

Comprehensive Annual Financial Report



CAFR

City of Santa Fe Springs, CA

Fiscal Year 2018–2019

July 1, 2018 to June 30, 2019

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CITY OF SANTA FE SPRINGS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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CITY OF SANTA FE SPRINGS
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

June 4, 2020

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 • John Mora, Mayor Pro Tem
City Council
Juanita Trujillo • Annette Rodriguez • Joe Angel Zamora
City Manager
Raymond R. Cruz

**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 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, have increased for two consecutive years after a decline from FY 16-17. Property tax revenues also reported an increase. 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. UUT revenues remained flat from the previous year.

In November 2018, the voters-approved an additional 1% transactions and use tax (TUT) operative April 1, 2019. The City received the first payment of the new tax from the California Department of tax and Fee Administration (CDTFA) in June 2019. However, there is uncertainty as to the annual revenue to be generated from the new tax. Given the various revenue volatility we must remain watchful of long-term trends 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 mission. 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. The following are some of the highlights by department:

Department of Fire- Rescue

The Department of Fire- Rescue is comprised of 59 members working from four fire stations providing not only the traditional services of fire suppression, hazardous materials response, fire prevention and emergency medical services, but also a full-service Environmental Protection Division. The environmental protection and response components are considered model systems in the State of California. The City's status as a Certified Unified Program Agency (CUPA) makes Santa Fe Springs a "one stop shop" 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 utilizes the California Environmental Reporting System (CERS) allowing business residents to file their annual hazardous materials disclosures electronically. The Fire Prevention Division also provides 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 4,000 emergency calls in FY 2018-19.

**Accomplishments
& Outlook (cont.)**

The Department of Fire Rescue currently staffs a State Regional Urban Search and Rescue Team (USAR) designated at the highest level as a “Heavy” rescue team by the Office of Emergency Services (OES). Fire-Rescue also staffs a Type I Hazardous Materials Response Team with all staff trained to the Haz-Mat “Specialist” level. The City is currently one of only thirty Hazardous Material Teams in the State certified as a Type I Response Team and qualified to mitigate emergencies involving acts of terrorism and weapons of mass destruction. The Department houses and maintains an OES Fire Engine for local and statewide disaster response. The Department continues to support neighboring communities through the California Master Mutual Aid Agreement in response to major disasters and emergencies including brush fires, landslides, earthquakes, acts of terrorism, major disasters, etc. In FY 2018-19, the Department of Fire-Rescue assisted outside of their jurisdiction nine times to major fire incidents and was reimbursed over \$375,000 in backfill expenses for labor to respond to these incidents.

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 2018-19, the Fire-Rescue Department secured \$578,208 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. 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 comprehensive Community Oriented Policing efforts are comprised of a number of facets blending contract Whittier Police Department Officers and City Public Safety personnel. Collectively, the Santa Fe Springs Policing Team focuses on developing short term and long term solutions to address criminal activity, deter youth from engaging in delinquent behavior and effectively maintain a safe and desirable and working environment for the City of Santa Fe Springs by focusing on quality of life issues affecting the community.

**Accomplishments
& Outlook (cont.)**

Building trusting community and police partnerships is an essential element in establishing and maintaining mutual support and meeting the needs and expectations of our citizens. Utilizing a proactive Community Oriented Policing approach has led to the development and implementation of many unique and effective public safety programs. A key element to the success of our prevention efforts lies with maintaining multi-agency partnerships and establishing a mutual trust and support between citizens, business community and governmental agencies.

In FY 2018-19, the Department of Police Services continued to enhance community outreach by providing a variety of programs, services and tools designed to deter and reduce crime, assist families with at-risk youth, and maintain the safety and well-being of all citizens within the community. Some of our efforts included:

- Continuous subscription to Crimereports.com; providing citizens with access to up-to date city crime statistics.
- The Youth and family intervention team identified and worked with over 340 families experiencing relationship, developmental challenges and youth engaging in delinquent behavior. Through programs such as School Attendance Review Team (SART) and Youth Development/Group, individual case plans were developed, services were coordinated, and youth participated in community projects and volunteerism to gain a sense of responsibility and develop skills needed to thrive and become assets to the community.
- A total of 32 participants completed the Parent Project.
- The Family and Youth Intervention Program (FYIP) remained dedicated to promoting cultural competence. The Diversity Program offered speakers, workshops and educational field trips. Approximately 500 student's attended the Annual Museum of Tolerance field trip.
- The Department remained dedicated to providing drug awareness and prevention education through partnerships with our local schools. Over 3,000 participated in the Annual Red Ribbon Parade.
- Provided Active Shooter training to the business community and city staff.
- The Department hosted Coffee with a Cop events throughout the City. Each event provided an opportunity for Officers and City personnel to meet with members of the community for one-on-one discussion in a relaxed environment.

**Accomplishments
& Outlook (cont.)**

- Safe Neighborhood Team meetings were held throughout the year. Residents came together to learn and discuss crime prevention tips and strategies, crime trends, disaster preparedness, and share their public safety concerns in a public forum.
- Community Block Parties were hosted to increase citizen engagement and invite residents to get involved with the Safe Neighborhood Team. Through Community Block Parties, we had the opportunity to get to know our residents in a comfortable environment and educate them on ways they can assist in keeping the community safe.
- As part of our emergency preparedness efforts, the department worked to develop the City's Hazard Mitigation plan. The plan was successfully adopted by the Federal and State governments. The City Council also approved and implemented the plan to ensure a plan of action in the event of a disaster or large scale emergency.
- A dedicated Traffic Enforcement Officer focused on traffic and pedestrian safety. As a result, 700 citations were issued for traffic violations throughout the City.
- Public Safety Officers responded to approximately 7,700 calls for service. Calls for service included, but were not limited to parking violations, graffiti vandalism, safety hazards, traffic collisions, non-criminal and criminal reports and other quality of life issue concerns. A total of 7,732 parking citations were issued. Leaving sworn personnel available to respond to emergent calls for service and reducing overall response times.
- Pet licensing and the Annual Pet Vaccination Clinic was held in July. A total of 128 licenses were processed at the clinic.
- The policing team partnered with the Little Lake City School District and Los Nietos School District to promote reading by participating in Read Across America events at local elementary schools.
- Assisted Community Services with the Annual Christmas Float Program.
- The Every 15 Minutes Program remained successful with over 1,200 students and families from Santa Fe High School participating in the program. Through partnerships with local first responders and school administration, youth learned firsthand about the consequences of drinking and driving and the impact of poor decision making.
- The department coordinated with the Chamber of Commerce to host Business Emergency Preparedness Network (BEPN) trainings and seminars for the business community.

Accomplishments & Outlook (cont.)

- The Police Services Team joined hundreds of Southern California local, state, and federal agencies in participating in the 2019 Law Enforcement Torch Run for Special Olympics. Officers showed their support in advancing the mission of Special Olympics which focuses on fostering the acceptance and inclusion of all people.
- Additionally, during FY 2018-2019, 297 code enforcement cases were initiated to address numerous violations related to property maintenance concerns, illegal garage conversions, illegal structures, hazardous property conditions, illegal business operations, inoperable and abandoned vehicles, and illegal land use. Through voluntarily compliance and enforcement efforts, 286 cases were successfully closed. Additional Code Enforcement action included:
 - proactively identified and cleaned up 4 large homeless encampments. In addition, we partnered with Southern California Edison, BNSF, Union Pacific Railroad, LA County Flood Control and the LA County Sheriff's Department to assist with several outside agency homeless encampment clean-ups. Although, these homeless encampments were located on outside agency property, they ran through our jurisdiction and negatively impacted the residential and business community.
 - 460 Administrative Citations were issued for various violations.
 - Assisted the Problem Oriented Policing Team in addressing illegal marijuana grow operations in residential areas.
 - Initiated and assisted with addressing and removing Recreational Vehicles parked on City streets.
 - Assisted Fire with non-compliant businesses.
 - Processed 5 new Alcohol Sales Conditional Use Permits.
 - Processed 1 new Entertainment Conditional Use Permit.
 - Processed 17 Compliance Reviews.

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.

**Accomplishments
& Outlook (cont.)**

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 2018-19, the Engineering Division issued 299 total excavation and construction permits.

During FY 2018-19, the Department of Public Works coordinated a multitude of capital improvement projects including:

- Santa Fe Springs Athletic Field Picnic Shelter Renovation
- City Wide Traffic Stripping
- City Hall Lobby Automatic Door Replacement
- Imperial Highway Underpass Pump Replacements
- Water Well No 12 Packer Testing
- Municipal Services Yard Underground Waste Oil Tank Removal
- City Hall ADA Public Counters and Automatic Door Renovation
- Muller Street Curb and Gutter Replacement
- Slurry Seal Various City Streets
- Town Center Hall Audio Visual Improvements
- Los Nietos Park Mature Tree Planting and BBQ Restoration
- Lake Center Park Wood Trellis Restoration
- Florence Avenue Rehabilitation(Norwalk Bl – Bloomfield Ave)

Department of Planning and Development

The Planning and Development 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 the 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 2018-19, economic development efforts resulted in several notable business accomplishments: the welcoming of a new La Michoacana and Ross Store at the Gateway Plaza; Veritas Training Academy at 10141 Freeman Avenue; Azar Event Center at 12215 Slauson Avenue; New York Bagels at 11832-34 Washington Boulevard; and Zen's Tea House at 11938 Washington Boulevard. Staff is continuously looking for opportunities to revitalize aging commercial properties and opportunities to grow the City's retail and hospitality base. Part of the process is working collaboratively with property owners and developers to find solutions and ultimately a pathway to yes!

**Accomplishments
& Outlook (cont.)**

During FY 2018-19, a total of 94 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. Additionally, ten administrative entitlements were processed for wireless projects. The most notable planning milestones during the 2018-19 fiscal year included the completion of the following construction projects: 1) Simply Self Storage for a new mini warehouse facility at 13461 Rosecrans Avenue; 2) a new office façade and 20,100 sq. ft. transfer station at 9010 Norwalk Boulevard by Universal Waste Systems Inc.; 3) a new 60-foot tall V-Shape digital billboard at 13530 Firestone Boulevard by Outdoor Associates LLC; and 4) a new 50-foot tall V-Shape digital billboard at 13060 Firestone Boulevard by General Outdoor Advertising. Also, two notable development projects are currently under construction: 1) two industrial buildings at the southwest corner of Dice Road and Burke Street by Burke Real Estate Group; and 2) a new 43,905 sq. ft. industrial building at 12905 Los Nietos Road by FLP Santa Fe Springs, LLC. Although not yet under construction, there were also three notable entitlements granted during the 2018-2019 fiscal year that will result in future development: 1) four industrial buildings at the northwest corner of Telegraph Road and Santa Fe Springs Road by Breitburn Operating L.P.; 2) a new 131,708 sq. ft. industrial building at 9816 Greenleaf Avenue by FLP Santa Fe Springs, LLC; and 3) a new 233,779 sq. ft. industrial building at 8201 Sorensen Avenue by Sorensen XC, LLC.

In addition to the planning entitlements processed, the department also completed a total of 238 plan checks (an increase of 48 plan checks), including sign permit review and landscape review. Staff also issued a total of 5 banner permits (a decrease of 2 banner permits) and prepared a total of 31 zone certification letters (an increase of 13 zone certification letters), and issued a total of 42 home occupation permits (an increase of 19 home occupation permits). In terms of counter activity, the Planning Department assisted a total of 1,678 individuals (an average 139 queries each month) at the Planning Counter, which was a decrease of 11 additional individuals per month compared to FY 2017-18.

During FY 2018-19, there were a total of 1,136 permits issued with a total valuation of \$40,727,614. When compared to FY 2017-2018, we saw a decrease of 79 total permits issued. It should be noted that Electrical, Mechanical, Plumbing and Grading permits do not have a valuation. In all, the Planning Department addressed a total of 2,151 individuals (an average 179 queries each month) at the Building Counter, which was a decrease of 17 individuals per month compared to FY 2017-18.

Accomplishments & Outlook (cont.)

