multitude of capital improvement projects including:

- Bartley Avenue Street Rehabilitation
- Parkmead Street Rehabilitation
- Fire Station Headquarters Refinish Apparatus Floor
- I-5 Freeway Water Main Relocation Carmenita Segment
- Parkette Playground Improvements
- Arlee Avenue Sidewalk Improvements
- Santa Fe Springs Park Handball Court Renovation
- Little Lake Park Painting Exterior of Recreation Building
- Los Nietos Park Painting Exterior of Child Care Building
- Clarke Estate Window Replacement Project
- Police Staging Facility Waterproof Foundation Project
- City Hall Replacement of Basement HVAC Unit
- Police Service Center Installation of Air Condition Unit

In addition, the department maintains 25 city facilities, 108 lane miles of roadways, curb and gutter and sidewalk, 13,000 trees, 54 traffic signals, 3,174 street lights, 6,335 water service connections and 161 city vehicles.

Department of Planning and Development

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

During FY 2016-17, economic development efforts resulted in the following notable business accomplishments: the opening of Salt & Pepper Restaurant & Sports Bar, Aldi Supermarket, Octapharma Plasma Donation Center, and Planet Fitness. Staff continues to find new retail opportunities and is currently in discussion with developers to bring in a new hotel development, a Steel Craft container park, and a Sonic drive-in restaurant.

During FY 2016-17, a total of 53 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. The most notable planning milestones this past year include the commencement of construction activities related to the

**Accomplishments
& Outlook (cont.)**

redevelopment of the former Powerline/CENCO Refinery Site by Goodman, the redevelopment of the Norwalk Dairy Site by Bridge Development Partners LLC, and the redevelopment of the Marquez Farm by Chalmers Equity Group. In addition to the planning entitlements processed, the department also completed a total of 236 plan checks, issued a total of 60 sign permits and 6 banner permits, 9 landscape plans, prepared a total of 29 zone certification letters, and issued a total of 47 home occupation permits. In terms of the counter activity, the Planning Department assisted a total of 1,798 individuals (an average 150 queries each month) at the Planning Counter, which was a decrease of 19 more individuals a month compared to FY 2015-16.

During the FY 2016-17, there were a total of 547 permits issued with a total valuation of work at \$70,518,310. When compared to FY 2015-2016, we saw an increase of 30 permits issued, however, the valuation totals had decreased by \$11,601,520. In all, the Building Department addressed a total of 2,326 individuals (an average 193 queries each month) at the Building Counter, which was a decrease of 21 more individuals a month compared to FY 2015-16.

Overall, based on the statistics from both planning and building departments, it appears that we saw a slight decrease in construction activity this past year. However, based on projects that are currently in the pre-entitlement phase, we don't expect a further decline moving forward. It is, therefore, anticipated that the department numbers should remain stable throughout the upcoming fiscal year. Nevertheless, the department remains committed to playing a prominent role in the shaping of the community through high-quality standards to not only preserve but also cultivate smart and sustainable growth of our residential, commercial, and industrial areas citywide.

Department of Community Services

The Department of Community Services includes the following Divisions: 1) Parks and Recreation Services; 2) Library and Cultural Services; 3) Family and Human Services. It is one of the City departments' that has the most direct impact upon the residents. Program are available to City residents, as well as business residents, and range from social, recreational, cultural, and child care services. During FY 2016-17, the Department of Community Services achieved several significant accomplishments. They include the following:

- The preschool and child care programs served 279 children providing over 400,000 hours of education and enrichment to the children in our community.
- 98% of the preschool parents surveyed indicated that they were very satisfied with how their child is doing in our program.

**Accomplishments
& Outlook (cont.)**

- The preschool & child care programs served over 25,000 breakfasts, 25,000 lunches, and 22,000 snacks and all were healthy meals. Funding for these meals was provided by the State of California Office of Child Nutrition at \$97,000.
- The 2016 Thanksgiving and Christmas Holiday Basket Programs served over 360 families. Close to 200 volunteers came together to assist in the preparation of these events, including sorting can foods, packing food baskets, wrapping toy gifts, and setting up for the events, to name a few.
- The 5th annual SFS Art Fest was very successful. Over 3,500 people attended the event, 260 artists displayed their artwork, new entertainment and decorations were included, and the entire Clarke Estate venue was utilized as an art gallery.
- The 2016 Fiestas Patrias event celebrated the Mexican region of Aguas Calientes. Our Sister City of Navajoa, Mexico was in attendance with several representatives, along with their families, participating in the festivities, which also included a member from the Mexican Consulate of Los Angeles. Over 3,000 people attended the event.
- Approximately 37,500 older adults visited the Gus Velasco Neighborhood Center and participated in a variety of programs and/or activities (i.e. dances, fitness classes, crafts, movies, etc.). On average, 145 seniors participated in daily activities, including bingo, dances, and recreational activities.
- The Family & Human Services Division continues to partner with the Southeast Area Social Services Funding Authority (SASSFA) to serve hot meals to seniors. We serve an average of 60 hot meals per day at the Gus Velasco Neighborhood Center, and prepare an additional 200 hot meals per day for home bound seniors in the city and surrounding communities.
- The 3rd annual Family Fun Run/Walk was included as part of the City's 60th Anniversary Celebration. 1,500 people registered for the run/walk; they all received a timed race bib, t-shirt and participant medal. An awards ceremony recognized the top three finishers in each of the 9 age categories. Over \$6,000 was received in monetary and in-kind sponsorships for this event.
- As part of the City's 60th Anniversary Celebration, a Grand Community Parade was held following the Fun Run/Walk. Over 1,200 participants walked in the parade consisting of 60 groups/organizations. The parade began at Santa Fe High School and concluded at Soaring Dreams Plaza. The route incorporated a large section of the residential community. Major General Kevin Kuklok was the parade's Grand Marshal.

**Accomplishments
& Outlook (cont.)**

- The Club at Town Center Hall attracted 7,960 middle school youth and 5,104 high school youth during the year. The Club made several new additions to the facility including upgrading the furniture, a new air hockey table and adding a homework area. Program specific activities included excursions, hiking trips, resume building, beach trips and educational workshops. The Club also continued its partnership with the Boys and Girls Club of Whittier in providing the College Bound program.
- 284 classes were offered covering a range of areas such as dance, sports, fitness and music. 2,602 total participants were enrolled in classes.
- Halloween Festivities included the Haunted House at the Activity Center and Halloween Carnival at Los Nietos Park. The haunted House was expanded to a five night program and featured an extended maze with over 20 themed rooms. Over the course of the five evenings over 1,220 patrons visited the maze. The Halloween Carnival added 8 new games for 2016 (for a total of 18 game booths) and was extended an extra 30 minutes from 5:30pm-9:30pm. Youth participated in the 5 different age groups for the costume contest with over 300 in costume.
- The Annual Tree Lighting event kicks off the holiday season in Santa Fe Springs. Last year the performance lineup was expanded to include groups from the City's childcare program, local schools, and the Santa Fe Springs Playhouse. The big addition this year was a snow play area and faux snow machines. Over 1,000 people participated in last year's event.
- Las Posadas is an annual event held in December that features the traditional cultural event that depicts Mary and Joseph's journey. After the procession, traditional carol and music were performed on the main stage with new additions of a craft area and photo opportunity with Santa Claus. Approximately 300 people attended the event.
- The 36th anniversary of the Christmas Float Program completed its two-week visits of the City. Special visits were made to the Salvation Army, Veracruz Restaurant, Maggie's Pub and Starbucks. In addition, the float stopped at 14 special home visits and 23 locations throughout the City. In total the Christmas Float Program reached nearly 3,600 residents during the holiday season.
- The Easter Eggstravaganza was held on April 15 at Los Nietos Park. The event featured an Easter Egg Hunt for 5 different age categories with over 600 youth participating. In addition, the Easter Bunny was available for photos, a Cake Walk was held in honor of Richard Legarreta, and a host of family games were held.

**Accomplishments
& Outlook (cont.)**

- Approximately 150,000 people visited the library during the past fiscal year. Patrons checked out 130,000 items. Over 25,000 patrons used the public access computers.
- The Library has continued its popular science programs that include a successful robotics program attended by over 450 children during the year, and a STEAM (science, technology, engineering, arts, and mathematics) program during the summer. Our STEM Fair, held in conjunction with Cerritos College, allowed 200 participants to learn from hands-on, interactive displays.

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 impacts on the City. Much of the City Manager's office time focused on developing longer-term sustainable operational plans in a scaled-down environment, as well as restricting departmental organization structures to effectuate more efficient oversight and more productive outputs.

Department of Finance and Administrative Services

The Department of Finance and Administrative Services manages a number of tasks, working very closely with the City Manager's office. The department is responsible for various activities, including managing and safeguarding financial resources in accordance with specific principles and practices, 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.

**Accomplishments
& Outlook (cont.)**

The department is embarking on a new Enterprise Resource Planning (ERP) system (also known as a “Finance Software System”). For a portion of the fiscal year, the department worked toward the implementation of the project. It will continue take over the next few years. The new system will give the City capabilities beyond those currently available, including more robust departmental access, as well as an improvement in the organizational work flows.

**Long-Term
Financial Planning**

The City 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.

**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.

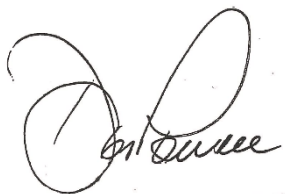
Over the course of the next year staff will be looking to further develop and formalize more long-term financial planning models. They should help provide a framework that helps identify future trends.

At June 30, 2016, the City of Santa Fe Springs oversaw seven outstanding bond issues comprised of: two 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.

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

Acknowledgements

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

A handwritten signature in black ink, appearing to read "Don Powell", with a large, stylized initial "D" and "P".

Don Powell
Interim City Manager

A handwritten signature in blue ink, appearing to read "Jose Gomez", with a stylized initial "J" and "G".

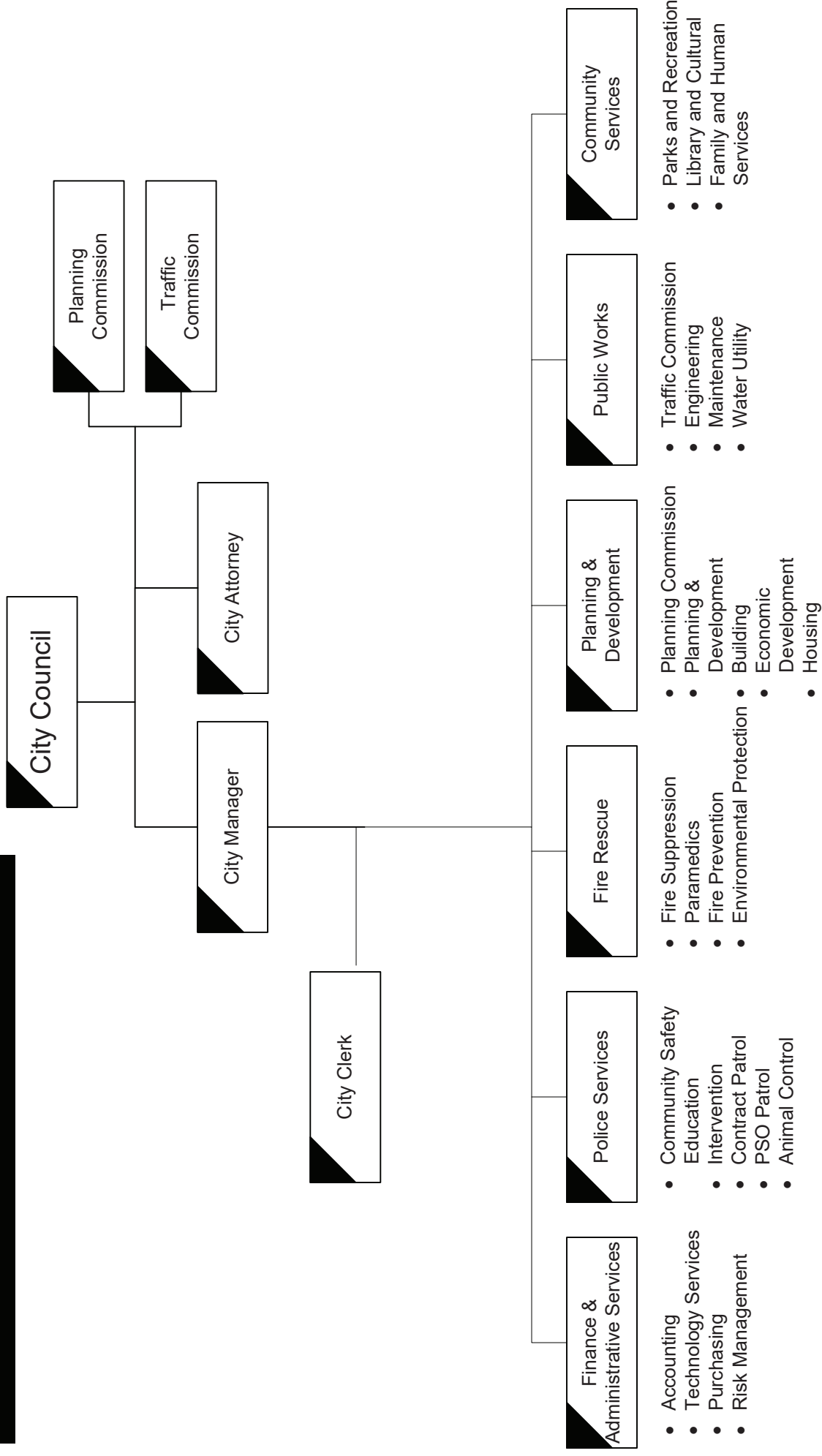
Jose Gomez
Assistant City Manager / Director of Finance and Administrative Services

A handwritten signature in blue ink, appearing to read "Travis Hickey", with a stylized initial "T" and "H".

Travis Hickey
Director of Fiscal Services

Organizational Chart

City of Santa Fe Springs





Government Finance Officers Association

**Certificate of
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Reporting**

Presented to

**City of Santa Fe Springs
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016



Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Santa Fe Springs, California, (the City) as of and for the year ended June 30, 2017, 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, 2017, 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 discussion and analysis, budgetary comparison information for the General Fund and Low & Moderate Income Housing Assets Fund, the schedules of changes in the net pension liability and related ratios for the agent multiple-employer miscellaneous plan, the schedule of plan contributions for the agent multiple-employer miscellaneous plan, the schedule of proportionate share of the net pension liability for the multiple-employer cost sharing plan, the schedule of plan contributions for multiple-employer cost sharing plan, and the schedule of funding progress for postemployment benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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
December 28, 2017

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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, 2017. This should be read in conjunction with the transmittal letter that can be found in the introductory section of this report and with the City's financial statements, which follow this discussion.

Financial Highlights

- The City's total net position decreased over the course of the fiscal year by \$1.8 million to \$157.8 million. The governmental net position decreased by \$4 million or 2.8%, while the business-type net position increased by \$2.2 million or 13.3%
- The general fund, on the current financial resources basis, reported an increase in fund balance of \$2.8 million to \$38 million. The primary reason for the increase was due to transfers made to merge internal service funds with the general fund. Excluding transfers and other financing sources/uses, the general fund reported a slight deficiency of revenues under expenditures. Revenues decreased by \$0.7 million (1.3%) and expenditures increased by \$3.2 million (6.2%) when compared to prior year. The increase in expenditures was mainly due to increase in pension costs and contracted police services. The City reported revenues of \$2.5 million over final budget estimates.
- The City's redevelopment agency, along with all California redevelopment agencies, was dissolved as of February 1, 2012. The City assumed the role of Successor Agency to wind down the affairs of the redevelopment agency including payment of approved obligations and distribution of available balances to various taxing agencies. The balances of the former redevelopment agency are reported in a private-purpose trust fund (fiduciary fund), and are excluded from the government-wide statements. As of July 1, 2015, pursuant to an approved Bond Expenditure Agreement, approximately \$19.6 million of unspent bond proceeds were transferred to the City by the Successor Agency to be spent in accordance with the original bond documents. These funds are reported in the Successor Agency Bond Funded Capital Projects fund. Additionally, in July 2016, the Successor issued \$25,270,000 of 2016 Subordinate Tax Allocation Refunding Bonds to defease five outstanding bond issuances. As a result, the City reduced total debt service payments by approximately \$5.2 million which yields an economic gain of more than \$2.2 million.