Based on the statistics from both the Planning and Development departments, there does not appear to be a clear trend. It is therefore anticipated that the numbers should remain relatively flat or otherwise stable throughout the upcoming fiscal year. Nevertheless, the department remains committed to playing a prominent role in shaping the community through high-quality standards to preserve and cultivate smart and sustainable growth of the City's 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; and 3) Family and Human Services. Programs are available to City residents, as well as business residents, and range from social, recreational, and cultural. During Fiscal Year 2018-2019, the Department of Community Services achieved several significant accomplishments. They include the following:

- The Parks and Recreation Services (PRS) Division created a new Municipal Code to address crowding issues at the parks and prohibit use of large canopies.
- Over 350 classes were offered ranging from swim lessons, gymnastics, boxing, yoga, boot camp and piano. In total, 2,772 guests participated in PRS classes.
- The Summer Day Camp program operated three age groups over the course of eight weeks at The Club and Los Nietos Park. The program had 471 youth enrolled for a 98% capacity rate.
- Enrollment increased for group swim lessons to a total of 903 participants which is a 97% capacity rate for the summer. In addition, private swim lessons were expanded to 82 classes with all of them filled for the season. The Aquatic Center hosted a new Dive-In Movie event that hosted approximately 250 participants. Lastly, there were 21 reservation permits at the Aquatic Center bringing in \$9,640 of revenue.
- 359 guests participated in the monthly family excursions. Excursions included: a day trip to Solvang; Dodgers game; Galaxy game; OC Fair; historic LA walking tour; Aladdin musical; Eagles tribute concert; Festival of Lights; Queen Mary; apple picking; strawberry festival; and Tanaka Farms.
- The PRS Division hosted over 4,000 facility reservations in the past year at all our parks, Town Center Hall, Betty Wilson Center, Aquatic Center and Activity Center.
- The Haunted House expanded to six days and featured a new "Lights On" experience geared for younger children. Over the course of the program, 1,141 guests entered the Haunted House and 138 participated in the "Lights On" experience. Over 30 volunteers make this program possible.

**Accomplishments
& Outlook (cont.)**

- The Tree Lighting event drew in approximately 1,500 attendees. The event featured choir singing by local schools, an expanded snow play area, and a synthetic ice rink. Over 1,300 cups of hot coca and 700 cookies were distributed to the community.
- The Christmas Float program celebrated its 38th year in 2018. Over the course of the program, a total of 3,738 people visited the float. In addition, we had 24 high school students volunteer along with approximately 30 adult volunteers.
- The Spring Adventure Camp was at full capacity with all 40 spaces reserved. The camp, held for youth ages 5-11 years of age, is run during Spring Break and lasts a week. Highlights include field trips to the Discovery Cube and Knott's Berry Farm.
- The Easter Eggstravaganza featured an expanded egg hunt area along with an additional age category. Over 100 youth participated in each of the five age categories. The pancake breakfast also had their largest turnout in many years and completely sold out.
- Approximately 9,000 youth visited and participated in The Club program at Town Center Hall the past fiscal year. This is based on a daily count. The Club is an after-school program for middle school and high school aged youth and operates 5 days a week.
- The Parks and Recreation Committee oversees four committees: Parks and Recreation Advisory, Youth Leadership, Beautification and Sister City. Over the course of the year committee accomplishments include: monthly excursions, Residential and Business awards, Home Decorating awards, adoption of a new park ordinance, Sister City exchange fundraising, youth strategic planning, and monthly youth workshops.
- Approximately 155,000 people visited the library during the past fiscal year. Patrons checked out over 170,000 items. Over 25,000 patrons used the public access computers. Library staff answered 28,000 reference and computer assistance questions.
- The Library has continued its popular science programs that include a successful robotics program attended by over 400 children during the year, and a STEAM (science, technology, engineering, arts, and mathematics) program during the summer. Our 3D Printing class for teens at The Club in Town Center Hall allowed participants to print out objects and learn about graphic design. In addition, our new STEAM Storytime was very popular during the summer with approximately 100 participants. The Lego Robotics program is also popular with over 100 students participating last year.

**Accomplishments
& Outlook (cont.)**

- The Library successfully applied for and administered three grants from the California State Library. A \$5,000 Libraries Illuminated grant was used to replace five outdated public access computers in our Literacy area. The Mental Health Initiative from the State Library provided online and on-the-ground training relating to mental illness and funded \$4,000 in collection development materials. In addition, the State Library Book Initiative funded another \$5,000 in selected adult subject materials.
- Our Literacy program was very successful with 20 adult learners. The Library's Career Online High School currently has six adult students working towards their diploma. Children's Literacy helped over 60 students learn to read better in Reading Club and assisted approx. 450 students at local schools in English Learner classes through our ELLI program. In addition, Library staff are now working with middle-school students at Lake Center Middle School. The Santa Letter program worked diligently to answer 400 children's letters to Santa.
- The Library launched a Student Success Initiative, in conjunction with the California State Library to give fine-free library cards to all students attending Rancho Santa Gertrudes School.. This initiative is geared towards providing greater access to library materials for lower income students.
- The Library's Summer Reading Program was a celebration of man's first walk on the moon and featured performers, crafts, and a special program featuring an inflatable planetarium. Baby Boogie returned as a successful summer program for the toddler crowd and Bilingual Storytime remains a favorite program of community members. The Library also continued a successful series of adult programs featuring a Trivia Night, a Food & Films event, and a Hidden Figures book discussion and film screening.
- This year, the Library was assigned management oversight of Heritage Park's Carriage Barn and educational school tours. The Carriage Barn had approx. 9,000 visitors over the course of the year. During the year, staff shifted numerous items within the Carriage Barn to provide better access and flow, along with providing informational text on certain larger items, such as the 1917 Ford Model T Runabout. A display pedestal has been replaced and all artifacts within the Carriage Barn have been inventoried and cataloged. In addition, the Library has started using Jacque Nuñez for the Native American tours, providing a more historically accurate tour for our local students. The docent program has also been revitalized and we now have five trained volunteer docents to supplement staff leading school tours. Native American and Heritage Park tours were given to approximately 800 students during the school year.

Accomplishments & Outlook (cont.)

- The 5th annual Family Fun Run/Walk drew close to 800 participants. The theme was So Totally 80's and folks enjoyed dressing up for the event. All registered participants received a timed race bib and participant medal. An awards ceremony recognized the top three finishers in each of the 9 age categories. Over \$3,700 was received in monetary and in-kind donations for this event.
- As part of the Health & Wellness Initiative, the Department partnered with The Whole Child's Champions for Change program to host the annual Family Fun Night which focused on healthy eating and active living. Over 100 adults and children from 6 local schools participated in the event where they visited health & wellness booths, received a healthy dinner, enjoyed a Rethink Your Drink presentation, and participated in raffles for health-related prizes.
- The department partnered with the local school districts to participate in the 3rd annual Walk to School Day. Close to 475 students from 5 local elementary schools walked to school escorted by staff, law enforcement, and parent volunteers. All students received information on safe walking, and the importance of walking for health.
- Over 150 adults and youth volunteers attended the annual City's Volunteer Recognition Reception. The theme was "Thank you for your time" and all volunteers received a certificate of recognition and a clock keychain. Participants and their guests enjoyed dinner and dessert. This year we also recognized volunteers who went above & beyond with special awards and also provided "In Memoriam" certificates to the families of volunteers who passed away this year.
- The 2nd annual Volunteer Day of Service took place at Santa Fe Springs Park. Close to 50 volunteers joined us for a day of cleaning and beautifying the park..
- This year we also established a collaboration with Partners in Care to offer new health-related classes for adults. Two new classes were offered: 1) Arthritis Exercise Program and 2) Walk with Ease Program. Approximately 25 participants attended each of the courses.
- Picassos in the Park, an Arts & Crafts Camp, was held at Heritage Park during the summer and offered two one-week sessions for students ages 7 - 11. Approximately 35 students attended the camp; they all learned different types of painting mediums and were exposed to perspective drawing and self-portrait paintings. Students created a collection of artwork, which was then displayed on the last day of class for their friends and family to see.

**Accomplishments
& Outlook (cont.)**

- The Summer Movie and Concert Series at Heritage Park continued to be a huge success with approximately 5,000 patrons attending the series. Both, movies and concerts, alternated each week for nine weeks during the entire summer. The concert series included a Fashion Friday component through a partnership with the Abigail Barraza Foundation. This component drew in larger crowds and helped raise breast cancer awareness in the community.
- Over 250 children and adults attended the annual Children's Day event at Heritage Park. Families participated in fun colonial-era games and activities fit for all; 25 different games, crafts, and demonstrations were offered, along with live colonial-style music.
- The 7th annual SFS Art Fest drew in over 3,000 people. The Clarke Estate was once again transformed into a spectacular art gallery and featured 377 artists, a short film showcase, silent auction, as well as live musical entertainment and food vendors. A "Collector's Night" was incorporated this year and encouraged art collectors and art enthusiasts to view and purchase art the evening before Art Fest.
- The 2018 Fiestas Patrias event celebrated the Mexican region of Baja California. Representatives from the Mexican Consulate in Los Angeles were in attendance to assist with the traditional "El Grito". Over 2,500 people attended the event.
- The City partnered with the Abigail Barraza Foundation to host the 2019 Miss Santa Fe Springs Pageant at the Clarke Estate. 16 young ladies competed for the title of Miss Santa Fe Springs, and over 350 people attended the pageant.
- The 2018 Día De Los Muertos Celebration grew significantly. An estimated 500 people attended the event and two hundred sugar skulls were sold. The event included new entertainment, a vendor section which included arts, crafts, and food, and also an ofrenda (altar) display.
- The 2018 Thanksgiving and Christmas Holiday Basket Programs served over 284 families and close to one hundred volunteers came together to assist in the preparation of these events.
- Approximately 400 people attended the 2018 Las Posadas Cultural Event at Heritage Park. The event featured a candle-lit procession through Heritage Park and depicted the journey of Mary and Joseph from Nazareth to Bethlehem. The event featured live performances by Mariachi and folklorico dancers.
- The Family & Human Services Division continues to partner with the Southeast Area Social Services Funding Authority (SASSFA) to serve hot meals to seniors. We served an average of 45 hot meals per day at the Gus Velasco Neighborhood Center and prepared over 700 hot meals per month for homebound seniors in the city and surrounding communities.

**Accomplishments
& Outlook (cont.)**

- Approximately 35,000 older adults visited the Gus Velasco Neighborhood Center and participated in a variety of programs and activities (i.e. dances, fitness classes, crafts, movies, etc.). On average, 140 seniors participated in daily activities, including bingo, dances, and recreational activities.
- 230 older active adults obtained a Fitness Pass to utilize the Fitness Facility at the Gus Velasco Neighborhood Center.
- Through the assistance of the Internal Revenue Service (IRS) and certified City volunteers, the Family and Human Services Division's Volunteer Income Tax Assistance program (VITA) completed 215 tax returns with over \$401,673 in refunds returned to the community.
- The Family & Human Services Division continues to partner with United Way and Southern California Edison to provide utility assistance to low-income families. Through this partnership and funding, we processed \$53,287 in utility assistance grants during FY 2018-19.
- As Certified Application Counselors for Covered California, our Human Services Caseworkers assisted 50 families and individuals in providing access to health care coverage this fiscal year.
- Gus' Kitchen Food Pantry and Community Closet located at the Gus Velasco Neighborhood Center was used by 278 clients. Clients were able to obtain food, clothing, and hygiene products.
- The Spring Boutique at the Gus Velasco Neighborhood Center provided free clothing to children and teens. A total of 167 bags of clothing were distributed.
- The Back to School Backpack Program served 200 children ages 5 - 18. Students received a backpack with school supplies.
- The Family & Human Services Division sponsored six Santa Fe Springs children to attend the Woodcraft Rangers Summer Camp in Big Bear, CA. During the 5-night 6-day camp, participants, ages 7-13, had the opportunity to be immersed in nature and participate in safe and fun activities in the company of friends and trusted guides.
- The Family & Human Services Division successfully subcontracted and transitioned the City's Childcare and Development Services Program to Options for Learning. 72 full day preschool and 37 half day preschool students were enrolled and transitioned to Options, along with 35 school age program students located at Lakeview Elementary School.

Accomplishments & Outlook (cont.)

City Manager

The City Manager is responsible for carrying out the policies and directives of the Council, for overseeing the City's daily operations, maintain the city budget and represent the municipality in a variety of settings, and supervise City departments. Additionally, the City Manager's Office also researches issues important to the city and advises the mayor and council on the best course of action.

Priority efforts for this year was the passage of Measure Y Sales Tax. To maintain quality neighborhoods and effective 911 emergency response services by retaining firefighters, police officers, and paramedics; fixing potholes/streets; maintaining senior services, parks, library services, after school programs, community events, and graffiti removal with a one cent transaction and use tax available for general municipal revenue purposes be collected in the City of Santa Fe Springs generating approximately \$12.8 million annually.

Another notable accomplishment for the City Manager's Office during this time period was the passage of Ordinance Chapter 50, Collection of Solid Waste, Recyclable Material and Construction and Demolition Debris. The newly adopted Ordinance addresses requirements from CalRecycle, CalGreen Building code, proposes a new Recycling Permit program and addresses Construction Debris recycling requirements.

The City Manager also hired a Facilitator to provide a Strategic Planning Workshop for City Council, City Department Heads and City Manager's Office Staff, topics discussed were City accomplishments and the City Council's vision and priorities.

The City Manager's Office staff was enhanced by adding a Full Time Public Relations Specialist and a City Clerk Technician in the City Clerk's Office.

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, administering information technology and risk management functions, as well as the City's Human Resources function. Among the department's activities during the year were preparing a revision to the 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

**Accomplishments
& Outlook (cont.)**

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.

The department is embarking on a new Enterprise Resource Planning (ERP) system (also known as a "Finance Software System"). The department implemented the financial phase of the system, the remaining phases of the system 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 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. 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.

**Debt
Administration**

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, 2019, the City of Santa Fe Springs oversaw seven outstanding bond issues comprised of: three Consolidated Redevelopment Project tax allocation bond issues, two City water revenue bonds, one taxable pension obligation bond, and one 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.

Raymond Cruz
City Manager

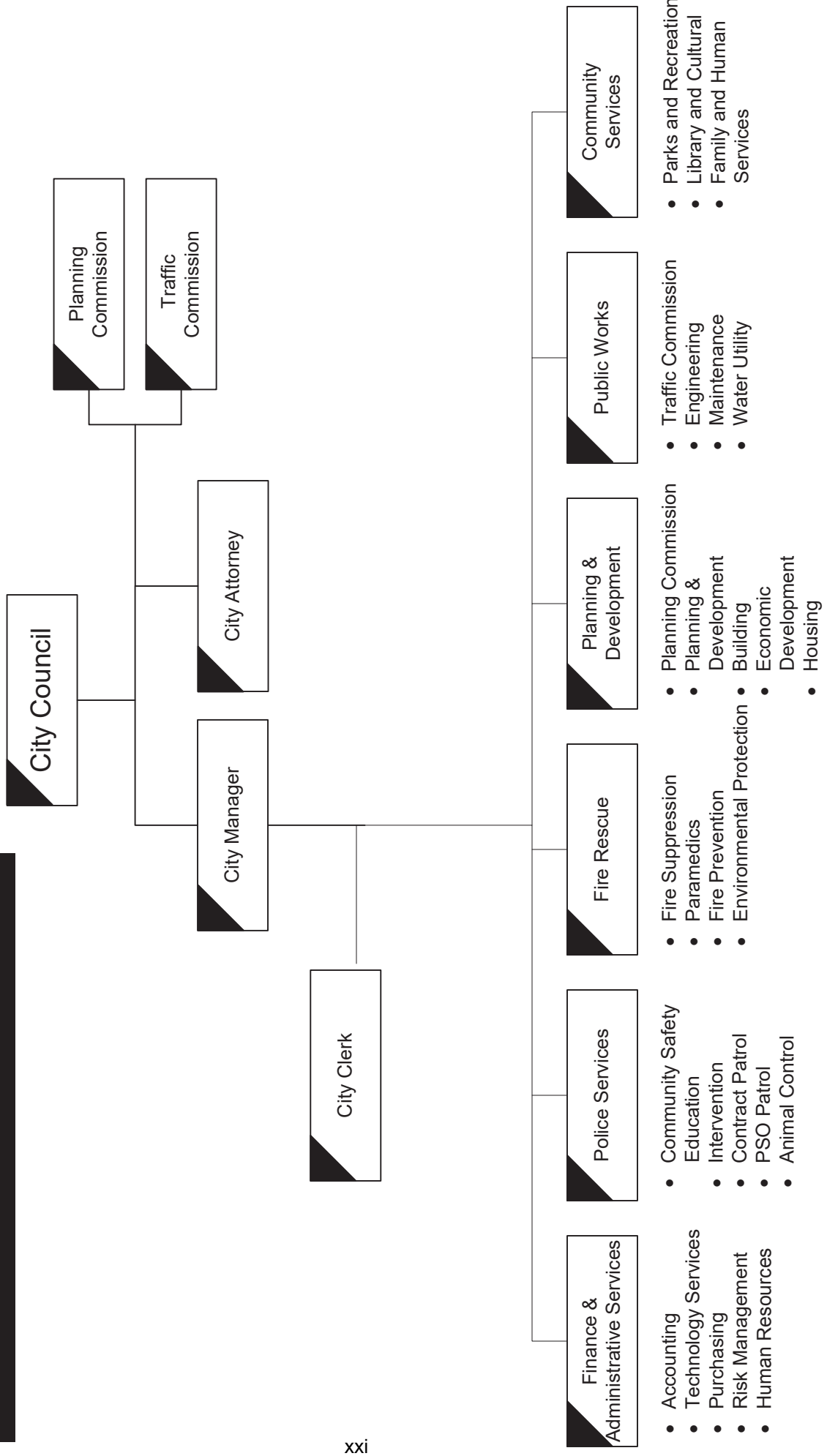
A handwritten signature in blue ink that reads "Raymond R. Cruz". The signature is written in a cursive, flowing style.

Travis Hickey
Director of Finance and Administrative Services

A handwritten signature in blue ink that reads "Travis Hickey". The signature is written in a cursive, flowing style.

Organizational Chart

City of Santa Fe Springs





Government Finance Officers Association

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

Presented to

**City of Santa Fe Springs
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund and Low and 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 safety cost sharing plan, the schedule of plan contributions for the safety cost sharing plan, the schedule of changes in the net OPEB liability and related ratios, and the schedule of contributions for OPEB 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, 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 June 4, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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
June 4, 2020

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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, 2019. This should be read in conjunction with the transmittal letter that can be found in the introductory section of this report and with the City's financial statements, which follow this discussion.

Financial Highlights

- The City's total net position increased over the course of the fiscal year by \$2.5 million to \$119.0 million. The governmental net position increased by \$1.7 million or 1.7%, while the business-type net position increased by \$0.8 million or 4.4%.
- The general fund, on the current financial resources basis, reported a decrease in fund balance of \$0.5 million to \$36.9 million. Excluding transfers and other financing sources/uses, the general fund reported \$2.9 million excess of revenues over expenditures. Revenues increased by \$6.4 million or 11.3% and expenditures increased by \$1.3 million or 2.2% when compared to the prior year. The increase in revenues was primarily due to revenues provided by a new transactions and use tax. The increase in expenditures was mainly due to rising pension costs and increases to the contracted police services.
- 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 Agency to the Community Development Commission of the City of Santa Fe Springs issued \$25,270,000 of 2016 Subordinate Tax Allocation Refunding Bonds to defease five outstanding bonds previously issued. As the result, the City reduced approximately \$5.2 million in total debt service payments and resulted an economic gain of more than \$2.2 million. In December 2017, the Successor Agency also issued \$16,215,000 of 2017 Subordinate Tax Allocation Refunding Bonds to defease two outstanding bonds previously issued. As a result, the City reduced approximately \$11.2 million in total debt service payments and resulted an economic gain of approximately \$1.3 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.

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 non-major 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, 2018 and 2019
(in millions)

	Governmental Activities		Business- type Activities		Total		Total Percent Change
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	
Current and other assets	\$ 91.6	\$ 96.8	\$ 12.6	\$ 13.9	\$ 104.2	\$ 110.7	6.2%
Capital assets, net	<u>156.1</u>	<u>155.2</u>	<u>27.1</u>	<u>26.8</u>	<u>183.2</u>	<u>182.0</u>	-0.7%
Total assets	<u>247.7</u>	<u>252.0</u>	<u>39.7</u>	<u>40.7</u>	<u>287.4</u>	<u>292.7</u>	1.8%
Deferred outflows	27.0	21.3	1.9	1.4	28.9	22.7	-21.5%
Net pension liability	111.3	111.0	8.8	8.6	120.1	119.6	-0.4%
Long-term liabilities	48.5	47.4	12.6	12.4	61.1	59.8	-2.1%
Other liabilities	<u>10.7</u>	<u>10.3</u>	<u>1.7</u>	<u>1.9</u>	<u>12.4</u>	<u>12.2</u>	-1.6%
Total liabilities	<u>170.5</u>	<u>168.7</u>	<u>23.1</u>	<u>22.9</u>	<u>193.6</u>	<u>191.6</u>	-1.0%
Deferred inflows	5.9	4.7	0.3	0.2	6.2	4.8	-22.6%
Net position							
Net investment in capital assets	156.0	154.3	18.9	18.8	174.9	173.1	-1.0%
Restricted	32.8	34.8	0.5	0.6	33.3	35.4	6.3%
Unrestricted	<u>(90.5)</u>	<u>(89.1)</u>	<u>(1.2)</u>	<u>(0.3)</u>	<u>(91.7)</u>	<u>(89.4)</u>	-2.5%
	<u>\$ 98.3</u>	<u>\$ 100.0</u>	<u>\$ 18.2</u>	<u>\$ 19.0</u>	<u>\$ 116.5</u>	<u>\$ 119.0</u>	2.1%

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 \$119.0 million at the close of the fiscal year. The largest portion of the City's net position, 145.2%, is invested in capital assets, net of related debt. Approximately (75.1%) of the City's net position is unrestricted. Unrestricted net position is at a deficit of \$89.4 million, a decrease of \$2.3 million from the prior year.

During the fiscal year, the City's ending net position increased by \$2.5 million. When compared to the prior year, revenues increased by \$2.0 million to \$81.6 million. Expenditures decreased by \$1.4 million to \$79.3 million. Total revenues outpaced total expenditures primarily due to additional revenue provided by the City's transaction and use tax (Measure Y).

Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2019
(in millions)

	Governmental <u>Activities</u>		Business-type <u>Activities</u>		Total Primary <u>Government</u>		Total Percentage <u>Change</u>
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	
Revenues							
Program revenues:							
Charges for services	\$ 9.1	\$ 8.8	\$ 13.5	\$ 12.6	\$ 22.6	\$ 21.4	-5.3%
Operating grants and contributions	5.3	4.2	-	-	5.3	4.2	-20.8%
Capital grants and contributions	3.9	0.2	-	-	3.9	0.2	-94.9%
General revenues:							
Sales and use taxes	26.1	28.4	-	-	26.1	28.4	8.8%
Transaction and use taxes	-	3.0	-	-	-	3.0	-
Property taxes	4.1	4.6	-	-	4.1	4.6	12.2%
Franchise taxes	3.2	3.4	-	-	3.2	3.4	6.2%
Motor vehicle in lieu	1.9	1.9	-	-	1.9	1.9	0.0%
Business operations taxes	0.8	0.8	-	-	0.8	0.8	0.0%
Utility users taxes	6.5	6.5	-	-	6.5	6.5	0.0%
Other taxes	0.5	0.6	-	-	0.5	0.6	20.0%
Investment income	2.2	4.2	0.1	0.2	2.3	4.4	92.1%
Other	0.6	2.0	1.8	0.2	2.4	2.2	-8.3%
Total revenues	<u>64.2</u>	<u>68.6</u>	<u>15.4</u>	<u>13.0</u>	<u>79.6</u>	<u>81.6</u>	2.6%
Expenses							
Governmental activities:							
General government	5.8	6.9	-	-	5.8	6.9	19.0%
Public safety	34.0	33.9	-	-	34.0	33.9	-0.3%
Community development	2.6	3.0	-	-	2.6	3.0	15.4%
Public works	17.2	15.6	-	-	17.2	15.6	-9.3%
Culture and leisure	7.0	6.7	-	-	7.0	6.7	-4.3%
Human services	2.8	2.0	-	-	2.8	2.0	-28.6%
Interest on long-term debt	0.1	0.1	-	-	0.1	0.1	0.0%
Business-type activities:							
Water	-	-	11.2	11.1	11.2	11.1	-0.7%
Total expenses	<u>69.5</u>	<u>68.1</u>	<u>11.2</u>	<u>11.1</u>	<u>80.7</u>	<u>79.3</u>	-1.7%
Excess (deficiency) before transfers and special item	(5.3)	0.5	4.2	1.9	(1.1)	2.4	-318.7%
Transfers	1.2	1.2	(1.2)	(1.2)	-	-	
Increase (decrease) in net position	(4.1)	1.7	3.0	0.8	(1.1)	2.5	-327.3%
Net position - beginning	139.1	98.3	18.7	18.2	157.8	116.5	-26.2%
Restatements	(36.7)	-	(3.5)	-	(40.2)	-	-
Net position - ending	\$ <u>98.3</u>	\$ <u>100.0</u>	\$ <u>18.2</u>	\$ <u>19.0</u>	\$ <u>116.5</u>	\$ <u>119.0</u>	2.1%

During 2018, as part of the ERP implementation, the City redesigned the Chart of Accounts. This resulted in reorganization of the functional expenditure classifications.