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, 2016 and 2017 (in millions)							
	Governmental Activities		Business- type Activities		Total		Total Percent Change
	2016	2017	2016	2017	2016	2017	
Current and other assets	\$ 94.0	\$ 93.6	\$ 8.9	\$ 10.5	\$ 102.9	\$ 104.1	1.2%
Capital assets	<u>160.3</u>	<u>158.4</u>	<u>25.9</u>	<u>26.1</u>	<u>186.2</u>	<u>184.5</u>	-0.9%
Total assets	254.3	252.0	34.8	36.6	289.1	288.6	-0.2%
Deferred outflows	5.7	16.9	0.7	1.3	6.4	18.2	184.4%
Net pension liability	87.1	101.9	7.5	8.3	94.6	110.2	16.5%
Long-term liabilities	13.3	12.5	9.3	9.1	22.6	21.6	-4.4%
Other liabilities	<u>9.3</u>	<u>10.3</u>	<u>1.9</u>	<u>1.6</u>	<u>11.2</u>	<u>11.9</u>	6.2%
Total liabilities	109.7	124.7	18.7	19.0	128.4	143.7	11.9%
Deferred inflows	7.3	5.1	0.3	0.2	7.6	5.3	
Net position							
Net investment in							
capital assets	159.9	158.1	17.2	17.5	177.1	175.6	-0.8%
Restricted	32.4	33.2	-	0.8	32.4	34.0	4.9%
Unrestricted	<u>(49.2)</u>	<u>(52.2)</u>	<u>(0.7)</u>	<u>0.4</u>	<u>(49.9)</u>	<u>(51.8)</u>	3.8%
	<u>\$ 143.1</u>	<u>\$ 139.1</u>	<u>\$ 16.5</u>	<u>\$ 18.7</u>	<u>\$ 159.6</u>	<u>\$ 157.8</u>	-1.1%

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 \$157.8 million at the close of the fiscal year. The largest portion of the City's net position, 111.4%, is net investment in capital assets. Unrestricted net position is a deficit \$51.8 million, primarily a factor of implementing GASB Statement No. 68 as of June 30, 2015 and reporting the full net pension liability.

During the fiscal year, the City's net position decreased by \$1.8 million. Although there were variances in a variety of categories, overall revenues and expenses basically matched each other. Additionally, sales taxes, and utility users taxes reported slight decreases from the prior year. Conversely, charges for services revenue in the City's business-type activity reported an increase of \$1.3 million (6.9%), mainly due to increase in water rates to offset the increase in water costs.

Governmental activities expenses reported an increase from the prior year primarily due to an increase in pension costs resulting from implementation of GASB 68.

Changes in Net Position For the Fiscal Years Ended June 30, 2016 and 2017 (in millions)								
	Governmental <u>Activities</u>		Business-type <u>Activities</u>		Total Primary <u>Government</u>		Total Percentage <u>Change</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>		
Revenues								
Program revenues:								
Charges for services	\$ 9.9	\$ 10.1	\$ 11.4	\$ 12.7	\$ 21.3	\$ 22.8		7.0%
Operating grants and contributions	2.4	2.3	-	-	2.4	2.3		-4.2%
Capital grants and contributions	0.6	0.7	0.8	0.8	1.4	1.5		7.1%
General revenues:								
Sales and use taxes	25.5	25.1	-	-	25.5	25.1		-1.6%
Property taxes	3.4	3.9	-	-	3.4	3.9		14.7%
Franchise taxes	3.0	2.9	-	-	3.0	2.9		-3.3%
Motor vehicle in lieu	1.8	1.8	-	-	1.8	1.8		0.0%
Business operations taxes	0.8	0.8	-	-	0.8	0.8		0.0%
Utility users taxes	6.7	6.4	-	-	6.7	6.4		-4.5%
Other taxes	0.5	0.5	-	-	0.5	0.5		0.0%
Investment income	1.8	1.9	0.1	0.1	1.9	2.0		5.3%
Other	3.0	2.3	0.2	0.2	3.2	2.5		-21.9%
Total revenues	<u>59.4</u>	<u>58.7</u>	<u>12.5</u>	<u>13.8</u>	<u>71.9</u>	<u>72.5</u>		0.8%
Expenses								
Governmental activities:								
General government	5.7	6.9	-	-	5.7	6.9		21.1%
Public safety	31.5	32.0	-	-	31.5	32.0		1.6%
Community development	4.0	4.3	-	-	4.0	4.3		7.5%
Public works	9.5	9.2	-	-	9.5	9.2		-3.2%
Culture and leisure	8.1	9.2	-	-	8.1	9.2		13.6%
Human services	3.3	3.2	-	-	3.3	3.2		-3.0%
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2		0.0%
Business-type activities:								
Water	-	-	10.1	10.4	10.1	10.4		3.0%
Total expenses	<u>62.3</u>	<u>65.0</u>	<u>10.1</u>	<u>10.4</u>	<u>72.4</u>	<u>75.4</u>		4.1%
Excess (deficiency) before transfers and special item	(2.9)	(6.3)	2.4	3.4	(0.5)	(2.9)		480.0%
Transfers	1.1	1.2	(1.1)	(1.2)	-	-		
Special item	-	1.1	-	-	-	1.1		
Increase (decrease) in net position	<u>(1.8)</u>	<u>(4.0)</u>	<u>1.3</u>	<u>2.2</u>	<u>(0.5)</u>	<u>(1.8)</u>		260.0%
Net position - beginning	142.8	143.1	13.5	16.5	156.3	159.6		2.1%
Restatements	2.1	-	1.7	-	3.8	-		
Net position - ending	<u>\$ 143.1</u>	<u>\$ 139.1</u>	<u>\$ 16.5</u>	<u>\$ 18.7</u>	<u>\$ 159.6</u>	<u>\$ 157.8</u>		-1.1%

The City's total revenues were \$72.5 million for the fiscal year ended June 30, 2017. Revenues from governmental activities totaled \$58.7 million and revenues from business-type activities totaled \$13.8 million. Program revenues comprise 36.7% of total revenues with the largest portion of this, \$22.8 million, resulting from charges for services. Sales and use taxes comprise 34.6% of total revenues and 54.7% of general revenues. Total revenues increased by 0.8%, primarily due to an increase in charges for services resulting from an increase in water rates. Sales and use taxes reported a decline for two consecutive years since fiscal year 2009-10 and as well as utility users taxes which had not reported a decline since inception during fiscal year 2010-11.

Expenses of the City for the year totaled \$75.4 million. Governmental activity expenses totaled \$65.0 million, or 82.6% of total expenses. The most significant increase was seen in the general government function due to the revised accounting for pension costs pursuant to GASB Statement No. 68. The following table summarizes the total cost and net cost of the City's governmental activities by function type.

Net Cost of Governmental Activities
(in millions)

	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2016</u>	<u>2017</u>		<u>2016</u>	<u>2017</u>	
General government	\$ 5.7	\$ 6.9	21.1%	\$ 1.8	\$ 2.8	55.6%
Public safety	31.5	32.0	1.6%	27.4	28.4	3.6%
Community development	4.0	4.3	7.5%	1.5	1.8	20.0%
Public works	9.5	9.2	-3.2%	8.7	8.0	-8.0%
Culture and leisure	8.1	9.2	13.6%	7.5	8.6	14.7%
Human services	3.3	3.2	-3.0%	2.3	2.2	-4.3%
Interest on long-term debt	0.2	0.2	0.0%	0.2	0.2	0.0%
Total	<u>\$ 62.3</u>	<u>\$ 65.0</u>	<u>4.3%</u>	<u>\$ 49.4</u>	<u>\$ 52.0</u>	<u>5.3%</u>

Business-Type Activities

Program revenues of the City's only business-type activity, the Water Utility, totaled \$13.5 million. Expenses of the Water Utility were \$10.4 million. Water rates include a factor to provide for a modest annual water infrastructure replacement program. Income before transfers was \$3.4 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 \$26.1 million (net of accumulated depreciation) increased by approximately \$0.2 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, 2017, of \$84.6 million, an increase of approximately \$2.3 million from the previous fiscal year. The primary reason for the increase was due to meeting budget expectations for overall revenues and actual expenditures coming in under budget in most functional areas.

The General Fund is the chief operating fund of the City. At June 30, 2017, the General Fund's unassigned fund balance was \$21.9 million. Additional General Fund balances were: nonspendable \$11.4 million, restricted \$0.9 million, committed \$0.2 million, and assigned \$3.6 million. Revenues decreased approximately \$0.7 million while expenditures increased approximately \$3.2 million from the previous year. The revenue decrease is a combination of decreases in sales and use tax, and utility users tax, offset by increases other revenues including property taxes, licenses and permits. The modest expenditure increase is reflective of continuing increase in pension costs. During the fiscal year ended June 30, 2017, the overall fund balance in the General Fund increased by \$2.8 million. As previously noted, the primary factor for the increase in fund balance stems from transfers from the internal service funds.

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

The Low and Moderate Income Housing Assets Special Revenue Fund was created during FY 2011-12 to account for the assets of the housing fund of the former redevelopment agency. Under the redevelopment dissolution bills, the City acts as housing successor to the former redevelopment agency and will retain the rights and obligations to administer the assets of the fund. The assets of the fund total \$10.3 million consisting primarily of cash and investments, loans and advances receivable, and land and buildings held for resale. During fiscal year 2016-17 the fund expended \$0.2 million in housing administration costs.

The Capital Improvement Capital Projects Fund is used to account for expenditures on various capital improvement projects and the related revenues to finance the projects. The revenues and expenditures of the fund may vary significantly from year to year depending on the activity each year. The 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.

The Prefunded Capital Projects Fund was created during fiscal year 2012-13 to account for the City's Capital Improvement Program in the post-redevelopment era. The former redevelopment agency was a significant source of funding prior to dissolution. Without the redevelopment agency, the General Fund became the main source of future funds for the Capital Improvement Program. Through a combination of revenue enhancements (i.e. increase in the utility users tax rate) and cost containment and reduction measures, the General Fund will annually budget a transfer to the Prefunded Capital Projects Fund to build the base from which the Capital Improvement Program will operate. Additionally one time revenues will be considered for allocation to the fund. For the fiscal year ended June 30, 2017 the General Fund transferred \$1.8 million into the fund. The fund has an accumulated balance of \$14.3 million as of the fiscal year-end. City staff, in conjunction with the CIP sub-committee of the City Council, work together throughout the year to plan and manage the projects financed through this fund.

The Successor Agency Bond Funded Capital Projects Fund was created in fiscal year 2014-15 to account for the unspent bond proceeds of the former redevelopment agency. With approval from the California Department of Finance, the Successor Agency transferred approximately \$20.0 million in unspent proceeds to the City as of July 1, 2014. Under a Bond Expenditure Agreement between the City and the Successor Agency, the City manages the projects for which the bond proceeds are to be used. During fiscal year 2016-17 the City expended approximately \$0.7 million on projects. As of fiscal year-end a balance of \$18.1 million remains in the fund to be used on future projects.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget for expenditures was a \$0.2 million decrease (0.3%). The final amended budget exceeded actual expenditures by approximately 0.1% due to lower than expected operation costs throughout most functional areas.

Revenues exceeded their budget amount by \$2.5 million, primarily due to an additional \$1 million interest recognized on the Successor Agency advance, which has been recalculated accordance with the dissolution bills as well as the City's conservative budgeting practices. Declines in the City's largest taxes over the prior year were experienced, but were anticipated and factored into the budget amounts. Increases were seen in other revenue categories, however, including property taxes, licenses and permits. The Notes to the Required Supplementary Information provides more details regarding budgeting policies and practice.

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$158.4 million (net of accumulated depreciation), a decrease of approximately \$1.9 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, 2017, amounts to \$26.1 million (net of accumulated depreciation), an increase of approximately \$0.2 million. As mentioned earlier, the City has established a modest annual infrastructure replacement program through its water rate structure. Water Utility capital assets required for private development purposes are funded by capital contributions.

Long-term Liabilities

At June 30, 2017, the City had \$13.9 million in governmental activities long-term liabilities outstanding and \$9.3 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.

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

	Outstanding Debt (in millions)						Total Percentage Change
	Governmental Activities		Business-type Activities		Total		
	2016	2017	2016	2017	2016	2017	
Revenue bonds	\$ 0.0	\$ 0.0	\$ 8.9	\$ 8.7	\$ 8.9	\$ 8.7	-2.2%
Pension obligation bonds	4.3	3.4	0.0	0.0	4.3	3.4	-20.9%
Compensated absences	2.9	3.0	0.0	0.0	2.9	3.0	3.4%
OPEB obligation	7.0	7.2	0.6	0.6	7.6	7.8	2.6%
Other loans/leases	0.4	0.3	0.0	0.0	0.4	0.3	-25.0%
Total	\$ 14.6	\$ 13.9	\$ 9.5	\$ 9.3	\$ 24.1	\$ 23.2	-3.7%

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.
- 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 2017-18 operational budget.

Requests for Information

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

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CITY OF SANTA FE SPRINGS

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 68,119,717	\$ 7,309,784	\$ 75,429,501
Receivables:			
Accounts	2,035,989	2,189,534	4,225,523
Accrued interest	246,936	2,715	249,651
Prepaid costs	-	322	322
Deposits	795,269	-	795,269
Due from other governments	8,784,867	-	8,784,867
Inventories	680,311	201,046	881,357
Restricted assets:			
Cash with fiscal agent	-	817,087	817,087
Advances to successor agency	9,367,055	-	9,367,055
Total current assets	90,030,144	10,520,488	100,550,632
Noncurrent assets:			
Notes and loans, net of allowances	2,759,851	-	2,759,851
Land held for resale	801,800	-	801,800
Capital assets not being depreciated	53,293,721	9,840,154	63,133,875
Capital assets, net of depreciation	105,104,298	16,244,327	121,348,625
Total noncurrent assets	161,959,670	26,084,481	188,044,151
Total Assets	251,989,814	36,604,969	288,594,783
Deferred Outflows of Resources:			
Deferred charge on refunding	-	174,660	174,660
Deferred pension related items	16,928,457	1,124,731	18,053,188
Total Deferred Outflows of Resources	16,928,457	1,299,391	18,227,848
Liabilities:			
Current liabilities:			
Accounts payable	2,146,618	589,480	2,736,098
Accrued liabilities	686,903	68,754	755,657
Accrued interest	5,713	57,972	63,685
Unearned revenue	2,151,926	-	2,151,926
Deposits payable	3,836,105	692,154	4,528,259
Due to other governments	150,642	-	150,642
Contracts payable	7,036	-	7,036
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,310,226	185,000	1,495,226
Total current liabilities	10,295,169	1,593,360	11,888,529
Noncurrent liabilities:			
Other postemployment benefits obligation	7,227,995	620,147	7,848,142
Net pension liability	101,944,006	8,290,470	110,234,476
Long-term debt - due in more than one year	5,307,316	8,540,243	13,847,559
Total noncurrent liabilities	114,479,317	17,450,860	131,930,177
Total Liabilities	124,774,486	19,044,220	143,818,706
Deferred Inflows of Resources:			
Deferred pension related items	5,081,044	177,585	5,258,629
Total Deferred Inflows of Resources	5,081,044	177,585	5,258,629
Net Position:			
Net investment in capital assets	158,121,201	17,533,898	175,655,099
Restricted for:			
Community development projects	31,303	-	31,303
Public safety	56,911	-	56,911
Public works	2,197,959	-	2,197,959
Capital projects	18,112,343	-	18,112,343
Debt service	-	817,087	817,087
Low and moderate income housing	10,275,695	-	10,275,695
Art in public places - expendable	1,173,399	-	1,173,399
Art in public places - non expendable	428,280	-	428,280
Waste management	584,220	-	584,220
Environmental programs	285,111	-	285,111
Unrestricted	(52,203,681)	331,570	(51,872,111)
Total Net Position	\$ 139,062,741	\$ 18,682,555	\$ 157,745,296

See Notes to Financial Statements

CITY OF SANTA FE SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 6,910,410	\$ 2,474,664	\$ 1,320,510	\$ 353,779
Public safety	31,961,957	3,191,717	372,605	-
Community development	4,347,313	2,577,415	-	-
Public works	9,160,460	791,941	-	354,790
Culture and Leisure	9,185,643	609,553	29,484	-
Human Services	3,190,530	409,783	590,941	-
Interest on long-term debt	160,610	-	-	-
Total Governmental Activities	64,916,923	10,055,073	2,313,540	708,569
Business-Type Activities:				
Water Fund	10,437,631	12,760,330	-	762,739
Total Business-Type Activities	10,437,631	12,760,330	-	762,739
Total Primary Government	\$ 75,354,554	\$ 22,815,403	\$ 2,313,540	\$ 1,471,308