The City's total revenues were \$81.6 million for the fiscal year ended June 30, 2019. Revenues from governmental activities totaled \$68.6 million and revenues from business-type activities totaled \$13.0 million. Program revenues comprise 31.6% of total revenues with the largest portion of this, \$21.4 million, resulting from charges for services. Sales and use taxes comprise 34.8% of total revenues and other general revenues comprise the remaining 27.4%. Total revenues increased by 2.6%, primarily due to additional sources provided by transaction and use tax during the fiscal year.

Expenses of the City for the year totaled \$79.3 million. Governmental activity expenses totaled \$68.1 million, or 86% of total expenses. 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>2018</u>	<u>2019</u>		<u>2018</u>	<u>2019</u>	
General government	\$ 5.8	\$ 6.9	19.0%	\$ 0.0	\$ 1.9	-
Public safety	34.0	33.9	-0.3%	30.0	29.8	-0.7%
Community development	2.6	3.0	15.4%	2.4	1.1	-54.2%
Public works	17.2	15.6	-9.3%	11.0	14.2	29.1%
Culture and leisure	7.0	6.7	-4.3%	6.0	5.9	-1.7%
Human services	2.8	2.0	-28.6%	1.7	2.0	17.6%
Interest on long-term debt	0.1	0.1	0.0%	0.1	0.1	0.0%
Total	\$ <u>69.5</u>	\$ <u>68.2</u>	<u>-1.9%</u>	\$ <u>51.2</u>	\$ <u>55.0</u>	<u>7.4%</u>

Business-type Activities

Program revenues of the City's only business-type activity, the Water Utility, totaled \$12.6 million. Expenses of the Water Utility were \$11.1 million. Water rates include a factor to provide for a modest annual water infrastructure replacement program. Income before transfers was \$1.9 million. Transfers out totaled \$1.2 million. This 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 \$26.8 million (net of accumulated depreciation) decreased by approximately \$0.3 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, 2019, of \$85.1 million, an increase of approximately \$6.4 million from the previous fiscal year. The primary reason for the increase was due to revenues exceeding expenditures in the General Fund resulting from the new transactions and use tax.

The General Fund is the chief operating fund of the City. At June 30, 2019, the General Fund's unassigned fund balance was \$22.7 million. Additional General Fund balances were: non-spendable \$1.8 million, restricted \$1.2 million, committed \$0.2 million, and assigned \$11.0 million. Revenues increased by approximately \$8.1 million while expenditures were flat when compared to prior year. The revenue increase is a combination of increases in sales and use, property taxes, property transfer taxes and utility uses. The expenditure increase is reflective of rising pension costs. During the fiscal year ended June 30, 2019, the overall fund balance in the General Fund decreased by \$0.5 million.

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 \$12.0 million consisting primarily of cash and investments, loans and advances receivable, and land and buildings held for resale. During fiscal year 2018-19 the fund expended \$0.4 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 assets of the fund total \$3.8 million consisting of receivables expected to be received from various governmental agencies.

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, 2019 the General Fund transferred \$4.6 million into the Prefunded Capital Projects fund to restore a portion of the CIP target funding. The fund has an accumulated balance of \$17.6 million as of the fiscal year-end. City staff, in conjunction with the CIP Subcommittee 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 \$19.6 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 2018-19 the City expended approximately \$.9 million on projects. As of fiscal year-end a balance of \$16.8 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 \$0.6 million increase (0.9%). The final amended budget exceeded actual expenditures by approximately 4% due to lower than expected operation costs throughout most functional areas.

Revenues exceeded their budget amount by \$4.9 million, primarily due to additional sources provided by transaction and use tax and an increase in sales and use taxes revenue. Increases were seen in other revenue categories, including property taxes, franchise taxes, licenses and permits and charges for services. 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, 2019, amounts to \$155.2 million (net of accumulated depreciation), a decrease of approximately \$0.9 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, 2019, amounts to \$26.8 million (net of accumulated depreciation), a decrease of \$0.3 million. Water Utility capital assets required for private development purposes are funded by capital contributions.

Long-term Liabilities

At June 30, 2019, the City's governmental activities long-term liabilities decreased by \$0.4 million to \$160.4 million. The City's business-type activities long-term liabilities decreased by \$0.2 million to \$21.3 million. The long-term liabilities consisted of bonds, compensated absences, OPEB obligation, Pension obligation, and other loans/leases are summarized in the table below and more detailed information is included in Note 9 – Long-Term Liabilities, Note 10 - Compensated Absences, Note 12 – Pension Plan Obligations and Note 13 – Post-Employment

Health Care Benefits. 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. During FY 2017-18, Water Utility Authority issued \$1.8 million in water revenue bonds to refund the existing 2005 water revenue bonds at lower interest rates and provide a reduction of approximately \$0.4 million in total debt service payments.

**Outstanding Debt
(in millions)**

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenue bonds	\$ 0.0	\$ 0.0	\$ 8.4	\$ 8.2	\$ 8.4	\$ 8.2
Pension obligation bonds	2.3	1.2	0.0	0.0	2.3	1.2
Compensated absences	2.7	2.5	0.0	0.0	2.7	2.5
OPEB obligation	45.1	44.8	4.5	4.4	49.6	49.2
Pension obligation	111.3	111.0	8.8	8.7	120.1	119.7
Other loans/leases	0.2	0.9	0.0	0.0	0.2	0.9
Total	\$ 161.6	\$ 160.4	\$ 21.7	\$ 21.3	\$ 183.3	\$ 181.7

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.
- Addressing the General Fund's structural deficit through revenue enhancements.
- Funding capital improvements without the Redevelopment Agency, 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 2019-20 operational budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Santa Fe Springs finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Director of Finance and Administrative Services, City of Santa Fe Springs, 11710 Telegraph Road, Santa Fe Springs, California 90670.

CITY OF SANTA FE SPRINGS

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 76,735,525	\$ 11,219,295	\$ 87,954,820
Receivables:			
Accounts	4,750,888	1,875,172	6,626,060
Accrued interest	457,170	2,483	459,653
Deposits	425,752	-	425,752
Due from other governments	10,662,340	-	10,662,340
Inventories	907,871	269,115	1,176,986
Restricted assets:			
Cash with fiscal agent	-	558,184	558,184
Total current assets	93,939,546	13,924,249	107,863,795
Noncurrent assets:			
Notes and loans, net of allowances	2,357,237	-	2,357,237
Land held for resale	520,032	-	520,032
Capital assets not being depreciated	54,066,269	8,799,778	62,866,047
Capital assets, net of depreciation	101,153,836	18,013,873	119,167,709
Total noncurrent assets	158,097,374	26,813,651	184,911,025
Total Assets	252,036,920	40,737,900	292,774,820
Deferred Outflows of Resources:			
Deferred charge on refunding	-	118,494	118,494
Deferred pension related items	16,756,362	866,451	17,622,813
Deferred OPEB related items	4,545,768	449,581	4,995,349
Total Deferred Outflows of Resources	21,302,130	1,434,526	22,736,656
Liabilities:			
Current liabilities:			
Accounts payable	1,838,482	790,362	2,628,844
Accrued liabilities	1,283,966	53,937	1,337,903
Accrued interest	21,103	48,416	69,519
Unearned revenue	1,357,171	48,911	1,406,082
Deposits payable	3,695,953	762,706	4,458,659
Due to other governments	76,832	-	76,832
Contracts payable	31,627	7,570	39,197
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	1,464,840	200,000	1,664,840
Compensated absences	483,542	-	483,542
Total current liabilities	10,253,516	1,911,902	12,165,418
Noncurrent liabilities:			
Due in more than one year:			
Bonds and capital leases payable	639,245	7,977,762	8,617,007
Compensated absences	1,962,930	-	1,962,930
Net OPEB liability	44,799,477	4,430,718	49,230,195
Net pension liability	111,030,545	8,660,123	119,690,668
Total noncurrent liabilities	158,432,197	21,068,603	179,500,800
Total Liabilities	168,685,713	22,980,505	191,666,218
Deferred Inflows of Resources:			
Deferred pension related items	4,331,828	169,265	4,501,093
Deferred OPEB related items	348,264	34,444	382,708
Total Deferred Inflows of Resources	4,680,092	203,709	4,883,801
Net Position:			
Net investment in capital assets	154,315,020	18,754,383	173,069,403
Restricted for:			
Community development projects	82,239	-	82,239
Public safety	116,717	-	116,717
Public works	3,332,533	-	3,332,533
Capital projects	16,849,605	-	16,849,605
Debt service	-	558,184	558,184
Low and moderate income housing	12,032,691	-	12,032,691
Art in public places - expendable	1,166,350	-	1,166,350
Waste management	992,382	-	992,382
Environmental programs	202,608	-	202,608
Unrestricted	(89,116,900)	(324,355)	(89,441,255)
Total Net Position	\$ 99,973,245	\$ 18,988,212	\$ 118,961,457

CITY OF SANTA FE SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 6,896,856	\$ 2,131,444	\$ 2,864,152	\$ -
Public safety	33,932,658	3,433,078	695,932	-
Community development	2,955,522	1,818,544	-	-
Public works	15,558,408	757,476	485,365	161,836
Culture and Leisure	6,689,566	624,126	150,680	-
Human Services	2,000,692	39,913	18,942	-
Interest on long-term debt	112,477	-	-	-
Total Governmental Activities	68,146,179	8,804,581	4,215,071	161,836
Business-Type Activities:				
Water Fund	11,124,404	12,611,914	-	-
Total Business-Type Activities	11,124,404	12,611,914	-	-
Total Primary Government	\$ 79,270,583	\$ 21,416,495	\$ 4,215,071	\$ 161,836

General Revenues:

Taxes:

Property taxes, levied for general purpose
Transaction and use taxes
Sales and use taxes
Franchise taxes
Business operation taxes
Utility users tax
Other taxes
Motor vehicle in lieu - unrestricted
Interest and rentals
Other

Change in Net Position before Transfers

Transfers**Total General Revenues & 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
\$ (1,901,260)	\$ -	\$ (1,901,260)
(29,803,648)	-	(29,803,648)
(1,136,978)	-	(1,136,978)
(14,153,731)	-	(14,153,731)
(5,914,760)	-	(5,914,760)
(1,941,837)	-	(1,941,837)
(112,477)	-	(112,477)
(54,964,691)	-	(54,964,691)
-	1,487,510	1,487,510
-	1,487,510	1,487,510
(54,964,691)	1,487,510	(53,477,181)
4,587,444	-	4,587,444
3,044,712	-	3,044,712
28,360,308	-	28,360,308
3,377,884	-	3,377,884
831,717	-	831,717
6,517,423	-	6,517,423
564,638	-	564,638
1,960,317	-	1,960,317
4,263,013	218,248	4,481,261
1,996,198	201,321	2,197,519
538,963	1,907,079	958,532
1,155,135	(1,155,135)	-
56,658,789	(735,566)	55,923,223
1,694,098	751,944	2,446,042
98,279,147	18,236,268	116,515,415
\$ 99,973,245	\$ 18,988,212	\$ 118,961,457

CITY OF SANTA FE SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

		Special Revenue Fund	Capital Projects Funds	
	General	Low and Moderate Income Housing Assets Fund	Capital Improvement	Prefunded Capital Projects
Assets:				
Pooled cash and investments	\$ 27,848,553	\$ 8,380,463	\$ -	\$ 17,686,725
Receivables:				
Accounts	4,527,938	29,098	193,852	-
Notes and loans, net of allowances	494,925	1,667,073	-	-
Accrued interest	344,492	-	-	-
Deposits and other assets	425,752	-	-	-
Due from other governments	6,432,636	6,750	3,595,539	-
Due from other funds	3,584,380	-	-	-
Advances to other funds	-	1,437,861	-	-
Inventories	907,871	-	-	-
Land held for resale	-	520,032	-	-
Total Assets	\$ 44,566,547	\$ 12,041,277	\$ 3,789,391	\$ 17,686,725
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,327,898	\$ 6,620	\$ 1,787	\$ 70,384
Accrued liabilities	1,266,123	1,966	2,887	4,787
Unearned revenues	1,207,171	-	150,000	-
Deposits payable	2,395,062	-	1,299,856	-
Due to other governments	11,238	-	65,594	-
Due to other funds	-	-	2,144,722	-
Advances from other funds	1,437,861	-	-	-
Contracts payable	-	-	1,535	12,846
Total Liabilities	7,645,353	8,586	3,666,381	88,017
Deferred Inflows of Resources:				
Unavailable revenues	-	-	3,306,204	-
Total Deferred Inflows of Resources	-	-	3,306,204	-
Fund Balances:				
Nonspendable:				
Inventory	907,871	-	-	-
Notes and loans	494,925	-	-	-
Deposits and other assets	425,752	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Low and moderate income housing	-	12,032,691	-	-
Art in public places	-	-	-	-
Waste management	992,382	-	-	-
Environmental programs	202,608	-	-	-
Committed to:				
Capital projects	225,000	-	-	-
Assigned to:				
Capital projects	-	-	-	17,598,708
Equipment replacement	2,176,034	-	-	-
Economic uncertainty	3,225,000	-	-	-
Employee benefits	1,442,585	-	-	-
Risk management	903,200	-	-	-
Facility improvement	25,193	-	-	-
Unfunded Liability	3,225,000	-	-	-
Unassigned	22,675,644	-	(3,183,194)	-
Total Fund Balances	36,921,194	12,032,691	(3,183,194)	17,598,708
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 44,566,547	\$ 12,041,277	\$ 3,789,391	\$ 17,686,725

CITY OF SANTA FE SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Capital Projects Funds		
	Successor Agency Bond Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 17,731,783	\$ 5,088,001	\$ 76,735,525
Receivables:			
Accounts	-	-	4,750,888
Notes and loans, net of allowances	175,989	19,250	2,357,237
Accrued interest	112,678	-	457,170
Deposits and other assets	-	-	425,752
Due from other governments	-	627,415	10,662,340
Due from other funds	290,014	-	3,874,394
Advances to other funds	-	-	1,437,861
Inventories	-	-	907,871
Land held for resale	-	-	520,032
Total Assets	\$ 18,310,464	\$ 5,734,666	\$ 102,129,070
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 344,186	\$ 87,607	\$ 1,838,482
Accrued liabilities	1,255	6,948	1,283,966
Unearned revenues	-	-	1,357,171
Deposits payable	-	1,035	3,695,953
Due to other governments	-	-	76,832
Due to other funds	1,098,172	631,500	3,874,394
Advances from other funds	-	-	1,437,861
Contracts payable	17,246	-	31,627
Total Liabilities	1,460,859	727,090	13,596,286
Deferred Inflows of Resources:			
Unavailable revenues	-	104,481	3,410,685
Total Deferred Inflows of Resources	-	104,481	3,410,685
Fund Balances:			
Nonspendable:			
Inventory	-	-	907,871
Notes and loans	-	-	494,925
Deposits and other assets	-	-	425,752
Permanent fund principal	-	244,676	244,676
Restricted for:			
Community development projects	-	82,239	82,239
Public safety	-	116,717	116,717
Public works	-	3,332,533	3,332,533
Capital projects	16,849,605	-	16,849,605
Low and moderate income housing	-	-	12,032,691
Art in public places	-	1,166,350	1,166,350
Waste management	-	-	992,382
Environmental programs	-	-	202,608
Committed to:			
Capital projects	-	-	225,000
Assigned to:			
Capital projects	-	-	17,598,708
Equipment replacement	-	-	2,176,034
Economic uncertainty	-	-	3,225,000
Employee benefits	-	-	1,442,585
Risk management	-	-	903,200
Facility improvement	-	-	25,193
Unfunded Liability	-	-	3,225,000
Unassigned	-	(39,420)	19,453,030
Total Fund Balances	16,849,605	4,903,095	85,122,099
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,310,464	\$ 5,734,666	\$ 102,129,070

CITY OF SANTA FE SPRINGS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund balances of governmental funds		\$ 85,122,099
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.		155,220,105
Deferred outflows related to pension related items are not included in the governmental fund activity:		
Contributions made subsequent to measurement date	\$ 8,262,251	
Difference between expected and actual experiences	923,554	
Adjustment due to difference in proportions	1,268,694	
Net difference in earnings between projected and actual pension plan investments	465,418	
Changes in assumptions	<u>5,836,445</u>	16,756,362
Deferred outflows related to OPEB items:		
Contributions made subsequent to measurement date		4,545,768
Long-term debt, compensated absences and net pension liability are not included in the governmental fund activity:		
Bonds payable	(1,199,000)	
Capital leases payable	(905,085)	
Compensated absences	(2,446,472)	
Net pension liability	(111,030,545)	
Net OPEB liability	<u>(44,799,477)</u>	(160,380,579)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(21,103)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		3,410,685
Deferred inflows related to pension related items are not included in the governmental fund activity:		
Adjustment due to difference in proportions	(709,202)	
Differences between actual and proportionate share of contributions	(1,808,850)	
Change in assumptions	(1,085,093)	
Difference between expected and actual experiences	<u>(728,683)</u>	(4,331,828)
Deferred inflows related to OPEB items		
Net difference between projected and actual earnings on plan investments		<u>(348,264)</u>
Net Position of Governmental Activities		<u>\$ 99,973,245</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, 2019

		Special Revenue Fund	Capital Projects Funds	
		Low and Moderate Income Housing Assets Fund	Capital Improvement	Prefunded Capital Projects
	General			
Revenues:				
Taxes	\$ 49,025,191	\$ -	\$ -	\$ -
Licenses and permits	2,145,963	-	-	-
Intergovernmental	1,033,706	-	635,886	-
Charges for services	5,524,875	-	-	-
Interest and rentals	3,451,113	197,442	-	-
Fines and forfeitures	738,807	-	-	-
Contributions	264,630	-	43,000	-
Miscellaneous	790,159	-	1,339,232	929
Total Revenues	62,974,444	197,442	2,018,118	929
Expenditures:				
Current:				
General government	6,876,387	-	-	-
Public safety	29,847,065	-	-	-
Community development	2,386,714	391,067	-	-
Public works	10,291,954	-	-	286,557
Culture and leisure	5,680,758	-	-	-
Human services	1,532,644	-	-	-
Capital outlay	1,873,110	-	1,310,458	1,393,736
Debt service:				
Principal retirement	1,488,130	-	-	-
Interest and fiscal charges	95,235	-	-	-
Total Expenditures	60,071,997	391,067	1,310,458	1,680,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,902,447	(193,625)	707,660	(1,679,364)
Other Financing Sources (Uses):				
Transfers in	2,869,344	1,313,215	23,094	6,025,000
Transfers out	(7,358,130)	-	-	(3,161)
Capital leases	1,087,142	-	-	-
Total Other Financing Sources (Uses)	(3,401,644)	1,313,215	23,094	6,021,839
Net Change in Fund Balances	(499,197)	1,119,590	730,754	4,342,475
Fund Balances:				
Beginning of year	37,420,391	10,913,101	(3,913,948)	13,256,233
End of Year	\$ 36,921,194	\$ 12,032,691	\$ (3,183,194)	\$ 17,598,708

CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Capital Projects Funds Successor Agency Bond Funded Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ 219,252	\$ 49,244,443
Licenses and permits	-	-	2,145,963
Intergovernmental	-	2,882,173	4,551,765
Charges for services	-	-	5,524,875
Interest and rentals	515,959	98,499	4,263,013
Fines and forfeitures	-	-	738,807
Contributions	-	220,464	528,094
Miscellaneous	3,817	36,533	2,170,670
Total Revenues	519,776	3,456,921	69,167,630
Expenditures:			
Current:			
General government	-	-	6,876,387
Public safety	-	619,339	30,466,404
Community development	-	-	2,777,781
Public works	-	72,831	10,651,342
Culture and leisure	-	17,616	5,698,374
Human services	-	-	1,532,644
Capital outlay	881,981	-	5,459,285
Debt service:			
Principal retirement	-	-	1,488,130
Interest and fiscal charges	-	-	95,235
Total Expenditures	881,981	709,786	65,045,582
Excess (Deficiency) of Revenues Over (Under) Expenditures	(362,205)	2,747,135	4,122,048
Other Financing Sources (Uses):			
Transfers in	400,099	4,872	10,635,624
Transfers out	(4,890)	(2,114,308)	(9,480,489)
Capital leases	-	-	1,087,142
Total Other Financing Sources (Uses)	395,209	(2,109,436)	2,242,277
Net Change in Fund Balances	33,004	637,699	6,364,325
Fund Balances:			
Beginning of year	16,816,601	4,265,396	78,757,774
End of Year	\$ 16,849,605	\$ 4,903,095	\$ 85,122,099

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, 2019**

Net change in fund balances - total governmental funds		\$ 6,364,325
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	\$ 5,291,346	
Depreciation	<u>(6,259,678)</u>	(968,332)
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	1,119,000	
Capital leases entered into	<u>(1,087,142)</u>	
Capital lease repayment	369,130	400,988
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		
		(17,242)
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.		
		268,484
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.		
		669,257
Pension obligation expenses is an expenditure in the governmental funds, but reduce the net pension liability in the statement of net position.		
		(4,540,894)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		<u>(482,488)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,694,098</u>

CITY OF SANTA FE SPRINGS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds
	<u>Water Fund</u>
Assets:	
Current:	
Pooled cash and investments	\$ 11,219,295
Receivables:	
Accounts	1,875,172
Accrued interest	2,483
Inventories	269,115
Restricted:	
Cash with fiscal agent	558,184
Total Current Assets	13,924,249
Noncurrent:	
Capital assets - net of accumulated depreciation	26,813,651
Total Noncurrent Assets	26,813,651
Total Assets	40,737,900
Deferred Outflows of Resources:	
Deferred charge on refunding	118,494
Deferred pension related items	866,451
Deferred OPEB related items	449,581
Total Deferred Outflows of Resources	1,434,526
Total Assets and Deferred Outflows of Resources	\$ 42,172,426
Liabilities:	
Current:	
Accounts payable	\$ 790,362
Accrued liabilities	53,937
Accrued interest	48,416
Unearned revenues	48,911
Deposits payable	762,706
Contracts payable	7,570
Bonds, notes, and capital leases	200,000
Total Current Liabilities	1,911,902
Noncurrent:	
Bonds, notes, and capital leases	7,977,762
Net OPEB liability	4,430,718
Net pension liability	8,660,123
Total Noncurrent Liabilities	21,068,603
Total Liabilities	22,980,505
Deferred Inflows of Resources:	
Deferred pension related items	169,265
Deferred OPEB related items	34,444
Total Deferred Inflows of Resources	203,709
Net Position:	
Net investment in capital assets	18,754,383
Restricted for debt service	558,184
Unrestricted	(324,355)
Total Net Position	18,988,212
Total Liabilities, Deferred Inflows and Net Position	\$ 42,172,426

CITY OF SANTA FE SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds
	Water Fund
Operating Revenues:	
Sales and service charges	\$ 12,611,914
Other water revenues	106,592
Total Operating Revenues	12,718,506
Operating Expenses:	
Source of supply	5,838,478
System maintenance and operation	967,540
Billing and collection	1,009,972
Administration	957,603
Distribution and production	1,400,281
Depreciation expense	625,151
Total Operating Expenses	10,799,025
Operating Income (Loss)	1,919,481
Nonoperating Revenues (Expenses):	
Interest revenue	218,248
Interest expense	(325,379)
Total Nonoperating Revenues (Expenses)	(107,131)
Income (Loss) Before Transfers and Contributions	1,812,350
Contributions	94,729
Transfers out	(1,155,135)
Changes in Net Position	751,944
Net Position:	
Beginning of Year	18,236,268
End of Fiscal Year	\$ 18,988,212

CITY OF SANTA FE SPRINGS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds
	Water Fund
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 13,168,134
Cash paid to suppliers for goods and services	(7,304,134)
Cash paid to employees for services	(2,594,099)
Cash received from (payments to) others	106,592
Net Cash Provided (Used) by Operating Activities	3,376,493
Cash Flows from Non-Capital Financing Activities:	
Cash transfers out	(1,155,135)
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,155,135)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(227,594)
Principal paid on capital debt	(195,000)
Interest paid on capital debt	(295,154)
Net Cash Provided (Used) by Capital and Related Financing Activities	(717,748)
Cash Flows from Investing Activities:	
Interest received	218,248
Net Cash Provided (Used) by Investing Activities	218,248
Net Increase (Decrease) in Cash and Cash Equivalents	1,721,858
Cash and Cash Equivalents at Beginning of Year	10,055,621
Cash and Cash Equivalents at End of Year	\$ 11,777,479
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 1,919,481
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:	
Depreciation	625,151
(Increase) decrease in accounts receivable	442,545
(Increase) decrease in inventory	(51,667)
(Increase) decrease in deferred outflows for pension related items	516,285
(Increase) decrease in deferred outflows for OPEB related items	(34,141)
Increase (decrease) in accounts payable	78,273
Increase (decrease) in accrued liabilities	12,154
Increase (decrease) in unearned revenues	44,191
Increase (decrease) in deposits payable	69,484
Increase (decrease) in contracts payable	7,570
Increase (decrease) in deferred inflows for pension related items	(93,455)
Increase (decrease) in deferred inflows for OPEB related items	2,314
Increase (decrease) in net pension liability	(127,330)
Increase (decrease) in other postemployment benefits	(34,362)
Total Adjustments	1,457,012
Net Cash Provided (Used) by Operating Activities	\$ 3,376,493
Non-Cash Investing, Capital, and Financing Activities:	
Contributed capital assets received	\$ 94,729
Amortization of bond discounts, premiums, and deferred charges	28,651

CITY OF SANTA FE SPRINGS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the former RDA
Assets:		
Pooled cash and investments	\$ 547,878	\$ 840,787
Receivables:		
Accounts	6,332	29,917
Notes and loans	-	61,438
Due from other governments	-	55,544
Land held for resale	-	10,550,120
Restricted assets:		
Cash and investments with fiscal agents	171,379	11,318,384
Capital assets:		
Capital assets, not being depreciated	-	5,006,722
Total Assets	\$ 725,589	27,862,912
Deferred Outflows of Resources:		
Deferred charge on refunding		253,060
Total Deferred Outflows of Resources		253,060
Liabilities:		
Accounts payable	\$ -	9,558
Accrued liabilities	-	5,383
Accrued interest	-	505,783
Deposits payable	718,369	48,300
Due to other governments	7,220	589,517
Long-term liabilities:		
Due in one year	-	8,527,914
Due in more than one year	-	65,623,408
Total Liabilities	\$ 725,589	75,309,863
Net Position:		
Held in trust for other purposes		(47,193,891)
Total Net Position		\$ (47,193,891)

CITY OF SANTA FE SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust Fund Successor Agency of the former RDA
Additions:	
Taxes	\$ 16,459,737
Interest and change in fair value of investments	78,810
Miscellaneous	69
Total Additions	16,538,616
Deductions:	
Administrative expenses	306,098
Program expenses	30,485
Interest expense	2,901,754
Total Deductions	3,238,337
Changes in Net Position	13,300,279
Net Position:	
Beginning of the year	(60,494,170)
End of the Year	\$ (47,193,891)

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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 and is a blended component unit of the City.