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

Gain on sale of capital asset

Change in Net Position before Transfers and Special Item

**Special item - accrued interest gain on loan to Successor Agency
Transfers****Total General Revenues, Special Items & Transfers**

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,761,457)	\$ -	\$ (2,761,457)
(28,397,635)	-	(28,397,635)
(1,769,898)	-	(1,769,898)
(8,013,729)	-	(8,013,729)
(8,546,606)	-	(8,546,606)
(2,189,806)	-	(2,189,806)
(160,610)	-	(160,610)
(51,839,741)	-	(51,839,741)
-	3,085,438	3,085,438
-	3,085,438	3,085,438
(51,839,741)	3,085,438	(48,754,303)
3,949,731	-	3,949,731
25,076,235	-	25,076,235
2,915,926	-	2,915,926
807,702	-	807,702
6,406,684	-	6,406,684
522,091	-	522,091
1,767,500	-	1,767,500
1,874,492	62,836	1,937,328
2,269,170	249,189	2,518,359
7,318	-	7,318
(6,242,892)	312,025	(5,930,867)
1,055,801	-	1,055,801
1,168,892	(1,168,892)	-
47,821,542	(856,867)	46,964,675
(4,018,199)	2,228,571	(1,789,628)
143,080,940	16,453,984	159,534,924
\$ 139,062,741	\$ 18,682,555	\$ 157,745,296

CITY OF SANTA FE SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

		Special Revenue Fund	Capital Projects Funds	
		Low and Moderate Income Housing Assets Fund	Capital Improvement	Prefunded Capital Projects
	General			
Assets:				
Pooled cash and investments	\$ 25,925,363	\$ 6,084,495	\$ 21,102	\$ 14,374,498
Receivables:				
Accounts	1,814,921	29,098	191,970	-
Notes and loans, net of allowances	598,686	1,928,738	-	-
Accrued interest	205,161	-	-	-
Deposits and other assets	795,269	-	-	-
Due from other governments	5,680,677	-	2,607,174	-
Due from other funds	1,232,668	-	-	-
Advances to successor agency	9,367,055	-	-	-
Advances to other funds	-	1,437,861	-	-
Inventories	680,311	-	-	-
Land held for resale	-	801,800	-	-
Total Assets	\$ 46,300,111	\$ 10,281,992	\$ 2,820,246	\$ 14,374,498
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,011,931	\$ 3,771	\$ 25,785	\$ 55,212
Accrued liabilities	672,194	2,526	862	2,561
Unearned revenues	2,151,926	-	-	-
Deposits payable	1,902,874	-	1,933,231	-
Due to other governments	89,962	-	59,975	-
Due to other funds	-	-	806,770	-
Advances from other funds	1,437,861	-	-	-
Contracts payable	-	-	7,036	-
Total Liabilities	8,266,748	6,297	2,833,659	57,773
Fund Balances:				
Nonspendable:				
Inventory	680,311	-	-	-
Notes and loans	598,686	-	-	-
Advances	9,367,055	-	-	-
Deposits and other assets	795,269	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Low and moderate income housing	-	10,275,695	-	-
Art in public places	-	-	-	-
Waste management	584,220	-	-	-
Environmental programs	285,111	-	-	-
Committed to:				
Capital projects	225,000	-	-	-
Assigned to:				
Capital projects	-	-	-	14,316,725
Equipment replacement	1,343,879	-	-	-
Economic uncertainty	530,000	-	-	-
Employee benefits	1,147,585	-	-	-
Risk management	608,200	-	-	-
Unassigned	21,868,047	-	(13,413)	-
Total Fund Balances	38,033,363	10,275,695	(13,413)	14,316,725
Total Liabilities, Resources and Fund Balances	\$ 46,300,111	\$ 10,281,992	\$ 2,820,246	\$ 14,374,498

CITY OF SANTA FE SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Projects Funds		
	Successor Agency Bond Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 17,906,901	\$ 3,807,358	\$ 68,119,717
Receivables:			
Accounts	-	-	2,035,989
Notes and loans, net of allowances	213,177	19,250	2,759,851
Accrued interest	41,775	-	246,936
Deposits and other assets	-	-	795,269
Due from other governments	-	497,016	8,784,867
Due from other funds	-	-	1,232,668
Advances to successor agency	-	-	9,367,055
Advances to other funds	-	-	1,437,861
Inventories	-	-	680,311
Land held for resale	-	-	801,800
Total Assets	\$ 18,161,853	\$ 4,323,624	\$ 96,262,324
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 46,719	\$ 3,200	\$ 2,146,618
Accrued liabilities	2,791	5,969	686,903
Unearned revenues	-	-	2,151,926
Deposits payable	-	-	3,836,105
Due to other governments	-	705	150,642
Due to other funds	-	425,898	1,232,668
Advances from other funds	-	-	1,437,861
Contracts payable	-	-	7,036
Total Liabilities	49,510	435,772	11,649,759
Fund Balances:			
Nonspendable:			
Inventory	-	-	680,311
Notes and loans	-	-	598,686
Advances	-	-	9,367,055
Deposits and other assets	-	-	795,269
Restricted for:			
Community development projects	-	31,303	31,303
Public safety	-	56,911	56,911
Public works	-	2,197,959	2,197,959
Capital projects	18,112,343	-	18,112,343
Low and moderate income housing	-	-	10,275,695
Art in public places	-	1,601,679	1,601,679
Waste management	-	-	584,220
Environmental programs	-	-	285,111
Committed to:			
Capital projects	-	-	225,000
Assigned to:			
Capital projects	-	-	14,316,725
Equipment replacement	-	-	1,343,879
Economic uncertainty	-	-	530,000
Employee benefits	-	-	1,147,585
Risk management	-	-	608,200
Unassigned	-	-	21,854,634
Total Fund Balances	18,112,343	3,887,852	84,612,565
Total Liabilities, Resources and Fund Balances	\$ 18,161,853	\$ 4,323,624	\$ 96,262,324

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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, 2017**

Fund balances of governmental funds	\$ 84,612,565
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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.	158,398,019
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Deferred outflows related to pension related items are not included in the governmental fund activity:

Contributions made subsequent to measurement date	\$ 6,561,031	
Difference between expected and actual experiences	125,773	
Adjustment due to difference in proportions	1,413,438	
Net difference in earnings between projected and actual pension plan investments	8,757,743	
Differences between actual and proportionate share of contributions	<u>70,472</u>	16,928,457

Long-term debt, compensated absences and net pension liability are not included in the governmental fund activity:

Bonds payable	(3,362,000)	
Notes payable	(276,818)	
Compensated absences	(2,978,724)	
Net pension liability	<u>(101,944,006)</u>	(108,561,548)

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.	(7,227,995)
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Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(5,713)
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Deferred inflows related to pension related items are not included in the governmental fund activity:

Adjustment due to difference in proportions	(614,416)	
Differences between actual and proportionate share of contributions	(2,086,021)	
Change in assumptions	(1,347,547)	
Difference between expected and actual experiences	<u>(1,033,060)</u>	(5,081,044)

Net position of governmental activities	<u>\$ 139,062,741</u>
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CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

		Special Revenue Fund	Capital Projects Funds	
		Low and Moderate Income Housing Assets Fund	Capital Improvement	Prefunded Capital Projects
	General			
Revenues:				
Taxes	\$ 39,675,580	\$ -	\$ -	\$ -
Licenses and permits	2,750,708	-	-	-
Intergovernmental	3,117,941	-	107,421	-
Charges for services	5,798,869	-	-	-
Interest and rentals	1,595,107	115,852	-	-
Fines and forfeitures	475,145	-	-	-
Miscellaneous	1,286,162	-	469,184	714
Total Revenues	54,699,512	115,852	576,605	714
Expenditures:				
Current:				
General government	6,020,716	-	-	262,108
Public safety	29,154,685	-	-	-
Community development	3,924,008	220,329	70,501	-
Public works	3,602,397	-	46,919	-
Culture and leisure	7,842,573	-	-	-
Human services	2,885,022	-	-	-
Capital outlay	432,474	-	532,913	2,206,261
Debt service:				
Principal retirement	1,059,310	-	-	-
Interest and fiscal charges	162,419	-	-	-
Total Expenditures	55,083,604	220,329	650,333	2,468,369
Excess (Deficiency) of Revenues Over (Under) Expenditures	(384,092)	(104,477)	(73,728)	(2,467,655)
Other Financing Sources (Uses):				
Transfers in	4,490,496	515,728	73,355	1,800,000
Transfers out	(2,336,755)	-	-	(52,112)
Proceeds from sale of capital asset	7,318	-	-	-
Total Other Financing Sources (Uses)	2,161,059	515,728	73,355	1,747,888
Special items	1,055,801	-	-	-
Net Change in Fund Balances	2,832,768	411,251	(373)	(719,767)
Fund Balances:				
Beginning of year	35,200,595	9,864,444	(13,040)	15,036,492
End of Year	\$ 38,033,363	\$ 10,275,695	\$ (13,413)	\$ 14,316,725

CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capitol Projects Funds		
	Successor Agency Bond Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ 2,789	\$ 39,678,369
Licenses and permits	-	-	2,750,708
Intergovernmental	-	2,132,490	5,357,852
Charges for services	-	-	5,798,869
Interest and rentals	131,315	32,218	1,874,492
Fines and forfeitures	-	17,168	492,313
Miscellaneous	1,010	707,040	2,464,110
Total Revenues	132,325	2,891,705	58,416,713
Expenditures:			
Current:			
General government	-	-	6,282,824
Public safety	50,939	569,633	29,775,257
Community development	-	-	4,214,838
Public works	20,294	1,018,028	4,687,638
Culture and leisure	48,599	465,489	8,356,661
Human services	-	-	2,885,022
Capital outlay	620,452	416,554	4,208,654
Debt service:			
Principal retirement	-	-	1,059,310
Interest and fiscal charges	-	-	162,419
Total Expenditures	740,284	2,469,704	61,632,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	(607,959)	422,001	(3,215,910)
Other Financing Sources (Uses):			
Transfers in	-	-	6,879,579
Transfers out	-	-	(2,388,867)
Proceeds from sale of capital asset	-	-	7,318
Total Other Financing Sources (Uses)	-	-	4,498,030
Special items	-	-	1,055,801
Net Change in Fund Balances	(607,959)	422,001	2,337,921
Fund Balances:			
Beginning of year	18,720,302	3,465,851	82,274,644
End of Year	\$ 18,112,343	\$ 3,887,852	\$ 84,612,565

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, 2017**

Net change in fund balances - total governmental funds \$ 2,337,921

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	\$ 4,119,191	
Depreciation	<u>(6,027,990)</u>	(1,908,799)

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	972,000	
Capital lease repayment	<u>87,310</u>	1,059,310

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		1,809
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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.		(116,528)
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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.		(232,850)
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Pension obligation expenses is an expenditure in the governmental funds, but reduce the net pension liability in the statement of net position.		(1,355,532)
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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.		<u>(3,803,530)</u>
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Change in net position of governmental activities		<u><u>\$ (4,018,199)</u></u>
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CITY OF SANTA FE SPRINGS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Fund	
Assets:		
Current:		
Pooled cash and investments	\$ 7,309,784	\$ -
Receivables:		
Accounts	2,189,534	-
Accrued interest	2,715	-
Prepaid costs	322	-
Due from other governments	-	-
Inventories	201,046	-
Restricted:		
Cash with fiscal agent	817,087	-
Total Current Assets	10,520,488	-
Noncurrent:		
Capital assets - net of accumulated depreciation	26,084,481	-
Total Noncurrent Assets	26,084,481	-
Total Assets	36,604,969	-
Deferred Outflows of Resources:		
Deferred charge on refunding	174,660	-
Deferred pension related items	1,124,731	-
Total Deferred Outflows of Resources	1,299,391	-
Total Assets and Deferred Outflows and Net Position	\$ 37,904,360	\$ -
Liabilities:		
Current:		
Accounts payable	\$ 589,480	\$ -
Accrued liabilities	68,754	-
Accrued interest	57,972	-
Deposits payable	692,154	-
Bonds, notes, and capital leases	185,000	-
Total Current Liabilities	1,593,360	-
Noncurrent:		
Other postemployment benefits obligation	620,147	-
Bonds, notes, and capital leases	8,540,243	-
Net pension liability	8,290,470	-
Total Noncurrent Liabilities	17,450,860	-
Total Liabilities	19,044,220	-
Deferred Inflows of Resources:		
Deferred pension related items	177,585	-
Total Deferred Inflows of Resources	177,585	-
Net Position:		
Net investment in capital assets	17,533,898	-
Restricted for debt service	817,087	-
Unrestricted	331,570	-
Total Net Position	18,682,555	-
Total Liabilities, Deferred Inflows and Net Position	\$ 37,904,360	\$ -

CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Fund	
Operating Revenues:		
Sales and service charges	\$ 12,760,330	\$ 53,060
Other water revenues	222,922	-
Total Operating Revenues	12,983,252	53,060
Operating Expenses:		
Source of supply	4,963,686	4,770
System maintenance and operation	2,427,734	-
Billing and collection	1,038,190	-
Administration	1,058,989	-
Labor and benefits	-	530,000
Depreciation expense	565,846	-
Total Operating Expenses	10,054,445	534,770
Operating Income (Loss)	2,928,807	(481,710)
Nonoperating Revenues (Expenses):		
Interest revenue	62,836	-
Interest expense	(383,186)	-
Total Nonoperating Revenues (Expenses)	(320,350)	-
Income (Loss) Before Transfers and Contributions	2,608,457	(481,710)
Contributions	789,006	-
Transfers out	(1,168,892)	(3,321,820)
Changes in Net Position	2,228,571	(3,803,530)
Net Position:		
Beginning of Year	16,453,984	3,803,530
End of Fiscal Year	\$ 18,682,555	\$ -

CITY OF SANTA FE SPRINGS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Fund	
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 13,175,622	\$ 53,060
Cash paid to suppliers for goods and services	(8,727,471)	(4,770)
Cash paid to employees for services	(980,528)	(530,000)
Cash received from (payments to) others	222,922	-
Net Cash Provided (Used) by Operating Activities	3,690,545	(481,710)
Cash Flows from Non-Capital Financing Activities:		
Cash transfers out	(1,168,892)	(3,321,820)
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,168,892)	(3,321,820)
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(4,231)	-
Principal paid on capital debt	(180,000)	-
Interest paid on capital debt	(356,830)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(541,061)	-
Cash Flows from Investing Activities:		
Interest received	62,836	-
Net Cash Provided (Used) by Investing Activities	62,836	-
Net Increase (Decrease) in Cash and Cash Equivalents	2,043,428	(3,803,530)
Cash and Cash Equivalents at Beginning of Year	6,083,443	3,803,530
Cash and Cash Equivalents at End of Year	\$ 8,126,871	\$ -
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 2,928,807	\$ (481,710)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	565,846	-
Reclassification of CIP	28,510	-
(Increase) decrease in accounts receivable	(198,958)	-
(Increase) decrease in inventory	(4,465)	-
(Increase) decrease in due from other governments	614,250	-
(Increase) decrease in prepaid costs	(322)	-
(Increase) decrease in deferred outflows for pension related items	(625,807)	-
Increase (decrease) in accounts payable	(465,548)	-
Increase (decrease) in due to other governments	-	-
Increase (decrease) in accrued liabilities	35,175	-
Increase (decrease) in deposits payable	143,964	-
Increase (decrease) in deferred inflows for pension related items	(134,230)	-
Increase (decrease) in net pension liability	785,284	-
Increase (decrease) in other postemployment benefits	18,039	-
Total Adjustments	761,738	-
Net Cash Provided (Used) by Operating Activities	\$ 3,690,545	\$ (481,710)
Non-Cash Investing, Capital, and Financing Activities:		
Donated capital assets	\$ 789,006	\$ -
Amortization of bond discounts, premiums, and deferred charges	27,856	-
Reclassification of CIP	(28,510)	-

CITY OF SANTA FE SPRINGS

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the former RDA
Assets:		
Pooled cash and investments	\$ 305,522	\$ 193,936
Receivables:		
Accounts	6,332	11,954
Notes and loans	-	61,438
Due from other governments	-	30,504
Land held for resale	-	10,550,120
Restricted assets:		
Cash and investments with fiscal agents	328,081	21,859,596
Capital assets:		
Capital assets, not being depreciated	-	5,006,722
Total Assets	\$ 639,935	37,714,270
Deferred Outflows of Resources:		
Deferred charge on refunding		1,043,603
Total Deferred Outflows of Resources		1,043,603
Liabilities:		
Accounts payable	-	8,634
Accrued liabilities	-	6,119
Accrued interest	-	574,675
Deposits payable	639,935	48,300
Due to other governments	-	41,467
Long-term liabilities:		
Due in one year	-	9,575,000
Due in more than one year	-	98,213,519
Total Liabilities	\$ 639,935	108,467,714
Net Position:		
Held in trust for other purposes		\$ (69,709,841)
Total Net Position		\$ (69,709,841)

CITY OF SANTA FE SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust Fund Successor Agency of the former RDA
Additions:	
Taxes	\$ 14,366,551
Interest and change in fair value of investments	71,468
Total Additions	14,438,019
Deductions:	
Administrative expenses	404,102
Program expenses	404,612
Interest expense	4,421,339
Special item	1,055,801
Total Deductions	6,285,854
Changes in Net Position	8,152,165
Net Position:	
Beginning of the year	(77,862,006)
End of the Year	\$ (69,709,841)

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

The Financial Reporting Entity

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

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

Blended Component Units

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

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)
YEAR ENDED JUNE 30, 2017

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, 2017, 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, 2017, the City contributed \$211,995 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)
YEAR ENDED JUNE 30, 2017

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 2017 was \$5,000. Financial statements can be obtained from the City of Pico Rivera. City Hall is located at 6615 Passons Blvd., Pico Rivera, California.

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)
YEAR ENDED JUNE 30, 2017

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)
YEAR ENDED JUNE 30, 2017

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

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

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

Additionally, the City reports the following fund type:

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

Proprietary Funds Financial Statements:

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

The City reports the following major proprietary fund:

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

The City reports the following agency funds:

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

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

Use of Restricted Resources

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

Functional Classifications

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

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

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

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

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

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

Inventory and Prepaid Items

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

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

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2017

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 acquisition 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)
YEAR ENDED JUNE 30, 2017

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

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

Land and Buildings Held for Resale

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

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the fiduciary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 adjustments due to difference in proportions, the difference between actual contributions made and the proportionate share of the risk pool's total contributions, the difference between expected and actual experiences and the change in

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

assumptions. These amounts are deferred and amortized over the expected average remaining service life time.

Compensated Absences

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

Pension Plans

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

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, 2017, fund balances for government funds are made up of the following:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

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

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

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.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments

Cash and investments as of June 30, 2017, are classified in the accompanying financial follows:

Statement of net position:

Pooled cash and investments	\$ 75,429,501
Cash and investments with fiscal agent	817,087

Fiduciary funds:

Pooled cash and investments	499,458
Cash and investments with fiscal agent	22,187,677
Total	<u>\$ 98,933,723</u>

Cash and investments were comprised of the following as of June 30, 2017:

Cash on hand	\$ 7,505
Deposits with financial institutions	(81,476)
Investments	99,007,694
Total	<u>\$ 98,933,723</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)
YEAR ENDED JUNE 30, 2017

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)
YEAR ENDED JUNE 30, 2017

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, 2017, 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	<180*	\$	45,064,355
US Treasury Notes	2322		13,195,970
Federal Home Loan Mortgage Corporation	64		3,103,638
Federal National Mortgage Association	244		3,464,710
Federal Home Loan Bank	<180		698,216
Corporate Notes	3702		9,298,565
Foreign Government Obligations	<180		784,794
Money Market Funds	<180		392,682
Held by Bond Trustee:			
Money Market Funds	<180		23,004,764
Total		\$	99,007,694

* 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

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, 2017.

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, 2017.

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, 2017, was \$22.88 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2017, had a balance of \$77.6 billion, of that amount, 2.8% 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/>.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

Investment Type	Totals	Level		
		1	2	3
U.S. Treasury	\$ 13,195,970	\$ 13,195,970	\$ -	\$ -
U.S. Agency Securities	7,266,564		7,266,564	-
Corporate Notes	9,298,565		9,298,565	-
Foreign Government Obligations	784,794		784,794	-
Money Market Funds	392,682		392,682	-
Held by Bond Trustee:				
Money Market Funds	23,004,764		23,004,764	-
Total Investments	<u>\$ 53,943,339</u>	<u>\$ 13,195,970</u>	<u>\$ 40,747,369</u>	<u>\$ -</u>
Investments measured at net asset value				
Local Agency Investment Fund (LAIF)	\$ 45,064,355			
Totals	<u>\$ 45,064,355</u>			
Total Investments	<u>\$ 99,007,694</u>			

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

Note 3: Loans and Notes Receivable

The loans and notes receivable balance consists of the following:

Fund	Balance
Governmental Funds	
General Fund	\$ 598,686
Low and Moderate Income Housing Assets Special Revenue Fund	1,928,738
Successor Agency Bond Funded Capital Projects Fund	213,177
Nonmajor Governmental Funds	19,250
Total Funds	<u>\$ 2,759,851</u>

The General Fund has loans and notes receivable in the amount of \$41,495 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 \$557,191 relate to monies advanced to Community Facilities District 2002-1 for infrastructure improvements. This loan bears an interest rate of 5.75% per annum.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017
Note 3: Loans and Notes Receivable (Continued)

The Low and Moderate Income Housing Assets Special Revenue Fund has two notes outstanding for "silent second" mortgage notes issued to qualified buyers to assist with housing acquisition. The loans are for \$20,000 and \$6,667 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, 2017, is \$26,667. 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 if such a transaction occurs within 45 years. A portion of the loan balance is forgiven each year beginning five years after issuance and is completely forgiven after 45 years. An allowance for the full amount of the loans has been recorded as the expectation is for the homeowners to keep the properties for the entire term of the agreement. The balance outstanding at June 30, 2017 is \$917,200 with a net carrying value of \$0. The loans do not accrue interest. Lastly, the Low and Moderate Income Housing Assets Special Revenue Fund has notes outstanding to Santa Fe Springs Housing Partners in the amount of \$1,902,071 at June 30, 2017. The loan agreement calls for annual payments based on a calculation of residual receipts. The residual receipts are calculated based on the project revenues less approved expenses. The residual receipts payment is applied first to interest and then to principal. The outstanding principal accrues interest at a rate of 3%.

The Successor Agency Bond Funded Capital Projects Fund has a note receivable in the amount of \$213,177 related to monies advanced by the former Commission to Community Facilities District 2004-1 for infrastructure improvements. This loan bears interest at a rate of 5.75% per annum.

The Nonmajor Governmental Funds have 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, 2017, 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.

Note 5: Interfund Activity

The following is a summary of interfund transfers for the fiscal year ended June 30, 2017:

Transfers Out:	Transfers In				Total
	General Fund	Low and Moderate Income Housing Assets Fund	Prefunded Capital Projects Fund	Capital Improvement	
General Fund	\$ -	\$ 515,728	\$ 1,800,000	\$ 21,027	\$ 2,336,755
Prefunded Capital Projects Fund	-	-	-	52,112	52,112
Water Fund	1,168,676	-	-	216	1,168,892
Internal Service Funds	3,321,820	-	-	-	3,321,820
Total	\$ 4,490,496	\$ 515,728	\$ 1,800,000	\$ 73,355	\$ 6,879,579

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 5: Interfund Activity (Continued)

As required by dissolution laws, the General Fund transferred \$515,728 to the Low and Moderate Income Housing Assets Fund for its 20% share of the Washington Blvd. loan repayment. The General Fund transferred \$1,750,500 into the Prefunded Capital Projects Funds to provide funding for current and future capital projects. The General Fund transferred \$21,027 into the Capital Improvement Fund to provide additional funding.

The Water Fund transferred \$1,168,676 into the General Fund in connection with the lease agreement between the City and the City's Water Utility Authority.

The Internal Service Funds transferred \$3,321,820 into the General Fund as all previous activity recorded in these funds will now be handled by the General Fund.

Due to/from other funds at June 30, 2017, were as follows:

<u>Due from</u>	<u>Due to</u>		
	Capital Improvement Fund	Nonmajor Governmental Funds	Total
General Fund	\$ 806,770	\$ 425,898	\$ 1,232,668
	<u>\$ 806,770</u>	<u>\$ 425,898</u>	<u>\$ 1,232,668</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, 2017, consist of loans as follows:

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

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.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 6: Advances to the Successor Agency

Advances to the Successor Agency at June 30, 2017, consist of the following:

General Fund	\$ <u>9,367,055</u>
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In September 2010, the general fund advanced \$8,846,000 to the former redevelopment agency, which was paid back to the general fund in one lump sum in March 2011 along with accrued interest of \$507,730. This lump sum payment was subsequently denied by the Department of Finance (DOF). The City filed suit to challenge the decision of the DOF, but this advance is still allowed to be repaid in accordance with the dissolution rules for interagency loans. Interest on the advance has been recalculated at 3% in accordance with the dissolution bills. The balance of the advance at June 30, 2017 was \$9,367,055.

The City of Santa Fe Springs Successor Agency notified the California Department of Finance of its September 16, 2015 Oversight Board (OB) Resolution on September 21, 2015. OB Resolution No. 2015-006 established a repayment schedule related to loans for the Washington Boulevard redevelopment project area. In a letter dated October 2016, the Department of Finance approved the repayment schedule. HSC Section 34191.4 (b)(3)(A) requires that any interest on the remaining principal amount of the loan that was previously unpaid after the origination of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of 3%. The principal and interest due was completely repaid as of June 30, 2017.

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)
YEAR ENDED JUNE 30, 2017

Note 7: Capital Assets

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

	Balance July 1, 2016	Transfers	Additions	Deletions	Balance June 30, 2017
Governmental Activities:					
Capital Assets, not being depreciated:					
Land	\$ 51,258,770	\$ -	\$ -	\$ -	\$ 51,258,770
Construction in process	351,465	(1,318,604)	3,002,090	-	2,034,951
Total capital assets not being depreciated	51,610,235	(1,318,604)	3,002,090	-	53,293,721
Capital assets, being depreciated:					
Buildings	34,029,270	179,248	-	-	34,208,518
Improvements	24,330,999	482,482	-	-	24,813,481
Equipment	13,974,278	-	867,101	98,955	14,742,424
Infrastructure	141,514,803	656,874	250,000	-	142,421,677
Total capital assets, being depreciated	213,849,350	1,318,604	1,117,101	98,955	216,186,100
Less accumulated depreciation					
Buildings	11,720,146	-	655,171	-	12,375,317
Improvements	16,310,346	-	701,911	-	17,012,257
Equipment	10,382,532	-	788,411	98,955	11,071,988
Infrastructure	66,739,743	-	3,882,497	-	70,622,240
Total accumulated depreciation	105,152,767	-	6,027,990	98,955	111,081,802
Total capital assets, being depreciated, net	108,696,583	1,318,604	(4,910,889)	-	105,104,298
Government activities capital assets, net	\$ 160,306,818	\$ -	\$ (1,908,799)	\$ -	\$ 158,398,019

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 7: Capital Assets (Continued)

	Balance July 1, 2016	Transfers	Additions	Deletions	Balance June 30, 2017
Business-Type Activities:					
Capital assets, not being depreciated:					
Land and water rights	\$ 3,384,974	\$ -	\$ -	\$ -	\$ 3,384,974
Construction-in-progress	11,800,927	(5,785,377)	468,140	28,510	6,455,180
Total Capital Assets, Not Being Depreciated	15,185,901	(5,785,377)	468,140	28,510	9,840,154
Capital assets, being depreciated:					
Source of supply plant	4,098,737	-	38,717	-	4,137,454
Transmission and distribution plant	27,822,815	5,785,377	286,380	-	33,894,572
Pumping and treatment plant	111,016	-	-	-	111,016
General Plant	1,096,135	-	-	-	1,096,135
Total Capital Assets, Being Depreciated	33,128,703	5,785,377	325,097	-	39,239,177
Less accumulated depreciation:					
Source of supply plant	2,136,656	-	80,182	-	2,216,838
Transmission and distribution plant	19,103,031	-	483,172	-	19,586,203
Pumping and treatment plant	93,182	-	2,492	-	95,674
General Plant	1,096,135	-	-	-	1,096,135
Total Accumulated Depreciation	22,429,004	-	565,846	-	22,994,850
Total Capital Assets, Being Depreciated, Net	10,699,699	5,785,377	(240,749)	-	16,244,327
Water Utility Capital Assets, Net	\$ 25,885,600	\$ -	\$ 227,391	\$ 28,510	\$ 26,084,481

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

	Governmental Activities	Business-Type Activities
General government	\$ 91,744	\$ -
Public safety	671,092	-
Community development	49,473	-
Public works	4,232,360	-
Culture and leisure	725,232	-
Human Services	258,089	-
Water Utility	-	565,846
Total Governmental Activities	\$ 6,027,990	\$ 565,846

Note 8: Contracts Payable

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

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 9: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2017:

	July 1, 2016	Additions	Reductions	June 30, 2017	One Year
Governmental activities:					
Pension obligation bonds	\$ 4,334,000	\$ -	\$ 972,000	\$ 3,362,000	\$ 1,044,000
Compensated absences	2,862,196	286,104	169,576	2,978,724	176,480
Other post employment benefits obligation (Note 12)	6,995,145	4,246,058	4,013,208	7,227,995	-
Oshkosh lease payable	364,128	-	87,310	276,818	89,746
	<u>\$ 15,193,224</u>	<u>\$ 4,532,162</u>	<u>\$ 5,242,094</u>	<u>\$ 13,845,537</u>	<u>\$ 1,310,226</u>
Business-type activities:					
Water revenue bonds:					
2005 Series A	\$ 2,140,000	\$ -	\$ 180,000	\$ 1,960,000	\$ 185,000
2013 Series A	6,890,000	-	-	6,890,000	-
Issuance discount/premiums	(127,606)	-	(2,849)	(124,757)	-
Other postemployment benefits Obligation (Note 12)	602,108	328,943	310,904	620,147	-
	<u>\$ 9,647,319</u>	<u>\$ 328,943</u>	<u>\$ 488,055</u>	<u>\$ 9,345,390</u>	<u>\$ 185,000</u>

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

Governmental Activities

Year Ending June 30	Pension Obligation Bonds	
	Principal	Interest
2018	\$ 1,044,000	\$ 115,450
2019	1,119,000	75,925
2020	1,199,000	33,554
Total	<u>\$ 3,362,000</u>	<u>\$ 224,929</u>

Year Ending June 30	Oshkosh Lease Payable	
	Principal	Interest
2018	\$ 89,746	\$ 7,723
2019	92,249	5,219
2020	94,823	2,646
Total	<u>\$ 276,818</u>	<u>\$ 15,588</u>

CITY OF SANTA FE SPRINGS**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED JUNE 30, 2017

Note 9: Long-Term Liabilities (Continued)**Business-Type Activities**

Year Ending June 30	Revenue Bonds	
	Principal	Interest
2018	\$ 185,000	\$ 347,831
2019	200,000	338,581
2020	205,000	328,581
2021	215,000	318,331
2022	220,000	308,924
2023-2027	1,300,000	1,385,753
2028-2032	1,655,000	1,118,688
2033-2037	1,970,000	801,563
2038-2042	2,370,000	396,300
2043	530,000	21,200
Total	<u>\$ 8,850,000</u>	<u>\$ 5,365,752</u>

Governmental Activities**Taxable Pension Obligation Bonds**

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

The bond is secured by the sales and use tax revenues generated by the City. These revenues have been pledged until the year 2022. The bond has covenants that pledged revenues received in the next preceding prior fiscal year should be at least equal to 150% of maximum annual debt service payment on the bond. Pledged sales and use tax revenue for the prior year was \$26.4 million, which is more than 150% of maximum annual debt service payment of \$1.2 million on this bond. Revenues are pledged against the debt service outstanding on the bonds of \$4.7 million. The total outstanding principal as of June 30, 2017, is \$3,362,000.

Oshkosh Lease Payable

In October 2011, the City entered into a lease agreement for \$612,094 with Oshkosh Capital to lease a fire engine. Payments are due annually in the amount of \$97,469 on October 3, each year at an annual interest rate of 2.79%; with the lease expiring on October 3, 2019. The current balance outstanding for this lease is \$276,818.

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)
YEAR ENDED JUNE 30, 2017

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, 2017, is \$1,960,000.

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 \$3,111,466 against debt service payments of \$280,393. Total principal and interest remaining is \$2,425,573.

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, 2017, is \$6,890,000.