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.

- 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

- 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, 2019, 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, 2019, the City contributed \$227,366 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 responsibility equally. Each member is required to make a contribution at the beginning of each year. The contribution requirement for the fiscal year ended 2019 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

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, 2019

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 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, 2019

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.

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, 2019

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 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 of 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, 2019

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 streetlights which is \$5,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

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:

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 three 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 and third are deferred outflows relating to the net pension liability and the net OPEB liability reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are recognized 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, the adjustments due to difference in proportions, the difference between actual contributions made and the proportionate share of the risk pool's total contributions, changes in assumptions, and the difference between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service lifetime.

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 three 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

the life of the refunded or refunding debt. The government has deferred inflows relating to the net pension liability and the net OPEB 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 assumptions. These amounts are deferred and amortized over the expected average remaining service lifetime.

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.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARS�)

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, 2019, fund balances for government funds are made up of the following:

- Non-spendable 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

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

Use of Estimates

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

Endowments

The City has been the recipient of endowments that are recorded in Permanent Funds. The endowments are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs or specific restrictions that were placed on the endowment when the donation to the City was made. Please refer to the combining and individual nonmajor fund financial statements for additional details.

Stewardship, Compliance and Accountability

Deficit Fund Balance

At June 30, 2019 the Capital Improvement fund had a deficit fund balance of \$3,183,194 and the Fire Grants fund had a deficit fund balance of \$39,420. These funds will be replenished with future revenues.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments

Cash and investments as of June 30, 2019, are classified in the accompanying financial follows:

Statement of net position:	
Pooled cash and investments	\$ 87,954,820
Cash and investments with fiscal agent	558,184
Fiduciary funds:	
Pooled cash and investments	1,388,665
Cash and investments with fiscal agent	11,489,763
Total	<u>\$ 101,391,432</u>

Cash and investments were comprised of the following as of June 30, 2019:

Cash on hand	\$ 9,155
Deposits with financial institutions	3,389,989
Investments	97,992,288
Total	<u>\$ 101,391,432</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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
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	3 years	30%	None
Bankers' acceptances	180 days	40%	None
Commercial paper	270 days	25%	10%
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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

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

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, 2019, 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.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

Information about the sensitivity of the fair values of the City investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the weighted average maturity of the City's investments:

<u>Investment Type</u>	<u>Weighted Average Maturity (in days)</u>		
Local Agency Investment Fund	<180*	\$	53,597,262
US Treasury Notes	3521		12,372,321
Federal Home Loan Mortgage Corporation	15		363,263
Federal National Mortgage Association	80		1,836,840
Federal Home Loan Bank	5		324,480
Corporate Notes	12086		16,200,169
Foreign Government Obligations	<180		1,213,641
Money Market Funds	<180		36,365
Held by Bond Trustee:			
Money Market Funds	<180		12,047,947
Total		\$	<u>97,992,288</u>

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

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investments are rated by the following nationally recognized statistical rating organization as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>
LAIF	\$ 53,597,262	Not Rated
U.S Treasury Notes	12,372,321	Aaa
U.S. Agency Securities	2,524,583	Aaa
Corporate Notes	16,200,169	Aaa to Baa1
Foreign Government Obligations	1,213,641	Aaa
Money Market Funds	12,084,312	Aaa
	<u>\$ 97,992,288</u>	

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, 2019.

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

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

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, 2019, was \$24.55 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2019, had a balance of \$106.0 billion. This information can be located on the California State Treasurer's website at <http://www.treasurer.ca.gov/>.

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, 2019:

Investment Type	Totals	Level	
		1	2
U.S. Treasury	\$ 12,372,321	\$ 12,372,321	\$ -
U.S. Agency Securities	2,524,583	-	2,524,583
Corporate Notes	16,200,169	-	16,200,169
Foreign Government Obligations	1,213,641	-	1,213,641
Money Market Funds	36,365	-	36,365
Held by Bond Trustee:			
Money Market Funds	12,047,947	-	12,047,947
Totals	44,395,026	\$ 12,372,321	\$ 32,022,705
Uncategorized investments			
Local Agency Investment Fund (LAIF)	53,597,262		
Total Investments	\$ 97,992,288		

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

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:

<u>Fund</u>	<u>Balance</u>
Governmental Funds	
General Fund	\$ 494,925
Low and Moderate Income Housing Assets Special Revenue Fund	1,667,073
Successor Agency Bond Funded Capital Projects Fund	175,989
Nonmajor Governmental Funds	19,250
Total Funds	<u>\$ 2,357,237</u>

The General Fund has loans and notes receivable in the amount of \$38,533 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 \$456,392 relate to monies advanced to Community Facilities District 2002-1 for infrastructure improvements. This loan bears an interest rate of 5.75% per annum.

The Low and Moderate Income Housing Assets Special Revenue Fund has one note outstanding for "silent second" mortgage notes issued to qualified buyers to assist with housing acquisition. The loans are for \$20,000 and has a term of 15 years. The loan has no payments for the first 10 years and bear simple interest at 6% per annum. The loan is secured by a deed of trust and must be repaid upon sale or refinance of the home. The balance outstanding at June 30, 2019, is \$20,000. 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, 2019 is \$880,260 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 \$1,647,073 at June 30, 2019. 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 \$175,989 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 two 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, 2019, is \$19,250.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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, 2019:

Transfers Out:	Transfers In						Total
	General Fund	Low and Moderate Income Housing Assets Fund	Capital Improvements Fund	Prefunded Capital Projects Fund	Successor Agency Bond Funded Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 1,313,215	\$ 18,204	\$ 6,025,000	\$ -	\$ 1,711	\$ 7,358,130
Prefunded Capital Projects Fund	-	-	-	-	-	3,161	3,161
Water Fund	1,155,135	-	-	-	-	-	1,155,135
SA Bond Funded Capital Projects	-	-	4,890	-	-	-	4,890
Other Governmental Funds	1,714,209	-	-	-	400,099	-	2,114,308
Total	<u>\$ 2,869,344</u>	<u>\$ 1,313,215</u>	<u>\$ 23,094</u>	<u>\$ 6,025,000</u>	<u>\$ 400,099</u>	<u>\$ 4,872</u>	<u>\$ 10,635,624</u>

As required by dissolution laws, the General Fund transferred \$1,313,215 to the Low and Moderate Income Housing Assets Fund for its 20% share of the Washington Blvd. loan repayment. The General Fund transferred \$6,025,000 into the Prefunded Capital Projects Funds to provide funding for current and future capital projects. The General Fund transferred \$18,204 to the Capital Improvements Fund for capital projects.

The Water Fund transferred \$1,155,135 into the General Fund in connection with the lease agreement between the City and the City's Water Utility Authority.

The Successor Agency Bond Funded Capital Projects Fund transferred \$4,890 into the Capital Improvements Fund to provide funding for various minor facility improvements.

Other Governmental Funds transferred \$1,714,209 into the General Fund for various purposes including costs incurred related to Gas Tax, Metro Grants, Art in Public Places activities, and \$400,099 into the Successor Agency Bond Funded Capital Projects Fund for costs incurred related to capital projects.

Due to/from other funds at June 30, 2019, were as follows:

Due from	Due to			Total
	Capital Improvement Fund	Successor Agency Bond Funded Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 2,144,722	\$ 1,098,172	\$ 341,486	\$ 3,584,380
Successor Agency Bond Funded Capital Projects Fund	-	-	290,014	290,014
	<u>\$ 2,144,722</u>	<u>\$ 1,098,172</u>	<u>\$ 631,500</u>	<u>\$ 3,874,394</u>

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 5: Interfund Activity (Continued)

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, 2019, consist of loans as follows:

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

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

Note 6: Advances to the Successor Agency

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 advance was repaid in full during the fiscal year.

Pursuant to the Assembly Bill 1484 (AB 1484), this balance is considered an "interagency loan" 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, 2019

Note 7: Capital Assets

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

	Balance June 30, 2018	Transfers	Additions	Deletions	Balance June 30, 2019
Governmental Activities:					
Capital Assets, not being depreciated:					
Land	\$ 51,258,770	\$ -	\$ -	\$ -	\$ 51,258,770
Construction in process	2,649,839	(3,332,055)	3,489,715	-	2,807,499
Total capital assets not being depreciated	53,908,609	(3,332,055)	3,489,715	-	54,066,269
Capital assets, being depreciated:					
Buildings	34,208,518	-	-	-	34,208,518
Improvements	25,741,196	307,656	-	-	26,048,852
Equipment	13,032,665	-	1,801,631	32,814	14,801,482
Infrastructure	144,386,048	3,024,399	-	-	147,410,447
Total capital assets, being depreciated	217,368,427	3,332,055	1,801,631	32,814	222,469,299
Less accumulated depreciation					
Buildings	13,037,185	-	661,868	-	13,699,053
Improvements	17,740,234	-	737,173	-	18,477,407
Equipment	9,787,358	-	833,016	32,814	10,587,560
Infrastructure	74,523,822	-	4,027,621	-	78,551,443
Total accumulated depreciation	115,088,599	-	6,259,678	32,814	121,315,463
Total capital assets, being depreciated, net	102,279,828	3,332,055	(4,458,047)	-	101,153,836
Government activities capital assets, net	\$ 156,188,437	\$ -	\$ (968,332)	\$ -	\$ 155,220,105

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Capital Assets (Continued)

	Balance July 1, 2018	Transfers	Additions	Deletions	Balance June 30, 2019
Business-Type Activities:					
Capital assets, not being depreciated:					
Land and water rights	\$ 3,384,974	\$ -	\$ -	\$ -	\$ 3,384,974
Construction-in-progress	7,820,005	(2,727,524)	322,323	-	5,414,804
Total Capital Assets, Not Being Depreciated	11,204,979	(2,727,524)	322,323	-	8,799,778
Capital assets, being depreciated:					
Source of supply plant	4,137,454	-	-	-	4,137,454
Transmission and distribution plant	34,132,346	2,727,524	-	-	36,859,870
Pumping and treatment plant	111,016	-	-	-	111,016
General Plant	1,096,135	-	-	-	1,096,135
Total Capital Assets, Being Depreciated	39,476,951	2,727,524	-	-	42,204,475
Less accumulated depreciation:					
Source of supply plant	2,297,020	-	80,181	-	2,377,201
Transmission and distribution plant	20,074,130	-	542,479	-	20,616,609
Pumping and treatment plant	98,166	-	2,491	-	100,657
General Plant	1,096,135	-	-	-	1,096,135
Total Accumulated Depreciation	23,565,451	-	625,151	-	24,190,602
Total Capital Assets, Being Depreciated, Net	15,911,500	2,727,524	(625,151)	-	18,013,873
Water Utility Capital Assets, Net	\$ 27,116,479	\$ -	\$ (302,828)	\$ -	\$ 26,813,651