The Bonds are payable from and secured by net revenues on a parity basis with an existing installment payment obligation of the PFA's 2005 Installment Payment. These payments consist primarily of net revenues of the City's water system and facilities. The City has covenanted in the Installment Sale Agreement to set rates and charges for water services for its customers sufficient to provide net revenues each fiscal year equal to at least 120% of the debt service due in such fiscal year. Net revenue is determined by the gross revenues received during such period minus the amount required to pay all operation and maintenance costs becoming payable during such period. Net revenue pledged to these bonds for the current year was \$3,113,466 against debt service payments of \$256,438. Total principal and interest remaining is \$11,790,178.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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 117 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 FY 2012/13 and prior. Coverage years FY 2013/14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

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

For FY 2016/17 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) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however, it is fully covered under a separate policy and therefore not retained by the Authority. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

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 FY 2016/17 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 \$98,207,003. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

Earthquake and Flood Insurance

The City of Santa Fe Springs purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Santa Fe Springs property currently has earthquake protection in the amount of \$45,301,015. 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 FY 2016/17.

Note 11: Pension Plan Obligations

a. General Information About the Pension Plan

Plan Description

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

Benefits Provided

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017
Note 11: Pension Plan Obligations (Continued)

The Plan provisions and benefits in effect at June 30, 2017 are summarized as follows:

Miscellaneous Plan			
	Tier 1 *	Tier 2 *	PEPRA
Hire date	Prior to November 19, 2012	November 19, 2012 but prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Minimum retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.00%	7.00%	5.25%
Required employer contribution rates	46.882%	46.882%	46.882%
Safety Cost-Sharing Rate Plans			
	Tier 1 *	Tier 2 *	PEPRA
Hire date	Prior to November 19, 2012	November 19, 2012 but prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Minimum retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	2.400% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000% to 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000%	9.000%	12.250%
Required employer contribution rates	47.790%	18.301%	12.854%

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

Employees Covered

As of the valuation date of June 30, 2014, the following employees were covered by the benefit terms of the Miscellaneous Plan:

Description	Number of Members
Active members	112
Transferred members	36
Terminated members	38
Retired members and beneficiaries	200
Total	386

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

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

For the year ended June 30, 2017, the employer contributions recognized as a reduction to the net position liability for all the Plans was \$4,895,425.

b. Net Pension Liability

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and the June 30, 2016 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	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 11: Pension Plan Obligations (Continued)

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2007, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

There were no changes of assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

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

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

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 11: Pension Plan Obligations (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(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

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

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

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2015 (Valuation Date)	\$ 159,122,487	\$ 96,579,274	\$ 62,543,213
Changes Recognized for the Measurement Period:			
Service Cost	1,501,984	-	1,501,984
Interest on the Total Pension Liability	11,766,386	-	11,766,386
Difference between Expected and Actual Experience	(1,620,555)	-	(1,620,555)
Changes of Assumptions	-	-	-
Contributions from the Employer	-	3,728,926	(3,728,926)
Contributions from Employees	-	932,924	(932,924)
Net Investment Income	-	500,787	(500,787)
Benefit Payments including Refunds of Employee Contributions	(8,887,931)	(8,887,931)	-
Administrative Expense	-	(58,860)	58,860
Net Changes During 2015-16	2,759,884	(3,784,154)	6,544,038
Balance at: 6/30/2016 (Measurement Date)	\$ 161,882,371	\$ 92,795,120	\$ 69,087,251

As of June 30, 2017, the City Safety Plan reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Safety Plan	\$ 41,147,225

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017
Note 11: Pension Plan Obligations (Continued)

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Safety Plan is measured as of June 30, 2016, and the total pension liability for the Safety Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Safety Plan as of June 30, 2015 and 2016, was as follows:

Safety Cost-Sharing Plan	
	Tier 1
Proportion - June 30, 2015	0.77891%
Proportion - June 30, 2016	0.79447%
Change - Increase (Decrease)	0.01556%

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

The following presents the net pension liability of the Plan's as of the measurement date, calculated using the discount rate of 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% 6.65%	Current Discount 7.65%	Discount Rate + 1% 8.65%
Miscellaneous Plan	\$ 89,028,826	\$ 69,087,251	\$ 52,471,634
Safety Plan	61,084,184	41,147,225	24,781,025
Total Net Pension Liability	\$ 150,113,010	\$ 110,234,476	\$ 77,252,659

Pension Plan Fiduciary Net Position

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

For the measurement period ending June 30, 2016 (the measurement date), the City incurred a pension expense of \$4,385,236 and \$4,057,555 for the Miscellaneous and Safety Plan, respectively.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 11: Pension Plan Obligations (Continued)

As of June 30, 2017, the following were the reported deferred outflows of resources and deferred inflows of resources related to all pension plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan		
Current year contributions that occurred after the measurement date of June 30, 2016	\$ 4,174,840	\$ -
Change of Assumption	-	534,553
Difference between Expected and Actual Experiences	142,924	945,324
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,054,994	-
Total	\$ 9,372,758	\$ 1,479,877
Safety Plan		
Current year contributions that occurred after the measurement date of June 30, 2016	\$ 2,887,172	\$ -
Change of Assumption	-	877,140
Difference between Expected and Actual Experiences	-	201,175
Net Difference between Projected and Actual Earnings on Pension Plan Investments	4,309,348	-
Adjustment due to differences in proportions	1,413,437	614,416
Difference in proportionate share	70,473	2,086,021
Total	\$ 8,680,430	\$ 3,778,752
Total All Plans	\$ 18,053,188	\$ 5,258,629

Contributions subsequent to the measurement date in the amount of \$7,026,012 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous Plan	Safety Plan	Total
2017	\$ (398,669)	\$ (764,809)	\$ (1,163,478)
2018	398,096	(367,635)	30,461
2019	2,375,016	2,025,101	4,400,117
2020	1,343,598	1,121,849	2,465,447
Total	\$ 3,718,041	\$ 2,014,506	\$ 5,732,547

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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 beneficiaries in accordance with various labor agreements. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, CA 95814.

b. Eligibility

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, 2015, the date of the most recent actuarial valuation:

	Management	Miscellaneous	Fire	Total
Retirees and Beneficiaries				
Receiving benefits	50	103	73	226
Active plan members	27	83	51	161
Total	<u>77</u>	<u>186</u>	<u>124</u>	<u>387</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 \$1,397 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, 2017, the City contributed \$4,324,111 to the plan. Plan members receiving benefits contributed \$77,256 (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, 2017, was \$7.85 million. The annual required contribution (ARC) as of June 30, 2017, was \$4.57 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):

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

Annual required contribution	\$ 4,573
Interest on net OPEB obligation	496
Adjustment to annual required contribution	(494)
Annual OPEB cost (expense)	4,575
Contributions made	(4,324)
Increase in net OPEB obligation	251
Net OPEB Obligation, Beginning of Year	7,597
Net OPEB Obligation, End of Year	<u>\$ 7,848</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows (dollar amounts are in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 4,391	110%	\$ 7,259
6/30/2016	4,565	93%	7,597
6/30/2017	4,575	95%	7,848

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, 2017, the City made a contribution of \$2 million to the CERBT.

The funded status for postemployment benefit based on the June 30, 2015, 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
\$ 8,396	\$ 57,619	\$ 49,223	14.6%	\$ 13,554	363%

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 12: Postemployment Health Care Benefits (Continued)

compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

e. Actuarial Methods and Assumptions

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

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

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5.60% discount rate. The valuation includes a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years with a closed amortization. There are 23 years remaining. It is assumed the City's payroll will increase 3.25% per year. The assumptions used for determining the contribution requirements are the same as the assumptions used in the calculation of the funded status.

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

Year	Pre-Medicare	Eligible	Post-Medicare
	HMO	PPO	HMO
2017/18	6.5%	6.5%	6.7%
2018/19	6.0%	6.0%	6.1%
2019/20	5.5%	5.5%	5.6%
2020/21	5.0%	5.0%	5.0%

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

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

Note 14: Non-City Obligation Debt

The City issued \$2,315,000 of Heritage Springs Assessment District Improvement Bonds on August 9, 2001. The bonds are not included in the accompanying financial statements as neither the faith and credit nor the taxing powers of the City have been pledged to the payment of the obligations. The outstanding balance at June 30, 2017, is \$1,630,000.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2017

Note 15: Subsequent Events

Management has evaluated events subsequent to June 30, 2017 through December 6, 2017, the date on which the financial statements were available for issuance. Management has determined that other than the item below no other subsequent events requiring disclosure have occurred.

In August 2017, The City of Santa Fe Springs determined that the timing and yield of the new payback of the loans referenced in Note 6 was acceptable to the City and dismissed the lawsuit against the California Department of Finance ("DOF") regarding the denial of the lump sum payment.

Note 16: Special Item

The City reported a gain in the amount of \$1,055,801 for accrued interest on an advance to the Successor Agency. This additional accrued interest was allowed by the California Department of Finance.

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 \$9,367,055 are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017
Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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

Loans and Notes Receivable

The loans and notes receivable balance consists of the following:

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

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

Capital Assets

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

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Private-Purpose Trust Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,006,722	\$ -	\$ -	\$ 5,006,722
Total Capital Assets, Not Being Depreciated	\$ 5,006,722	\$ -	\$ -	\$ 5,006,722

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Private-purpose activities:					
Consolidated Redevelopment					
Project tax allocation bonds:					
2001 Refunding issue	\$ 13,965,000	\$ -	\$ 13,965,000	\$ -	\$ -
2002 Refunding issue	5,150,000	-	5,150,000	-	-
2003 Refunding taxable issue	2,775,000	-	2,775,000	-	-
2006 issue	32,908,493	-	9,960,000	22,948,493	-
Accreted Interest on					
Capital appreciation bonds	12,169,865	1,597,198	-	13,767,063	-
2007 Refunding issue	33,395,000	-	4,125,000	29,270,000	4,325,000
2016 Refunding issue	-	25,270,000	-	25,270,000	5,250,000
Issuance discounts/premiums	1,202,094	-	588,075	614,019	-
Tax increment loan from					
Los Angeles County	6,501,182	50,707	-	6,551,889	-
Advances from City	10,624,511	1,321,182	2,578,638	9,367,055	-
	<u>\$ 118,691,145</u>	<u>\$ 28,239,087</u>	<u>\$ 39,141,713</u>	<u>\$ 107,788,519</u>	<u>\$ 9,575,000</u>

Tax Allocation Bonds		
Year Ending June 30	Principal	Interest
2018	\$ 9,575,000	\$ 3,625,100
2019	10,060,000	3,346,078
2020	10,147,914	3,060,684
2021	9,569,209	2,784,034
2022	9,718,399	2,508,631
2023-2027	27,379,205	1,232,244
2028-2029	1,038,766	-
Total	<u>\$ 77,488,493</u>	<u>\$ 16,556,771</u>
Cumulative accretion interest on Capital appreciation bonds	<u>\$ 13,767,063</u>	
Total Principal, June 30, 2017	<u>\$ 91,255,556</u>	

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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, 2016. 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. The bonds were fully refunded in the current year with the issuance of the 2016 Subordinate Tax Allocation Refunding Bonds.

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)
YEAR ENDED JUNE 30, 2017

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. The bonds were fully refunded in the current year with the issuance of the 2016 Subordinate Tax Allocation Refunding Bonds.

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. The bonds were fully refunded in the current year with the issuance of the 2016 Subordinate Tax Allocation Refunding Bonds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

Consolidated Redevelopment Project 2006 Tax Allocation Bonds

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

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

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. Upon dissolution, former tax increment revenues are deposited into the Los Angeles County Redevelopment Property Tax Trust Fund (RPTTF) and are distributed to Successor Agencies based on approved enforceable obligations. The City does not believe the dissolution bill changes the pledged nature of the former tax increment and considers all deposits to the RPTTF pledged for debt service until the full debt service obligation for the fiscal year is reached. Total amount outstanding as of June 30, 2017, is \$36,715,557 including \$13,767,064 of accreted interest.

Consolidated Redevelopment Project 2007 Tax Allocation Refunding Bonds

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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, 2017, is \$29,270,000.

2016 Subordinate Tax Allocation Refunding Bonds

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

September 1 of each year, commencing March 1, 2017. The certificates mature in 2025 and principal is payable on September 1 each year, commencing September 1, 2017. As of June 30, 2017, the outstanding balance is \$25,270,000.

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, 2017, is \$6,551,889.

Advances from the City

Advances from the City consisted of advances totaling \$9,367,055.

In September 2010, the general fund advanced \$8,846,000 to the former redevelopment agency, which was paid back to the general fund in one lump sum in March 2011 along with accrued interest of \$507,730. This lump sum payment was subsequently denied by the Department of Finance (DOF). The City 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, 2017 was \$9,367,055.

Special Item

The Successor Agency reported a loss in the amount of \$1,055,801 for accrued interest on an advance from the City. This additional accrued interest was allowed by the California Department of Finance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

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

The City of Santa Fe Springs Successor Agency notified the California Department of Finance of its September 16, 2015 Oversight Board (OB) Resolution on September 21, 2015. OB Resolution No. 2015-006 established a repayment schedule related to loans for the Washington Boulevard redevelopment project area. In a letter dated October 2015, the Department of Finance approved the repayment schedule. HSC Section 34191.4 (b)(3)(A) requires that any interest on the remaining principal amount of the loan that was previously unpaid after the origination of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of three percent. The interest was fully repaid during the fiscal year.

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 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANTA FE SPRINGS

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

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

(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 three years are shown.

Notes to Schedule:

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

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

CITY OF SANTA FE SPRINGS

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

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

(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 three years are shown.

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
Inflation	2.75%
Salary Increases	3.30% to 14.20%
Payroll Growth	3.00%
Investment rate of return	7.65% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF SANTA FE SPRINGS
COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2017**

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

Notes to Schedule:

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

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

(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 three years are shown.

**CITY OF SANTA FE SPRINGS
COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, 2017**

	2015	2016	2017
Safety Plan			
Actuarially Determined Contribution	\$ 1,892,765	\$ 1,166,499	\$ 2,887,172
Contribution in Relation to the Actuarially Determined Contribution	(1,892,765)	(1,166,499)	(2,887,172)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,502,095	\$ 6,843,585	\$ 6,971,540
Contributions as a Percentage of Covered-Employee Payroll	29.11%	17.05%	41.41%

(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 three years are shown.

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method/period	Level percent payroll/closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20%
Payroll growth	3.00%
Investment rate of return	7.65% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society.
Mortality	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF SANTA FE SPRINGS

REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

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
6/30/2011	\$ 911	\$ 47,020	\$ 46,109	2%	\$ 17,925	257%
6/30/2013	3,451	54,521	51,070	6%	13,917	367%
6/30/2015	8,396	57,619	49,223	15%	13,554	363%

See Notes to Required Supplementary Information

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$40,805,000	\$ 39,309,000	\$39,675,580	\$ 366,580
Licenses and permits	2,242,500	2,184,500	2,750,708	566,208
Intergovernmental	2,775,600	3,033,200	3,117,941	84,741
Charges for services	5,254,000	5,610,700	5,798,869	188,169
Interest and rentals	1,369,500	1,654,300	1,595,107	(59,193)
Fines and forfeitures	494,900	412,400	475,145	62,745
Miscellaneous	2,961,800	1,064,000	1,286,162	222,162
Special items	-	-	1,055,801	1,055,801
Total Revenues	55,903,300	53,268,100	55,755,313	2,487,213
Expenditures:				
General government	5,896,100	6,055,200	6,020,716	34,484
Public safety	28,821,200	29,084,500	29,154,685	(70,185)
Community development	3,736,400	3,751,100	3,924,008	(172,908)
Public works	3,570,600	3,390,900	3,602,397	(211,497)
Culture and leisure	7,789,100	8,055,200	7,842,573	212,627
Human services	3,010,600	2,976,200	2,885,022	91,178
Capital outlay	1,255,500	586,600	432,474	154,126
Debt service:				
Principal retirement	1,059,400	1,059,400	1,059,310	90
Interest and fiscal charges	162,500	162,500	162,419	81
Total Expenditures	55,301,400	55,121,600	55,083,604	37,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	601,900	(1,853,500)	671,709	2,525,209
Other Financing Sources (Uses):				
Transfers in	1,721,300	1,521,200	4,490,496	2,969,296
Proceeds from sale of capital asset	5,000	12,500	7,318	(5,182)
Transfers out	(2,190,500)	(2,315,700)	(2,336,755)	(21,055)
Total Other Financing Sources (Uses)	(464,200)	(782,000)	2,161,059	2,943,059
Net Change in Fund Balances	137,700	(2,635,500)	2,832,768	5,468,268
Fund Balances, Beginning of Year	35,200,595	35,200,595	35,200,595	-
Fund Balances, End of Year	\$35,338,295	\$ 32,565,095	\$38,033,363	\$ 5,468,268

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
LOW AND MODERATE INCOME HOUSING ASSETS FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Use of money and property	\$ -	\$ 5,500	\$ 115,852	\$ 110,352
Total Revenues:	-	5,500	115,852	110,352
Expenditures				
Community development	230,000	230,000	220,329	9,671
Total Expenditures	230,000	230,000	220,329	9,671
Excess (Deficiency) of Revenues Over (Under) Expenditures	(230,000)	(224,500)	(104,477)	120,023
Other Financing Sources (Uses):				
Transfers in	-	515,700	515,728	28
Total Other Financing Sources (Uses)	-	515,700	515,728	28
Net Change in Fund Balances	(230,000)	291,200	411,251	120,051
Fund Balances, Beginning of Year	9,864,444	9,864,444	9,864,444	-
Fund Balances, End of Year	\$9,634,444	\$ 10,155,644	\$ 10,275,695	\$ 120,051

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

Budgetary Comparison Information

a. Summary of Budgetary Policies

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

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

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

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

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

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

Heritage Springs Street Maintenance District
Business License Surcharge
Fire Grants
Community Development Block Grant Program Income Fund
Narcotics Forfeitures/Seizures
Heritage Art Education Endowment Fund

NONMAJOR GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS

State Gas Tax

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

County Transit Tax

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

TDA Article 3

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

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.