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

	Governmental Activities	Business-Type Activities
General government	\$ 190,934	\$ -
Public safety	788,398	-
Community development	56,800	-
Public works	4,277,061	-
Culture and leisure	692,065	-
Human Services	254,420	-
Water Utility	-	625,151
Total Governmental Activities	\$ 6,259,678	\$ 625,151

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, 2019**Note 9: Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<u>Governmental activities:</u>					
Bonds Payable:					
Pension obligation bonds	\$ 2,318,000	\$ -	\$ 1,119,000	\$ 1,199,000	\$ 1,199,000
Capital Leases:					
Oshkosh lease payable	187,073	-	92,250	94,823	94,823
Fire air & light vehicle lease	-	598,911	171,439	427,472	80,865
Motorola radios lease 2018	-	488,231	105,441	382,790	90,152
	<u>\$ 2,505,073</u>	<u>\$ 1,087,142</u>	<u>\$ 1,488,130</u>	<u>\$ 2,104,085</u>	<u>\$ 1,464,840</u>
<u>Business-type activities:</u>					
Water Revenue Bonds Payable:					
2013 Series A	\$ 6,890,000	\$ -	\$ -	\$ 6,890,000	\$ -
2018 Subordinate Bonds	1,620,000	-	195,000	1,425,000	200,000
Issuance discount/premiums	(143,205)	-	(5,967)	(137,238)	-
	<u>\$ 8,366,795</u>	<u>\$ -</u>	<u>\$ 189,033</u>	<u>\$ 8,177,762</u>	<u>\$ 200,000</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
2020	\$ 1,199,000	\$ 33,554
Total	<u>\$ 1,199,000</u>	<u>\$ 33,554</u>

Year Ending June 30	Capital Lease Payable	
	Principal	Interest
2020	\$ 265,840	\$ 29,835
2021	176,868	23,984
2022	182,926	17,925
2023	189,199	11,653
2024	90,252	5,159
Total	<u>\$ 905,085</u>	<u>\$ 88,556</u>

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 9: Long-Term Liabilities (Continued)

Business-Type Activities

Year Ending June 30	Revenue Bonds	
	Principal	Interest
2020	\$ 200,000	\$ 290,496
2021	200,000	285,716
2022	205,000	280,936
2023	210,000	276,036
2024	215,000	271,017
2025 - 2029	1,390,000	1,261,136
2030 - 2034	1,770,000	1,002,400
2035 - 2039	2,120,000	651,000
2040 - 2044	2,005,000	204,200
Total	<u>\$ 8,315,000</u>	<u>\$ 4,522,937</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, 2019, is \$1,199,000.

If any event of default shall occur, then the Trustee may, and at the written direction of the owners of a majority in aggregate principal amount of the Bonds then outstanding, shall declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately.

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 \$94,823.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 9: Long-Term Liabilities (Continued)

Fire Air & Light Vehicle Lease

In September 2017, the City entered into a lease agreement for \$589,911 with Community First National Bank to lease an Air & Light Vehicle for the Fire department. Payments are due annually in the amount of \$92,765 on September 1, each year at an annual interest rate of 2.73%; with the lease expiring on September 1, 2023. The current balance outstanding for this lease is \$427,472.

Motorola Radios Lease

In November 2018, the City entered into a lease agreement for \$488,231 with Community First National Bank to lease Motorola radios for the Police department. Payments are due annually in the amount of \$105,440 on November 20, each year at an annual interest rate of 3.92%; with the lease expiring on November 20, 2022. The current balance outstanding for this lease is \$382,790.

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, 2019, 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 \$2,317,038 against debt service payments of \$256,438. Total principal and interest remaining is \$11,277,303.

If any event of default shall occur, then the Trustee may, and at the written direction of the owners of a majority in aggregate principal amount of the Bonds then outstanding, shall declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 9: Long-Term Liabilities (Continued)**Water Refunding Revenue Bonds, 2018**

In January 2018, in order to take advantage of a low interest rate market and to capture economic savings, the City "currently refunded" the 2005 Water Revenue Bond Series A. The 2018 Revenue Bonds were issued to (1) provide funds for the refunding of the PFA's 2005 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 2018 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 \$75,235 (difference between the present values of the old and new debt service payments). The City also reduces its total debt service payments by \$393,216. The Bonds are due from 2018 through 2026 in annual principal installments of \$175,000 to \$220,000. The interest rate is 2.39% and interest is payable semiannually on May 1 and November 1. The total amount outstanding as of June 30, 2019, is \$1,425,000.

If any event of default shall occur, then the Trustee may, and at the written direction of the owners of a majority in aggregate principal amount of the Bonds then outstanding, shall declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately.

Note 10: 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.

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental activities:	\$ 2,714,956	\$ 268,124	\$ 536,608	\$ 2,446,472	\$ 483,542
Total Compensated Absences	<u>\$ 2,714,956</u>	<u>\$ 268,124</u>	<u>\$ 536,608</u>	<u>\$ 2,446,472</u>	<u>\$ 483,542</u>

Note 11: 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 116 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 11: California Joint Powers Insurance Authority Insurance Program (Continued)

b. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary 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.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Primary 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 2018-19 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.

Note 11: California Joint Powers Insurance Authority Insurance Program (Continued)

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 an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

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 \$109,616,209. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

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 \$47,270,653. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

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.

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 2018-19.

Note 12: 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, 2019
Note 12: Pension Plan Obligations (Continued)

The Plan provisions and benefits in effect at June 30, 2019, 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	57.329%	57.329%	57.329%
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	63.452%	19.473%	13.120%

*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, 2016, the following employees were covered by the benefit terms of the Miscellaneous Plan:

Description	Number of Members
Active members	114
Transferred members	36
Terminated members	32
Retired members and beneficiaries	199
Total	381

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 12: 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, 2019, the employer contributions recognized as a reduction to the net position liability for all the Plans was \$7,916,343.

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 and the June 30, 2018 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	7.15%
Inflation	2.50%
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 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 12: Pension Plan Obligations (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 7.15 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 7.15 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, 2019

Note 12: Pension Plan Obligations (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0	1.00	2.62
Inflation Sensitive	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	0.00	(0.92)

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% 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: 6/30/2017 (Valuation Date)	\$ 172,719,965	\$ 99,491,185	\$ 73,228,780
Changes Recognized for the Measurement Period:			
Service Cost	1,796,886	-	1,796,886
Interest on the Total Pension Liability	11,973,513	-	11,973,513
Difference between Expected and Actual Experience	(299,522)	-	(299,522)
Net Plan to Resource Management	-	(242)	242
Changes of Assumptions	(953,019)	-	(953,019)
Contributions from the Employer	-	4,673,836	(4,673,836)
Contributions from Employees	-	873,584	(873,584)
Net Investment Income	-	8,481,211	(8,481,211)
Benefit Payments including Refunds of Employee Contributions	(9,808,276)	(9,808,276)	-
Administrative Expense	-	(155,035)	155,035
Other Miscellaneous Income/(Expense) ¹	-	(294,413)	294,413
Net Changes During 2017-2018	2,709,582	3,770,665	(1,061,083)
Balance at: 6/30/2018 (Measurement Date)	\$ 175,429,547	\$ 103,261,850	\$ 72,167,697

1 During Measurement Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
Note 12 Pension Plan Obligations (Continued)

As of June 30, 2019, 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	\$ 47,522,971

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, 2018, 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, 2017, rolled forward to June 30, 2018, 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, 2017 and 2018, was as follows:

Safety Cost-Sharing Plan	
	Tier 1
Proportion - June 30, 2017	0.47208%
Proportion - June 30, 2018	0.49839%
Change - Increase (Decrease)	0.02631%

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	6.15%	7.15%	8.15%
Miscellaneous Plan	\$ 93,761,611	\$ 72,167,697	\$ 54,149,942
Safety Plan	69,794,281	47,522,971	29,275,623
Total Net Pension Liability	\$ 163,555,892	\$ 119,690,668	\$ 83,425,565

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.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**Note 12 Pension Plan Obligations (Continued)**

For the measurement period ending June 30, 2018 (the measurement date), the City incurred a pension expense of \$7,644,863 and \$6,075,666 for the Miscellaneous and Safety Plan, respectively

As of June 30, 2019, 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, 2018	\$ 5,182,369	\$ -
Change of Assumption	1,839,872	586,473
Difference between Expected and Actual Experiences	-	824,068
Net Difference between Projected and Actual Earnings on Pension Plan Investments	198,187	-
Total	7,220,428	1,410,541
Safety Plan		
Current year contributions that occurred after the measurement date of June 30, 2018	3,701,766	-
Change of Assumption	4,217,358	568,997
Difference between Expected and Actual Experiences	923,554	3,503
Net Difference between Projected and Actual Earnings on Pension Plan Investments	291,013	-
Adjustment due to differences in proportions	1,268,694	709,202
Difference in proportionate share	-	1,808,850
Total	10,402,385	3,090,552
Total All Plans	\$ 17,622,813	\$ 4,501,093

Contributions subsequent to the measurement date in the amount of \$8,884,135 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, 2020. 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
2019	\$ 2,022,481	\$ 3,294,283	\$ 5,316,764
2020	(16,362)	1,772,452	1,756,090
2021	(1,070,912)	(1,158,949)	(2,229,861)
2022	(307,689)	(297,719)	(605,408)
Total	\$ 627,518	\$ 3,610,067	\$ 4,237,585

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 13: Post-Employment Health Care Benefits

The City provides an agent multiple employer OPEB plan to retirees through the California Employers' Retiree Benefit Trust (CERBT). Information on the plan is available from CalPERS on their website www.calpers.ca.gov.

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 and Employees Covered

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, 2017, the date of the most recent actuarial valuation:

	<u>Management</u>	<u>Miscellaneous</u>	<u>Fire</u>	<u>Total</u>
Retirees and Beneficiaries				
Receiving benefits	52	103	72	227
Active plan members	29	86	53	168
Total	<u>81</u>	<u>189</u>	<u>125</u>	<u>395</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. Contributions

The City currently contributes the full Actuarially Determined Contribution (ADC) to the CERBT OPEB trust, in addition to paying benefit payments outside the trust. For the measurement date ended June 30, 2018, the City's cash contributions were \$4,616,000 in total payments, which were recognized as a reduction to the OPEB liability.

d. Investments

The CERBT was established for public agencies to pre-fund other post-employment benefit obligations. Employers may choose amount three different investment strategies. The City of Santa Fe Springs has selected Strategy 1. Compared with CERBT Strategy 2 and Strategy 3, this portfolio consists of a higher percentage of equities than bonds and other assets. The following was the investment committee approved asset allocation targets as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Global Equity	57%
U.S. Fixed Income	27
TIPS	5
REITs	8
Commodities	3
Total	<u>100%</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 13: Post-Employment Health Care Benefits (Continued)**e. Net OPEB Liability**

The City's Net OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation dated June 30, 2017 which was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Contribution Policy	City contributes full ADC
Discount Rate	6.75%
Inflation	2.75%
Salary Increases	Aggregate - 3%
	Merit - CalPERS 1997-2015 Experience Study
Healthcare cost trend rates	Non-Medicare - 7.5 %for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality Rate	Mortality Rate projected fully generational with Scale MP-17
Mortality, Retirement, Disability, Terminations	CalPERS 1997-2015 Experience Study.