Narcotics Forfeitures/Seizures

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

PERMANENT FUND

Heritage Art Education Endowment Fund

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

CITY OF SANTA FE SPRINGS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

Special Revenue Funds				
	State Gas Tax	County Transit Tax	TDA Article 3	Street Lighting Maintenance District
Assets:				
Pooled cash and investments	\$ 125,763	\$ 1,647,548	\$ -	\$ 117,840
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	-	4,345	-	12,196
Total Assets	\$ 125,763	\$ 1,651,893	\$ -	\$ 130,036
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	125,763	1,651,893	-	130,036
Art in public places	-	-	-	-
Total Fund Balances	125,763	1,651,893	-	130,036
Total Liabilities, Resources and Fund Balances	\$ 125,763	\$ 1,651,893	\$ -	\$ 130,036

CITY OF SANTA FE SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

Special Revenue Funds				
	Heritage Springs Street Maintenance District	Art in Public Places	Business License Surcharge	Air Quality Improvement
Assets:				
Pooled cash and investments	\$ 183,007	\$ 1,173,399	\$ 12,758	\$ 101,268
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	-	-	-	5,992
Total Assets	\$ 183,007	\$ 1,173,399	\$ 12,758	\$ 107,260
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	705	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	705	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	12,053	-
Public safety	-	-	-	-
Public works	183,007	-	-	107,260
Art in public places	-	1,173,399	-	-
Total Fund Balances	183,007	1,173,399	12,053	107,260
Total Liabilities, Resources and Fund Balances	\$ 183,007	\$ 1,173,399	\$ 12,758	\$ 107,260

CITY OF SANTA FE SPRINGS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

Special Revenue Funds				
	Community Development Block Grant	Fire Grants	Public Safety Augmentation	Supplemental Law Enforcement Services
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 252
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	1,928	401,046	32,093	39,416
Total Assets	\$ 1,928	\$ 401,046	\$ 32,093	\$ 39,668
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 3,200	\$ -	\$ -
Accrued liabilities	416	5,553	-	-
Due to other governments	-	-	-	-
Due to other funds	1,512	392,293	32,093	-
Total Liabilities	1,928	401,046	32,093	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	39,668
Public works	-	-	-	-
Art in public places	-	-	-	-
Total Fund Balances	-	-	-	39,668
Total Liabilities, Resources and Fund Balances	\$ 1,928	\$ 401,046	\$ 32,093	\$ 39,668

CITY OF SANTA FE SPRINGS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Fund		Permanent Fund	
	Community Development Block Grant Program Income	Narcotics Forfeitures/Seizures	Heritage Art Education Endowment Fund	Total Nonmajor Governmental Funds
Assets:				
Pooled cash and investments	\$ -	\$ 17,243	\$ 428,280	\$ 3,807,358
Receivables:				
Notes and loans	19,250	-	-	19,250
Due from other governments	-	-	-	497,016
Total Assets	\$ 19,250	\$ 17,243	\$ 428,280	\$ 4,323,624
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,200
Accrued liabilities	-	-	-	5,969
Due to other governments	-	-	-	705
Due to other funds	-	-	-	425,898
Total Liabilities	-	-	-	435,772
Fund Balances:				
Restricted for:				
Community development projects	19,250	-	-	31,303
Public safety	-	17,243	-	56,911
Public works	-	-	-	2,197,959
Art in public places	-	-	428,280	1,601,679
Total Fund Balances	19,250	17,243	428,280	3,887,852
Total Liabilities, Resources and Fund Balances	\$ 19,250	\$ 17,243	\$ 428,280	\$ 4,323,624

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Special Revenue Funds				
	State Gas Tax	County Transit Tax	TDA Article 3	Street Lighting Maintenance District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	353,779	788,300	48,583	-
Interest and rentals	1,223	14,379	-	792
Fines and forfeitures	-	-	-	-
Miscellaneous	-	4,345	-	194,940
Total Revenues	355,002	807,024	48,583	195,732
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	368,200	418,245	48,583	183,000
Culture and leisure	-	-	-	-
Capital outlay	-	99,889	-	-
Total Expenditures	368,200	518,134	48,583	183,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,198)	288,890	-	12,732
Net Change in Fund Balances	(13,198)	288,890	-	12,732
Fund Balances:				
Beginning of year	138,961	1,363,003	-	117,304
End of Year	\$ 125,763	\$ 1,651,893	\$ -	\$ 130,036

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Heritage Springs Street Maintenance District	Art in Public Places	Business License Surcharge	Air Quality Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ 2,789	\$ -
Intergovernmental	-	-	-	-
Interest and rentals	-	10,703	-	807
Fines and forfeitures	-	-	-	-
Miscellaneous	-	484,183	-	23,572
Total Revenues	-	494,886	2,789	24,379
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and leisure	-	449,062	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	449,062	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	45,824	2,789	24,379
Net Change in Fund Balances	-	45,824	2,789	24,379
Fund Balances:				
Beginning of year	183,007	1,127,575	9,264	82,881
End of Year	\$ 183,007	\$ 1,173,399	\$ 12,053	\$ 107,260

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Community Development Block Grant	Fire Grants	Public Safety Augmentation	Supplemental Law Enforcement Services
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	231,139	361,458	180,491	168,740
Interest and rentals	-	-	-	252
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	231,139	361,458	180,491	168,992
Expenditures:				
Current:				
Public safety	-	259,505	180,491	129,637
Public works	-	-	-	-
Culture and leisure	16,427	-	-	-
Capital outlay	214,712	101,953	-	-
Total Expenditures	231,139	361,458	180,491	129,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	39,355
Net Change in Fund Balances	-	-	-	39,355
Fund Balances:				
Beginning of year	-	-	-	313
End of Year	\$ -	\$ -	\$ -	\$ 39,668

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Fund		Permanent Fund	
	Community Development Block Grant Program Income	Narcotics Forfeitures/Seizures	Heritage Art Education Endowment Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,789
Intergovernmental	-	-	-	2,132,490
Interest and rentals	-	75	3,987	32,218
Fines and forfeitures	-	17,168	-	17,168
Miscellaneous	-	-	-	707,040
Total Revenues	-	17,243	3,987	2,891,705
Expenditures:				
Current:				
Public safety	-	-	-	569,633
Public works	-	-	-	1,018,028
Culture and leisure	-	-	-	465,489
Capital outlay	-	-	-	416,554
Total Expenditures	-	-	-	2,469,704
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	17,243	3,987	422,001
Net Change in Fund Balances	-	17,243	3,987	422,001
Fund Balances:				
Beginning of year	19,250	-	424,293	3,465,851
End of Year	\$ 19,250	\$ 17,243	\$ 428,280	\$ 3,887,852

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 368,200	\$ 368,200	\$ 353,779	\$ (14,421)
Interest and rentals	-	-	1,223	1,223
Total Revenues:	368,200	368,200	355,002	(13,198)
Expenditures				
Public works	368,200	368,200	368,200	-
Total Expenditures	368,200	368,200	368,200	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	-	-	(13,198)	(13,198)
Net Change in Fund Balances	-	-	(13,198)	(13,198)
Fund Balances, Beginning of Year	138,961	138,961	138,961	-
Fund Balances, End of Year	\$ 138,961	\$ 138,961	\$ 125,763	\$ (13,198)

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSIT TAX
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 805,600	\$ 805,600	\$ 788,300	\$ (17,300)
Use of money and property	-	-	14,379	14,379
Miscellaneous	-	-	4,345	4,345
Total Revenues:	805,600	805,600	807,024	1,424
Expenditures				
Public works	457,200	413,100	418,245	(5,145)
Capital outlay	110,000	102,500	99,889	2,611
Total Expenditures	567,200	515,600	518,134	(2,534)
Excess (Deficiency) of Revenues Over (Under) Expenditures	238,400	290,000	288,890	(1,110)
Net Change in Fund Balances	238,400	290,000	288,890	(1,110)
Fund Balances, Beginning of Year	1,363,003	1,363,003	1,363,003	-
Fund Balances, End of Year	\$ 1,601,403	\$ 1,653,003	\$ 1,651,893	\$ (1,110)

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
TDA ARTICLE 3
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 59,600	\$ 48,500	\$ 48,583	\$ 83
Total Revenues:	59,600	48,500	48,583	83
Expenditures				
Public works	59,600	48,500	48,583	(83)
Total Expenditures	59,600	48,500	48,583	(83)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF SANTA FE SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 792	\$ 792
Miscellaneous	183,000	183,000	194,940	11,940
Total Revenues:	183,000	183,000	195,732	12,732
Expenditures				
Public works	183,000	183,000	183,000	-
Total Expenditures	183,000	183,000	183,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	12,732	12,732
Net Change in Fund Balances	-	-	12,732	12,732
Fund Balances, Beginning of Year	117,304	117,304	117,304	-
Fund Balances, End of Year	\$ 117,304	\$ 117,304	\$ 130,036	\$ 12,732

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
ART IN PUBLIC PLACES
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest and rentals	\$ -	\$ -	\$ 10,703	\$ 10,703
Miscellaneous	150,000	484,100	484,183	83
Total Revenues:	150,000	484,100	494,886	10,786
Expenditures				
Culture and leisure	460,500	508,800	449,062	59,738
Total Expenditures	460,500	508,800	449,062	59,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(310,500)	(24,700)	45,824	70,524
Net Change in Fund Balances	(310,500)	(24,700)	45,824	70,524
Fund Balances, Beginning of Year	1,127,575	1,127,575	1,127,575	-
Fund Balances, End of Year	\$ 817,075	\$ 1,102,875	\$ 1,173,399	\$ 70,524

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest and rentals	\$ -	\$ -	\$ 807	\$ 807
Miscellaneous	22,700	22,700	23,572	872
Total Revenues:	22,700	22,700	24,379	1,679
Net Change in Fund Balances	22,700	22,700	24,379	1,679
Fund Balances, Beginning of Year	82,881	82,881	82,881	-
Fund Balances, End of Year	\$ 105,581	\$ 105,581	\$ 107,260	\$ 1,679

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 16,500	\$ 231,200	\$ 231,139	\$ (61)
Total Revenues:	16,500	231,200	231,139	(61)
Expenditures				
Culture and leisure	16,500	16,500	16,427	73
Capital outlay	-	214,700	214,712	(12)
Total Expenditures	16,500	231,200	231,139	61
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 148,000	\$ 171,500	\$ 180,491	\$ 8,991
Total Revenues:	148,000	171,500	180,491	8,991
Expenditures				
Public safety	148,000	171,500	180,491	(8,991)
Total Expenditures	148,000	171,500	180,491	(8,991)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT SERVICES
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 100,000	\$ 129,600	\$ 168,740	\$ 39,140
Interest and rentals	-	100	252	152
Total Revenues:	100,000	129,700	168,992	39,292
Expenditures				
Public safety	100,000	129,700	129,637	63
Total Expenditures	100,000	129,700	129,637	63
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	-	-	39,355	39,355
Net Change in Fund Balances	-	-	39,355	39,355
Fund Balances, Beginning of Year	313	313	313	-
Fund Balances, End of Year	\$ 313	\$ 313	\$ 39,668	\$ 39,355

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, 2017

Governmental Activities - Internal Service Funds					
		Equipment Replacement	Employee Benefits	Risk Management	Totals
Assets:					
Current:					
Cash and investments		\$ -	\$ -	\$ -	\$ -
Total Assets		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:					
Unrestricted		\$ -	\$ -	\$ -	\$ -
Total Net Position		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Funds			
	Equipment Replacement	Employee Benefits	Risk Management	Totals
Operating Revenues:				
Sales and service charges	\$ 53,060	\$ -	\$ -	\$ 53,060
Total Operating Revenues	53,060	-	-	53,060
Operating Expenses:				
Source of supply	4,770	-	-	4,770
Labor and benefits	-	530,000	-	530,000
Total Operating Expenses	4,770	530,000	-	534,770
Operating Income (Loss)	48,290	(530,000)	-	(481,710)
Income (Loss) Before Transfers	48,290	(530,000)	-	(481,710)
Transfers out	(1,581,735)	(1,026,085)	(714,000)	(3,321,820)
Changes in Net Position	(1,533,445)	(1,556,085)	(714,000)	(3,803,530)
Net Position:				
Beginning of Year	1,533,445	1,556,085	714,000	3,803,530
End of Fiscal Year	\$ -	\$ -	\$ -	\$ -

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Funds			
	Equipment Replacement	Employee Benefits	Risk Management	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 53,060	\$ -	\$ -	\$ 53,060
Cash paid to suppliers for goods and services	(4,770)			(4,770)
Cash paid to employees for services	-	(530,000)	-	(530,000)
Net Cash Provided (Used) by Operating Activities	48,290	(530,000)	-	(481,710)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(1,581,735)	(1,026,085)	(714,000)	(3,321,820)
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,581,735)	(1,026,085)	(714,000)	(3,321,820)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,533,445)	(1,556,085)	(714,000)	(3,803,530)
Cash and Cash Equivalents at Beginning of Year	1,533,445	1,556,085	714,000	3,803,530
Cash and Cash Equivalents at End of Year	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 48,290	\$ (530,000)	\$ -	\$ (481,710)
Adjustments to reconcile operating income (loss)				
Net Cash Provided (Used) by Operating Activities	\$ 48,290	\$ (530,000)	\$ -	\$ (481,710)

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, 2017

	Assessment Districts	Community Facilities Assessment Districts	Totals
Assets:			
Pooled cash and investments	\$ 244,264	\$ 61,258	\$ 305,522
Receivables:			
Accounts	-	6,332	6,332
Restricted assets:			
Cash and investments with fiscal agents	328,081	-	328,081
Total Assets	\$ 572,345	\$ 67,590	\$ 639,935
Liabilities:			
Deposits payable	\$ 572,345	\$ 67,590	\$ 639,935
Total Liabilities	\$ 572,345	\$ 67,590	\$ 639,935

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2017</u>
<u>Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 323,651	\$ 209,327	\$ 288,714	\$ 244,264
Receivables:				
Restricted assets:				
Cash and investments with fiscal agents	207,390	288,806	168,115	328,081
Total Assets	\$ 531,041	\$ 498,133	\$ 456,829	\$ 572,345
Liabilities:				
Deposits payable	\$ 531,041	\$ 209,419	\$ 168,115	\$ 572,345
Total Liabilities	\$ 531,041	\$ 209,419	\$ 168,115	\$ 572,345
<u>Community Facilities Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 61,258	\$ -	\$ -	\$ 61,258
Receivables:				
Accounts	6,332	-	-	6,332
Total Assets	\$ 67,590	\$ -	\$ -	\$ 67,590
Liabilities:				
Deposits payable	\$ 67,590	\$ -	\$ -	\$ 67,590
Total Liabilities	\$ 67,590	\$ -	\$ -	\$ 67,590
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 384,909	\$ 209,327	\$ 288,714	\$ 305,522
Receivables:				
Accounts	6,332	-	-	6,332
Cash and investments with fiscal agents	207,390	288,806	168,115	328,081
Total Assets	\$ 598,631	\$ 498,133	\$ 456,829	\$ 639,935
Liabilities:				
Deposits payable	\$ 598,631	\$ 209,419	\$ 168,115	\$ 639,935
Total Liabilities	\$ 598,631	\$ 209,419	\$ 168,115	\$ 639,935

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

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 31,856,729	\$ 89,373,619	\$ 80,697,495	\$ 73,525,440
Restricted	5,501,527	7,643,082	8,867,118	10,414,337
Unrestricted	64,776,353	6,730,597	2,627,357	12,973,592
Total governmental activities net position	<u>\$ 102,134,609</u>	<u>\$ 103,747,298</u>	<u>\$ 92,191,970</u>	<u>\$ 96,913,369</u>
Business-type activities:				
Net investment in capital assets	\$ 10,160,632	\$ 12,659,705	\$ 13,780,267	\$ 11,835,708
Restricted	-	-	-	-
Unrestricted	5,848,194	2,074,635	(636,433)	521,782
Total business-type activities net position	<u>\$ 16,008,826</u>	<u>\$ 14,734,340</u>	<u>\$ 13,143,834</u>	<u>\$ 12,357,490</u>
Primary government:				
Net investment in capital assets	\$ 42,017,361	\$ 102,033,324	\$ 94,477,762	\$ 85,361,148
Restricted	5,501,527	7,643,082	8,867,118	10,414,337
Unrestricted	70,624,547	8,805,232	1,990,924	13,495,374
Total primary government net position	<u>\$ 118,143,435</u>	<u>\$ 118,481,638</u>	<u>\$ 105,335,804</u>	<u>\$ 109,270,859</u>

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

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 141,935,739	\$ 159,461,487	\$ 163,745,920	\$ 163,742,164	\$ 159,942,690	\$ 158,121,201
9,077,534	9,905,210	9,651,144	29,208,112	32,373,440	33,145,221
24,344,782	27,007,854	37,672,916	(50,143,910)	(49,235,190)	(52,203,681)
<u>\$ 175,358,055</u>	<u>\$ 196,374,551</u>	<u>\$ 211,069,980</u>	<u>\$ 142,806,366</u>	<u>\$ 143,080,940</u>	<u>\$ 139,062,741</u>
\$ 12,353,517	\$ 15,742,624	\$ 16,386,459	\$ 15,541,573	\$ 17,182,873	\$ 17,533,898
-	-	-	-	-	817,087
1,060,256	3,375,412	3,952,242	(2,072,299)	(728,889)	331,570
<u>\$ 13,413,773</u>	<u>\$ 19,118,036</u>	<u>\$ 20,338,701</u>	<u>\$ 13,469,274</u>	<u>\$ 16,453,984</u>	<u>\$ 18,682,555</u>
\$ 154,289,256	\$ 175,204,111	\$ 180,132,379	\$ 179,283,737	\$ 177,125,563	\$ 175,655,099
9,077,534	9,905,210	9,651,144	29,208,112	32,373,440	33,962,308
25,405,038	30,383,266	41,625,158	(52,216,209)	(49,964,079)	(51,872,111)
<u>\$ 188,771,828</u>	<u>\$ 215,492,587</u>	<u>\$ 231,408,681</u>	<u>\$ 156,275,640</u>	<u>\$ 159,534,924</u>	<u>\$ 157,745,296</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Governmental activities:				
General government	\$ 10,752,925	\$ 4,182,328	3,438,268	\$ 2,163,896
Public safety	25,158,056	27,819,575	27,580,109	26,383,489
Community development	13,673,467	20,631,199	30,950,225	20,666,314
Public works	6,800,109	7,169,870	6,711,824	10,044,324
Culture and leisure	9,490,393	7,856,203	12,002,498	8,229,998
Human services	5,070,440	4,128,929	3,468,839	2,919,442
Unallocated depreciation	13,421	61,695	21,617	62,365
Interest on long-term liabilities	7,935,213	8,087,433	7,911,796	7,249,129
Total governmental activities expenses	78,894,024	79,937,232	92,085,176	77,718,957
Business-type activities:				
Water utility	8,728,782	9,455,272	9,080,895	9,737,232
Total primary government expenses	87,622,806	89,392,504	101,166,071	87,456,189
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,048,110	1,137,500	732,638	686,006
Public safety	2,586,088	2,924,531	2,870,405	2,773,032
Community development	3,464,909	3,048,561	3,758,049	3,859,883
Public works	698,895	455,206	291,322	308,852
Culture and leisure	1,186,328	934,448	1,082,696	466,019
Human services	747,761	653,585	721,334	654,912
Operating grants and contributions	3,834,943	3,249,259	5,188,053	5,172,057
Capital grants and contributions	2,701,218	1,843,328	2,978,733	4,851,876
Total governmental activities program revenues	16,268,252	14,246,418	17,623,230	18,772,637
Business-type activities:				
Charges for services:				
Water utility	9,008,023	9,221,517	9,168,719	9,852,607
Capital grants and contributions	142,589	176,868	26,667	223,673
Total business-type activities program revenues	9,150,612	9,398,385	9,195,386	10,076,280
Total primary government program revenues	25,418,864	23,644,803	26,818,616	28,848,917
Net revenues (expenses):				
Governmental activities	(62,625,772)	(65,690,814)	(74,461,946)	(58,946,320)
Business-type activities	421,830	(56,887)	114,491	339,048
Total net revenues (expenses)	(62,203,942)	(65,747,701)	(74,347,455)	(58,607,272)

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 3,883,766	\$ 5,773,716	\$ 5,941,165	\$ 5,614,730	\$ 5,692,938	\$ 6,910,410
27,242,545	28,371,664	25,903,765	28,215,907	31,438,552	31,961,957
13,832,431	3,420,343	4,050,792	3,794,506	4,020,001	4,347,313
8,874,948	22,545,319	16,997,746	14,269,841	9,510,398	9,160,460
8,480,678	7,916,483	7,690,481	7,681,363	8,103,268	9,185,643
2,929,811	2,664,800	2,881,556	3,133,900	3,326,615	3,190,530
17,182,873	64,246	-	-	-	-
(728,889)	343,881	213,286	239,719	207,917	160,610
81,698,163	71,100,452	63,678,791	62,949,966	62,299,689	64,916,923
10,028,948	9,738,082	10,781,780	10,911,725	10,056,785	10,437,631
91,727,111	80,838,534	74,460,571	73,861,691	72,356,474	75,354,554
717,021	746,832	2,027,076	1,975,162	2,067,142	2,474,664
2,801,311	2,792,442	2,937,252	2,985,378	3,485,203	3,191,717
3,137,047	4,018,338	2,460,571	1,953,691	2,558,688	2,577,415
336,955	260,835	756,730	753,510	824,258	791,941
443,425	636,462	556,566	533,242	516,907	609,553
641,003	579,073	522,881	520,428	450,564	409,783
6,100,535	4,714,266	3,405,177	2,090,135	2,414,716	2,313,540
6,016,364	36,562,363	18,887,861	6,801,309	596,380	708,569
20,193,661	50,310,611	31,554,114	17,612,855	12,913,858	13,077,182
11,748,391	13,063,973	13,139,026	12,252,452	11,445,171	12,760,330
914,585	4,002,420	632,638	111,777	796,442	762,739
12,662,976	17,066,393	13,771,664	12,364,229	12,241,613	13,523,069
32,856,637	67,377,004	45,325,778	29,977,084	25,155,471	26,600,251
(61,504,502)	(20,789,841)	(32,124,677)	(45,337,111)	(49,385,831)	(51,839,741)
2,634,028	7,328,311	2,989,884	1,452,504	2,184,828	3,085,438
(58,870,474)	(13,461,530)	(29,134,793)	(43,884,607)	(47,201,003)	(48,754,303)

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

	Fiscal Year			
	2008	2009	2010	2011
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales and use taxes	\$ 25,716,341	\$ 23,237,402	19,214,299	\$ 20,254,386
Property taxes	30,792,418	33,478,543	34,470,314	33,167,105
Franchise taxes	2,902,765	2,857,707	2,524,816	2,553,493
Motor vehicle in lieu tax - general purpose	1,446,785	1,505,277	1,569,001	1,574,226
Business operations taxes	816,384	805,857	783,107	775,506
Utility users taxes	-	-	-	1,023,863
Other taxes	734,885	723,819	576,767	570,792
Investment income	4,845,514	3,006,525	1,699,361	2,380,810
Other	287,751	391,132	356,634	236,254
Gain (Loss) on disposal of asset	(54,467)	-	-	-
Transfers to Successor Agency	-	-	-	-
Transfers	1,300,790	1,297,241	1,712,319	1,131,284
Special item	-	-	-	-
Extraordinary gain	-	-	-	-
Total governmental activities	<u>68,789,166</u>	<u>67,303,503</u>	<u>62,906,618</u>	<u>63,667,719</u>
Business-type activities:				
Investment income	225,296	79,642	7,322	5,892
Other	-	-	-	-
Transfers	(1,300,790)	(1,297,241)	(1,712,319)	(1,131,284)
Total business-type activities	<u>(1,075,494)</u>	<u>(1,217,599)</u>	<u>(1,704,997)</u>	<u>(1,125,392)</u>
Total primary government	<u>67,713,672</u>	<u>66,085,904</u>	<u>61,201,621</u>	<u>62,542,327</u>
Changes in Net Position:				
Governmental activities	6,163,394	1,612,689	(11,555,328)	4,721,399
Business-type activities	(653,664)	(1,274,486)	(1,590,506)	(786,344)
Total primary government	<u>\$ 5,509,730</u>	<u>\$ 338,203</u>	<u>(13,145,834)</u>	<u>\$ 3,935,055</u>

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

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

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 22,868,333	\$ 23,655,903	\$ 26,096,479	\$ 26,432,547	\$ 25,518,717	\$ 25,076,235	
11,386,328	3,150,294	3,601,771	4,088,687	3,425,637	3,949,731	
2,499,668	2,443,761	2,779,357	2,978,360	3,034,652	2,915,926	
1,519,877	1,542,531	1,595,953	1,686,499	1,716,181	1,767,500	
771,766	778,483	768,575	780,747	801,658	807,702	
4,342,780	6,095,190	6,634,353	6,836,360	6,669,155	6,406,684	
518,095	890,344	416,269	567,503	531,045	522,091	
1,988,650	1,384,050	1,416,003	1,440,422	1,807,176	1,874,492	
3,425,588	1,413,449	2,216,285	2,692,622	2,988,717	2,269,170	
-	-	42,312	-	-	7,318	
-	(1,181,525)	-	-	-	-	
1,582,575	1,633,857	1,597,099	1,224,700	1,073,642	1,168,892	
-	-	-	-	-	1,055,801	
76,845,362	-	(2,249,862)	19,954,190	-	-	
127,749,022	41,806,337	44,914,594	68,682,637	47,566,580	47,821,542	
4,830	9,809	11,929	15,849	27,006	62,836	
-	-	107,631	240,554	156,955	249,189	
(1,582,575)	(1,633,857)	(1,597,099)	(1,224,700)	(1,073,642)	(1,168,892)	
(1,577,745)	(1,624,048)	(1,477,539)	(968,297)	(889,681)	(856,867)	
126,171,277	40,182,289	43,437,055	67,714,340	46,676,899	46,964,675	
66,244,520	21,016,496	12,789,917	23,345,526	(1,819,251)	(4,018,199)	
1,056,283	5,704,263	1,512,345	484,207	1,295,147	2,228,571	
\$ 67,300,803	\$ 26,720,759	\$ 14,302,262	\$ 23,829,733	\$ (524,104)	\$ (1,789,628)	

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

	Fiscal Year						
	2008	2009	2010				
General fund:							
Reserved	\$ 13,617,551	\$ 15,279,818	\$ 15,789,234				
Unreserved	15,099,382	11,632,731	7,821,085				
Total general fund	<u>\$ 28,716,933</u>	<u>\$ 26,912,549</u>	<u>\$ 23,610,319</u>				
All other governmental funds:							
Reserved	\$ 42,709,013	\$ 46,410,455	\$ 53,512,156				
Unreserved, reported in:							
Special revenue funds	2,158,778	1,955,895	1,514,867				
Debt service funds	(1,679,421)	(1,679,353)	(1,954,284)				
Capital project funds	47,613,794	44,588,079	22,540,869				
Total all other governmental funds	<u>\$ 90,802,164</u>	<u>\$ 91,275,076</u>	<u>\$ 75,613,608</u>				
	2011*	2012	2013	2014	2015	2016	2017
General fund:							
Nonspendable	\$ 6,028,152	\$ 6,047,653	\$ 5,224,843	\$ 5,585,494	\$ 4,753,064	\$ 12,721,050	\$ 11,441,321
Restricted	1,326,532	181,532	-	98,801	98,821	322,843	869,331
Committed	1,455,318	1,455,318	225,000	225,000	225,000	225,000	225,000
Assigned	-	-	9,337,498	-	2,399,700	630,000	3,629,664
Unassigned	16,439,102	23,978,015	15,744,237	18,583,574	20,027,817	21,301,702	21,868,047
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>	<u>\$ 35,200,595</u>	<u>\$ 38,033,363</u>
All other governmental funds:							
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	32,050,597	32,275,890
Assigned	-	-	4,579,545	7,794,387	9,480,556	15,036,492	14,316,725
Unassigned	(5,724,815)	(1,621,191)	-	(40,661)	(16,968)	(13,040)	(13,413)
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>	<u>\$ 47,074,049</u>	<u>\$ 46,579,202</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

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

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)

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Taxes	\$ 60,962,794	61,103,328	\$ 57,569,302	\$ 58,310,307
Licenses and permits	1,701,480	1,524,535	2,115,081	1,867,845
Fines, forfeitures and seizures	548,283	529,748	503,749	465,360
Interest and rentals	5,892,674	4,062,816	2,745,752	2,321,749
From other agencies	7,578,801	5,641,140	9,270,391	10,644,890
Charges for current services	5,305,063	5,212,477	5,365,282	5,292,591
Other	1,702,360	2,178,637	1,194,374	1,573,488
Total revenues	83,691,455	80,252,681	78,763,931	80,476,230
Expenditures:				
Current:				
General government	4,111,182	3,381,651	2,718,500	1,670,047
Public safety	25,824,532	26,691,447	26,459,351	25,439,776
Community development	19,500,243	18,917,170	29,453,154	19,344,105
Public works	4,641,050	4,503,733	4,413,626	7,563,987
Culture and leisure	8,511,379	7,507,153	6,886,004	7,295,141
Human services	4,117,257	3,905,691	3,238,862	2,731,901
Capital outlay	15,234,728	5,271,884	12,913,273	3,719,878
Loss on sale of property	-	-	-	-
Debt service:				
Interest	6,175,132	7,022,705	6,801,175	6,081,574
Principal retirement	6,309,031	6,587,336	6,962,183	7,178,400
Bond issuance costs	-	-	-	-
Total expenditures	94,424,534	83,788,770	99,846,128	81,024,809
Excess (deficiency) of revenues over (under) expenditures	(10,733,079)	(3,536,089)	(21,082,197)	(548,579)
Other financing sources (uses):				
Proceeds (loss) from sale of assets	-	80,445	(64,538)	9,924
Lease purchase agreements	107,588	-	-	-
Loan issuance	1,062,127	826,931	470,718	596,075
Bond issuance	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Contributions from successor agency	-	-	-	-
Transfer to private-purpose trust fund	-	-	-	-
Transfers in	15,611,252	14,613,933	14,483,825	23,360,976
Transfers out	(14,310,462)	(13,316,692)	(12,771,506)	(22,229,692)
Total other financing sources (uses)	2,470,505	2,204,617	2,118,499	1,737,283
Special item	-	-	-	-
Extraordinary loss	-	-	-	-
Net change in fund balances	\$ (8,262,574)	(1,331,472)	\$ (18,963,698)	\$ 1,188,704
Debt service as a percentage of noncapital expenditures	15.9%	17.2%	15.8%	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

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

Fiscal Year					
2012 *	2013	2014	2015	2016	2017
\$ 42,294,544	\$ 36,999,332	\$ 40,296,804	\$ 41,684,204	\$ 39,980,864	\$ 39,678,369
2,102,755	2,969,902	2,747,847	2,206,324	2,536,719	2,750,708
428,472	344,325	491,503	529,250	515,632	492,313
1,995,506	1,398,990	1,416,003	1,440,422	1,807,176	1,874,492
12,349,659	35,766,822	23,165,769	11,054,345	5,257,715	5,357,852
5,031,896	4,965,080	5,147,329	5,250,369	6,078,535	5,798,869
4,532,497	3,907,821	2,493,091	2,855,254	3,146,736	2,464,110
<u>68,735,329</u>	<u>86,352,272</u>	<u>75,758,346</u>	<u>65,020,168</u>	<u>59,323,377</u>	<u>58,416,713</u>
3,826,155	5,629,632	5,064,465	5,483,276	5,449,398	6,282,824
33,199,540	25,846,858	25,203,933	26,968,072	28,407,173	29,775,257
13,434,645	3,346,701	3,991,264	3,755,596	3,876,256	4,214,838
5,966,489	4,240,659	4,456,233	4,591,234	4,553,769	4,687,638
7,604,051	7,130,910	6,974,428	6,995,907	7,337,952	8,356,661
2,790,524	2,481,419	2,579,037	2,798,407	3,022,969	2,885,022
4,498,772	32,091,957	21,383,923	9,745,411	2,621,810	4,208,654
-	-	-	-	-	-
3,042,465	310,664	278,854	240,815	209,663	162,419
7,295,987	789,060	983,524	1,045,658	988,940	1,059,310
119,993	-	-	-	-	-
<u>81,778,621</u>	<u>81,867,860</u>	<u>70,915,661</u>	<u>61,624,376</u>	<u>56,467,930</u>	<u>61,632,623</u>
(13,043,292)	4,484,412	4,842,685	3,395,792	2,855,447	(3,215,910)
23,496	50,662	42,312	25,000	34,954	7,318
-	-	-	-	-	-
-	-	-	-	-	-
7,759,094	-	-	-	-	-
-	-	-	-	-	-
995,421	(1,181,525)	-	100,238	48,465	-
-	-	-	(20,000)	-	-
22,577,622	6,600,367	8,805,993	6,524,301	8,616,801	6,879,579
<u>(20,995,047)</u>	<u>(5,642,617)</u>	<u>(10,517,883)</u>	<u>(4,749,901)</u>	<u>(8,753,473)</u>	<u>(2,388,867)</u>
10,360,586	(173,113)	(1,669,578)	1,879,638	(53,253)	4,498,030
-	-	-	-	-	1,055,801
(52,500,881)	-	(8,408,716)	19,954,190	-	-
<u>\$ (55,183,587)</u>	<u>\$ 4,311,299</u>	<u>\$ (5,235,609)</u>	<u>\$ 25,229,620</u>	<u>\$ 2,802,194</u>	<u>\$ 2,337,921</u>
13.5%	2.2%	2.1%	2.2%	2.2%	2.1%

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

Fiscal Year	Secured Property	Unsecured Property	Less Property Exemptions	Grand Total	Homeowner's Exemption	Net Taxable Value	Total Direct Tax Rate
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%
2016	5,954,556	993,740	88,515	6,859,781	15,058	6,844,723	0.077%
2017	6,101,589	1,054,534	80,496	7,075,627	14,805	7,060,822	0.077%

NOTE:

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

Source: Muniservices LLC
Los Angeles County, Assessor

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

Fiscal Year	Basic 1% Direct Tax Rate		Override Assessments					Total
	City of Santa Fe Springs	Los Angeles County	Elementary Schools	Los Angeles County	Rio Hondo Community College District	Whittier Union High School District	Metro. Water District	
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
2016	0.077	0.923	0.065	0.000	0.027	0.051	0.004	1.147
2017	0.077	0.923	0.075	0.000	0.028	0.060	0.004	1.167

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% general levy, Los Angeles County, elementary school districts, Rio Hondo College District, Whittier Union High School District, and Metropolitan Water District all have levied direct assessments in addition to the 1.00% 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 2016-17		FY 2007-08	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Golden Springs Dev Co Llc	\$ 303,066,296	4.29%	\$ 240,214,323	4.36%
Breitburn Operating Lp	153,985,722	2.18%	83,731,144	1.52%
Legacy Partners Ii Santa Fe	94,678,605	1.34%		
Mcmaster Carr Supply Company	84,994,039	1.20%	63,267,793	1.15%
Teachers Insurance Annuity Ass	67,561,369	0.96%	66,065,383	1.20%
Sdco Sfs Logistics Cneter Inc.	62,250,000	0.88%		
Amb Us Logistics Fund Lp	55,195,335	0.78%		
Freeway Springs Llc	50,229,107	0.71%		
Prologis	47,625,176	0.67%		
Santa Fe Springs Container	45,167,530	0.64%		
Western B West Ca Llc	45,022,000	0.64%		
Heraeus Metal Processing Inc.	44,627,214	0.63%	22,451,891	0.41%
Catellus Dev Corp	43,290,448	0.61%		
Maruichi American Corp	42,611,587	0.60%	45,584,573	0.83%
Mckesson Property Company Inc.	41,136,430	0.58%		
Centro Watt Property Owner Ii	40,693,003	0.58%	37,046,437	0.67%
Bloomfield Commerce Center Cor	40,023,031	0.57%	35,282,244	0.64%
Rexford Industrial Realty Lp	38,630,237	0.55%		
Carmenita Plaza Llc	36,627,430	0.52%	25,239,484	0.46%
Goodman Santa Fe Springs Spe L	35,384,209	0.50%		
Ppf Industrial Valley View Lp	35,050,879	0.50%	30,929,066	0.56%
Vons Companies Inc.	34,368,296	0.49%	37,449,102	0.68%
14141 Alondra Lp	34,055,101	0.48%		
Cfh Envp Ltd. Ptnshp	33,608,677	0.48%	29,078,359	0.53%
U S Corrugated Of Los Angeles	30,239,891	0.43%		
Ari Heritage Corp			54,524,090	0.99%
Villages At Heritage Springs			50,395,820	0.92%
Northwestern Mutual Life			48,222,540	0.88%
Doug Fir Llc			35,118,564	0.64%
Nnn Sfs Towne Center Llc			32,158,763	0.58%
Denver Data One Llc			30,090,000	0.55%
Shaw Diversified Services Inc.			29,084,586	0.53%
Prudential Insurance Co Of			26,095,405	0.47%
Roll Properties Intl			24,271,390	0.44%
Amb Property Lp			22,184,569	0.40%
Inland Paperboard Andpackaging			20,804,926	0.38%
South Fulton Partners			19,671,610	0.36%
Southwest Forest Industries In			19,424,168	0.35%
	<u>\$ 1,540,121,612</u>	<u>21.80%</u>	<u>\$ 1,128,386,230</u>	<u>20.49%</u>

NOTE:

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

Source: Los Angeles County Assessor data, MuniServices, LLC

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

Fiscal Year Ended June 30	Total Tax Levy	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2016	34,092,546	33,826,245	99.22%	-	33,826,245	99.22%
2017	34,802,722	34,524,691	99.20%	-	34,524,691	99.20%

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				
	Loans	Tax Allocation Bonds	Pension Obligation Bonds	Capitalized Lease Obligations	Total Governmental Activities
2008	11,637,827	144,980,330	-	96,936	156,715,093
2009	11,938,543	140,121,585	-	35,815	152,095,943
2010	11,717,893	135,078,706	-	-	146,796,599
2011	8,910,568	129,859,479	-	-	138,770,047
2012 ²	802,216	-	7,091,000	612,094	8,505,310
2013 ²	503,156	-	6,601,000	612,094	7,716,250
2014 ²	257,024	-	5,944,000	531,702	6,732,726
2015 ²	-	-	5,238,000	449,068	5,687,068
2016 ²	-	-	4,334,000	364,128	4,698,128
2017 ²			3,362,000	276,819	3,638,819

NOTES:

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

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

²Loans 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
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Business-type Activities			
Revenue Bonds	Total Primary Government	Percentage of Personal Income¹	Debt Per Capita¹
7,621,416	164,336,509	51.02%	9,238
7,456,728	159,552,671	47.72%	8,972
7,282,040	154,078,639	45.05%	8,695
7,102,352	145,872,399	43.51%	8,868
6,917,664	15,422,974	4.81%	934
9,282,194	16,998,444	5.11%	1,011
9,231,693	15,964,419	4.81%	966
9,069,544	14,756,612	3.93%	837
8,902,394	13,600,522	3.49%	737
8,725,243	12,364,062	3.06%	676

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Tax Allocation Bonds	Pension Obligation Bonds	Total General Bonded Debt		
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 ²	-	7,091,000	7,091,000	0.12%	429
2013 ²	-	6,601,000	6,601,000	0.11%	393
2014 ²	-	5,944,000	5,944,000	0.09%	360
2015 ²	-	5,238,000	5,238,000	0.08%	297
2016 ²	-	4,334,000	4,334,000	0.06%	235
2017 ²		3,362,000	3,362,000	0.05%	184

NOTE:

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

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

²Tax 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
Direct and Overlapping Debt
June 30, 2017

2016-17 Assessed Valuation: \$7,078,133,887

	Total Debt 6/30/17	% Applicable (1)	City's Share of Debt 6/30/17
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$ 74,905,000	0.274%	\$ 205,240
Cerritos Community College District	260,737,020	4.538	11,832,246
Rio Hondo Community College District	153,807,824	14.640	22,517,465
Whittier Union High School District	127,483,592	22.822	29,094,305
ABC Unified School District	31,439,966	2.932	921,820
Norwalk-La Mirada Unified School District	138,448,235	13.194	18,266,860
Little Lake City School District	40,754,901	58.487	23,836,319
Los Nietos School District	23,585,132	64.254	15,154,391
South Whittier School District	24,651,415	45.570	11,233,650
Whittier City School District	56,595,000	0.467	264,299
City of Santa Fe Springs Heritage Springs Assessment District	1,630,000	100.	1,630,000
Los Angeles County Regional Park and Open Space Assessment District	38,895,000	0.526	204,588
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$135,161,183

DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$1,996,576,065	0.526%	\$10,501,990
Los Angeles County Superintendent of Schools Certificates of Participation	7,204,988	0.526	37,898
Norwalk-La Mirada Unified School District Certificates of Participation	2,770,165	13.194	365,496
Whittier City School District Certificates of Participation	10,105,000	0.467	47,190
City of Santa Fe Springs Pension Obligation Bonds	3,362,000	100.	3,362,000
City of Santa Fe Springs Capital Lease Obligations	276,818	100.	276,818
Los Angeles County Sanitation District No. 18 Authority	7,963,644	18.816	1,498,439
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$16,089,831

OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$77,488,493	100. %	\$77,488,493
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TOTAL DIRECT DEBT	\$3,638,818
TOTAL OVERLAPPING DEBT	\$225,100,689

COMBINED TOTAL DEBT	\$228,739,507	(2)
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- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

<u>Ratios to 2016-17 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	1.91%
Total Direct Debt (\$3,638,818)	0.05%
Combined Total Debt	3.23%

<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,746,562,340):</u>	
Total Overlapping Tax Increment Debt	2.07%

AB:(\$500)

Source: Muni Services LLC

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

	Fiscal Year Ended June 30			
	2008	2009	2010	2011
Assessed valuation	\$ 5,499,958,005	\$ 5,865,229,569	\$ 6,045,200,975	\$ 6,002,303,665
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 1,374,989,501	\$ 1,466,307,392	\$ 1,511,300,244	\$ 1,500,575,916
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 206,248,425	\$ 219,946,109	\$ 226,695,037	\$ 225,086,387
Total net debt applicable to the limit: General obligation bonds ¹				
Legal Debt Margin	\$ <u>206,248,425</u>	\$ <u>219,946,109</u>	\$ <u>226,695,037</u>	\$ <u>225,086,387</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

NOTE:

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

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

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

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

	Fiscal Year Ended June 30			
	2012	2013	2014	2015
Assessed valuation	\$ 6,042,251,000	\$ 6,206,250,000	\$ 6,389,364,000	\$ 6,754,513,000
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 1,510,562,750	\$ 1,551,562,500	\$ 1,597,341,000	\$ 1,688,628,250
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 226,584,413	\$ 232,734,375	\$ 239,601,150	\$ 253,294,238
Total net debt applicable to the limit: General obligation bonds ¹	7,091,000	6,601,000	5,944,000	5,238,000
Legal Debt Margin	<u>\$ 219,493,413</u>	<u>\$ 226,133,375</u>	<u>\$ 233,657,150</u>	<u>\$ 248,056,238</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	2.8%	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.

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

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

CITY OF SANTA FE SPRINGS

Legal Debt Margin Information

Last Ten Fiscal Years

(Continued)

	Fiscal Year Ended June 30	
	2016	2017
Assessed valuation	\$ 6,874,971,507	7,078,133,887
Conversion percentage	25%	25%
Adjusted assessed valuation	\$ 1,718,742,877	1,769,533,472
Debt limit percentage	15%	15%
Debt limit	\$ 257,811,432	265,430,021
Total net debt applicable to the limit: General obligation bonds ¹	4,334,000	4,334,000
Legal Debt Margin	<u>\$ 253,477,432</u>	<u>261,096,021</u>
Total debt applicable to the limit as a percentage of debt limit	1.7%	1.6%

NOTE:

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

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

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

CITY OF SANTA FE SPRINGS
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	
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
2016	12,398,568	9,210,440	3,188,128	170,000	365,329	5.96
2017	13,772,258	9,488,599	4,283,659	180,000	356,830	7.98

NOTE:

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

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

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

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

Fiscal Year	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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 ¹	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017				

NOTE:

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

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

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

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2016	18,459	389,558	21,104	8.0%
2017	18,291	404,312	22,104	6.2%

NOTE:

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

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

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

	FY 2016-17		FY 2007-08	
Employer	Number of Employees	Percent of Total Employment	Number of Employees *	Percent of Total Employment *
McMaster Carr Supply Company	803	1.84%	705	1.53%
The Vons Companies, Inc.	685	1.57%	802	1.74%
L. A. Specialty Produce Company	555	1.27%	457	0.99%
Trojan Battery Company LLC	431	0.99%	379	0.82%
Southern Wine and Spirits	397	0.91%		
Vans, a Division of VF Outdoor Inc.	361	0.83%		
Wal-Mart	330	0.76%		
Shaw Diversified Services, Inc.	325	0.75%	534	1.16%
FedEx Ground Package System Inc.	300	0.69%		
New Tangram, LLC	293	0.67%		
Vance and Hines, Inc.			329	0.71%
Motran Services, Inc.			321	0.70%
Coaster Company of America			276	0.60%
L.C. Special Markets, Inc.			275	0.60%
Personnel Options LLC			270	0.59%
Superior Super Warehouse				
Unified Western Grocers, Inc.				
	<u>4,480</u>	<u>8.44%</u>	<u>4,348</u>	<u>9.44%</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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	52	49	41	39	38	36	37	39	38	38
Public Safety	91	94	84	87	72	68	79	83	83	76
Public Works	66	66	61	56	50	50	57	54	56	58
Planning and Community Development	23	23	21	19	7	4	4	6	7	7
Community Services - Administration	5	3	0	0	0	1	1	1	4	4
Community Services - Parks and Recreation	128	118	94	103	88	64	75	88	88	106
Community Services - Library Services	38	40	24	23	23	16	14	17	22	20
Community Services - Human Services	<u>63</u>	<u>65</u>	<u>46</u>	<u>40</u>	<u>42</u>	<u>41</u>	<u>48</u>	<u>48</u>	<u>54</u>	<u>50</u>
Total	<u>466</u>	<u>458</u>	<u>371</u>	<u>367</u>	<u>320</u>	<u>280</u>	<u>315</u>	<u>336</u>	<u>352</u>	<u>359</u>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire:										
Number of emergency calls	2,945	2,963	3,027	2,945	2,963	3,166	3,260	3,439	3,928	3,961
Inspections	2,540	2,519	2,573	2,645	2,255	3,793	2,864	3,325	2,428	1,702
Public works:										
Street resurfacing (miles)	1.5	1.5	2	2.5	2	3	5	3	1.5	1
Parks and recreation:										
Number of recreation classes	480	413	401	412	362	289	425	368	335	309
**Number of facility rentals	2,105	1,302	1,196	1,259	2,710	2,536	2,605	3,038	3,822	3,791
Human services:										
Children served in the City's childcare centers	500	489	463	426	371	306	296	286	807	1,006
Number of facility rentals	1,115	971	452	73 *	42 *	51 *	528	333	305	536
Water:										
Average daily consumption (thousands of gallons)	6,089	5,873	5,526	5,593	5,743	5,915	5,197	5,207	5,580	5,073

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	75	75	75	75	75	75	81	81
Streetlights	2,407	2,407	2,960	2,960	2,960	2,960	2,960	2,960	3,174	3,140
Parks and recreation:										
**Parks/Fields	10	10	10	10	10	11	11	11	11	11
**Community services facilities	6	6	6	6	6	6	4	4	4	4
Human services:										
Child care centers	3	3	3	3	3	3	3	3	3	3
Community services facilities	1	1	1	1	1	2	2	1	1	1
Library Services:										
Library facilities	2	2	2	2	2	2	2	2	2	2
Water:										
Water mains (miles)	91	91	107	107	107	107	107	107	108	108
Number of service connections	6,203	6,203	6,308	6,368	6,332	6,156	6,150	6,330	6,335	6,402

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

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