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

f. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**Note 13: Post-Employment Health Care Benefits (Continued)****g. Changes in the Net OPEB Liability**

The changes in the Net OPEB Liability for the Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Assets) (c) = (a) - (b)
Balance at June 30, 2018 (measurement date 6/30/17)	\$ 63,450,000	\$ 13,838,000	\$ 49,612,000
Changes recognized for the measurement period:			
Service Cost	1,073,173	-	1,073,173
Interest	4,254,334	-	4,254,334
Contributions - employer*	-	4,616,000	(4,616,000)
Net investment income	-	1,119,324	(1,119,324)
Benefit payments	(2,992,000)	(2,992,000)	-
Administrative expense	-	(26,012)	26,012
Net changes	2,335,507	2,717,312	(381,805)
Balance at June 30, 2019 (measurement date 6/30/18)	\$ 65,785,507	\$ 16,555,312	\$ 49,230,195

*Contributions-employer amount includes implicit subsidy associated with benefits paid.

h. Sensitivity of the Net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75 percent) or 1 percentage-point higher (7.75 percent) than the current discount rate:

	Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
Net OPEB liability (asset)	\$ 58,227,782	\$ 49,230,195	\$ 41,861,741

i. Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Trend Rate - 1%	Trend Rate	Trend Rate +1%
Net OPEB liability (asset)	\$ 40,881,136	\$ 49,230,195	\$ 59,492,832

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 13: Post-Employment Health Care Benefits (Continued)

j. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the City's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions made subsequent to measurement date	\$ 4,995,349	\$ -
Net difference between projected and actual earnings on plan investments	-	382,708
Total	\$ 4,995,349	\$ 382,708

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2020	\$ (117,677)
2021	(117,677)
2022	(118,677)
2023	(28,677)
Total	\$ (382,708)

Note 14: 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 15: 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, 2019, is \$1,485,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 16: 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Loans and Notes Receivable

The loans and notes receivable balance consists of the following:

<u>Fund</u>	<u>Balance</u>
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</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Private-Purpose Trust Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,006,722	\$ -	\$ -	\$ 5,006,722
Total Capital Assets, Not Being Depreciated	<u>\$ 5,006,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,006,722</u>

CITY OF SANTA FE SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 16: 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, 2019:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Private-purpose activities:					
Consolidated Redevelopment					
Project tax allocation bonds:					
2006 issue	\$ 22,948,493	\$ -	\$ -	\$ 22,948,493	\$ 527,914
Accreted Interest on					
Capital appreciation bonds	15,436,323	1,745,543	-	17,181,866	-
2016 Refunding issue	20,020,000	-	5,515,000	14,505,000	4,845,000
2017 Refunding issue	16,215,000	-	3,190,000	13,025,000	3,155,000
Issuance discounts/premiums	(122,494)	-	(15,312)	(107,182)	-
Direct Borrowings:					
Tax increment loan from					
Los Angeles County	6,622,649	100,000	124,504	6,598,145	-
Advances from City	6,434,687	131,387	6,566,074	-	-
	<u>\$ 87,554,658</u>	<u>\$ 1,976,930</u>	<u>\$ 15,380,266</u>	<u>\$ 74,151,322</u>	<u>\$ 8,527,914</u>

	Tax Allocation Bonds	
Year Ending June 30	Principal	Interest
2020	\$ 8,527,914	\$ 468,807
2021	7,804,209	342,051
2022	7,808,399	222,550
2023	7,830,198	96,927
2024	6,359,492	24,572
2025-2029	12,148,281	7,916
Total	<u>50,478,493</u>	<u>\$ 1,162,823</u>
Cumulative accretion interest on Capital appreciation bonds	<u>17,181,866</u>	
Total Principal, June 30, 2019	<u>\$ 67,660,359</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, 2019

Note 16: 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 fiscal year 2016-17 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 fiscal year 2016-17 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, 2019, is \$40,130,359 including \$17,181,866 of accreted interest.

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.
- \$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.
- \$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).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

- \$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.
- \$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.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$487,390, of which the outstanding amount at June 30, 2019 is \$341,173, which is reported as a deferred outflow 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 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. Total amount outstanding as of June 30, 2019, is \$14,505,000.

2017 Subordinate Tax Allocation Refunding Bonds

In December 2017, the Successor Agency to the Community Development Commission of the City of Santa Fe Springs (the "Successor Agency") issued \$16,215,000 in 2017 Subordinate Tax Allocation Refunding Bonds to redeem and defease all amounts outstanding under the following series of bonds issued by the former Community Development Commission of the City of Santa Fe Springs:

- \$43,015,000 original principal amount Community Development Commission of the City of Santa Fe Springs Consolidated Redevelopment Project Tax Allocation Bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$146,855, of which the outstanding amount at June 30, 2019 is \$88,113, 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 \$11,239,389 and to obtain an economic gain (difference between the present values of the old and new debt services payments) of \$1,262,206. Interest is payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2018. The certificates mature in 2023 and principal is payable on September 1 each year, commencing September 1, 2018. Total amount outstanding as of June 30, 2019, is \$13,025,000.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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. \$129,705 will be collected in the 2019-2020 year through two equal installments from the City's RPTTF distributions. Total amount outstanding as of June 30, 2019, is \$6,598,145.

Advances from the City

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), but this advance is still allowed to be repaid in accordance with the dissolution rules for interagency loans. Interest on the advance is 3% per annum. The advance was repaid in full during the fiscal year.

Note 17: Subsequent Events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China, and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, have declared a state of emergency.

Potential impacts to our future tax revenues include disruptions or restrictions on our current employees' ability to work. Any of the foregoing could negatively impact our revenues and we currently can't anticipate all of the ways in which this health epidemics, COVID-19 could adversely impact our government agency. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic on our government agency, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANTA FE SPRINGS

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 42,859,000	\$ 46,682,800	\$ 49,025,191	\$ 2,342,391
Licenses and permits	2,050,200	2,027,000	2,145,963	118,963
Intergovernmental	1,119,300	1,057,500	1,033,706	(23,794)
Charges for services	4,662,600	4,834,600	5,524,875	690,275
Interest and rentals	1,830,800	1,969,900	3,451,113	1,481,213
Fines and forfeitures	449,400	515,600	738,807	223,207
Contributions	123,900	274,900	264,630	(10,270)
Miscellaneous	904,300	682,400	790,159	107,759
Total Revenues	53,999,500	58,044,700	62,974,444	4,929,744
Expenditures:				
General government	5,634,200	7,209,300	6,876,387	332,913
Public safety	31,839,300	31,271,400	29,847,065	1,424,335
Community development	2,345,300	2,331,500	2,386,714	(55,214)
Public works	10,906,100	10,818,800	10,291,954	526,846
Culture and leisure	5,805,900	5,991,601	5,680,758	310,843
Human services	1,867,500	1,549,900	1,532,644	17,256
Capital outlay	2,348,800	2,146,600	1,873,110	273,490
Debt service:				
Principal retirement	1,365,900	1,395,400	1,488,130	(92,730)
Interest and fiscal charges	119,400	95,400	95,235	165
Total Expenditures	62,232,400	62,809,901	60,071,997	2,737,904
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,232,900)	(4,765,201)	2,902,447	7,667,648
Other Financing Sources (Uses):				
Transfers in	2,898,700	2,980,000	2,869,344	(110,656)
Capital leases	1,110,000	1,088,300	1,087,142	(1,158)
Proceeds from sale of capital asset	5,000	5,000	-	(5,000)
Transfers out	(1,700,000)	(5,863,200)	(7,358,130)	(1,494,930)
Total Other Financing Sources (Uses)	2,313,700	(1,789,900)	(3,401,644)	(1,611,744)
Net Change in Fund Balances	(5,919,200)	(6,555,101)	(499,197)	6,055,904
Fund Balances, Beginning of Year	37,420,391	37,420,391	37,420,391	-
Fund Balances, End of Year	\$ 31,501,191	\$ 30,865,290	\$ 36,921,194	\$ 6,055,904

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 LOW AND MODERATE INCOME HOUSING ASSETS FUND
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 197,442	\$ 197,442
Total Revenues:	-	-	197,442	197,442
Expenditures				
Community development	293,700	268,200	391,067	(122,867)
Total Expenditures	293,700	268,200	391,067	(122,867)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(293,700)	(268,200)	(193,625)	74,575
Other Financing Sources (Uses):				
Transfers in	-	2,363,200	1,313,215	(1,049,985)
Total Other Financing Sources (Uses)	-	2,363,200	1,313,215	(1,049,985)
Net Change in Fund Balances	(293,700)	2,095,000	1,119,590	(975,410)
Fund Balances, Beginning of Year	10,913,101	10,913,101	10,913,101	-
Fund Balances, End of Year	\$ 10,619,401	\$ 13,008,101	\$ 12,032,691	\$ (975,410)

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	2018	2019
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,578,729	\$ 1,544,341	\$ 1,501,984	\$ 1,697,844	\$ 1,796,886
Interest	11,142,267	11,550,084	11,766,386	11,756,269	11,973,513
Difference between expected and actual experience	-	714,618	(1,620,555)	(3,198,739)	(299,522)
Changes in assumptions	-	(2,672,769)	-	9,199,362	(953,019)
Benefit payments, including refunds of employee contributions	(8,292,893)	(8,362,515)	(8,887,931)	(8,617,142)	(9,808,276)
Net Change in Total Pension Liability	4,428,103	2,773,759	2,759,884	10,837,594	2,709,582
Total Pension Liability - Beginning	151,920,625	156,348,728	159,122,487	161,882,371	172,719,965
Total Pension Liability - Ending (a)	\$ 156,348,728	\$ 159,122,487	\$ 161,882,371	\$ 172,719,965	\$ 175,429,547
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 2,513,465	\$ 3,368,960	\$ 3,728,926	\$ 4,174,840	\$ 4,673,836
Contribution - Employee	1,210,652	945,614	932,924	957,530	873,584
Plan to plan resource movement	-	-	-	-	(242)
Net investment income	14,964,552	2,213,275	500,787	10,317,843	8,481,211
Benefit payments, including refunds of employee contributions	(8,292,893)	(8,362,515)	(8,887,931)	(8,617,142)	(9,808,276)
Administrative expense	-	(108,707)	(58,860)	(137,006)	(155,035)
Other Miscellaneous Income/(Expense)(2)	-	-	-	-	(294,413)
Net Change in Fiduciary Net Position	10,395,776	(1,943,373)	(3,784,154)	6,696,065	3,770,665
Plan Fiduciary Net Position - Beginning	88,126,871	98,522,647	96,579,274	92,795,120	99,491,185
Plan Fiduciary Net Position - Ending (b)	\$ 98,522,647	\$ 96,579,274	\$ 92,795,120	\$ 99,491,185	\$ 103,261,850
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 57,826,081	\$ 62,543,213	\$ 69,087,251	\$ 73,228,780	\$ 72,167,697
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.01%	60.69%	57.32%	57.60%	58.86%
Covered Payroll	\$ 8,979,508	\$ 9,086,236	\$ 9,040,284	\$ 9,696,909	\$ 8,771,632
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	643.98%	688.33%	764.22%	755.18%	822.74%

(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 five years are shown.

(2) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during the Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

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, 2017 valuation date. 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 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. 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	2018	2019
Actuarially Determined Contribution	\$ 3,554,823	\$ 3,728,926	\$ 4,174,840	\$ 4,669,275	\$ 5,182,369
Contribution in Relation to the Actuarially Determined Contribution	(3,554,823)	(3,728,926)	(4,174,840)	(4,669,275)	(5,182,369)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 9,086,236	\$ 9,040,284	\$ 9,696,909	\$ 8,771,632	\$ 8,249,634
Contributions as a Percentage of Covered Payroll	39.12%	41.25%	43.05%	53.23%	62.82%

(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 five years are shown.

Note to Schedule:

Valuation Date: June 30, 2016

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	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.

Retirement age The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF SANTA FE SPRINGS

COST SHARING SAFETY PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2015	2016	2017	2018	2019
Total Plan					
Plan's Proportion of the Net Pension Liability	0.42398%	0.46759%	0.47552%	0.47208%	0.49317%
Plan's Proportionate Share of the Net Pension Liability	\$ 26,382,020	\$ 32,094,633	\$ 41,147,225	\$ 46,817,505	\$ 47,522,971
Plan's Covered Payroll	\$ 6,188,907	\$ 6,502,095	\$ 6,843,585	\$ 6,971,540	\$ 6,994,713
Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	426.28%	493.60%	601.25%	671.55%	679.41%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%

(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 five years are shown.

Notes to Schedule:

Benefit Changes: In fiscal year 2019, There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of Assumptions: In fiscal year 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

CITY OF SANTA FE SPRINGS

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

	2015	2016	2017	2018	2019
Safety Plan					
Actuarially Determined Contribution	\$ 1,892,765	\$ 1,166,499	\$ 2,887,172	\$ 3,247,068	\$ 3,701,766
Contribution in Relation to the Actuarially Determined Contribution	(1,892,765)	(1,166,499)	(2,887,172)	(3,247,068)	(3,701,766)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,502,095	\$ 6,843,585	\$ 6,971,540	\$ 6,994,713	\$ 6,607,330
Contributions as a Percentage of Covered Payroll	29.11%	17.05%	41.41%	46.42%	56.03%

(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 five years are shown.

Note to Schedule:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.40% to 20.00% depending on age, service, and type of employment
Investment rate of return	7.15% 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: Derived using CalPERS' Membership Data for all Funds; The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

CITY OF SANTA FE SPRINGS

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

	2019	2018
Total OPEB Liability		
Service cost	\$ 1,073,173	\$ 1,042,000
Interest on the total OPEB liability	4,254,334	4,100,000
Benefit payments	(2,992,000)	(2,786,000)
Net change in total OPEB liability	2,335,507	2,356,000
Total OPEB liability - beginning	63,450,000	61,094,000
Total OPEB liability - ending (a)	\$ 65,785,507	\$ 63,450,000
Plan Fiduciary Net Position		
Contribution - employer	\$ 4,616,000	\$ 5,223,000
Net investment income	1,119,324	1,216,000
Benefit payments	(2,992,000)	(2,786,000)
Administrative expense	(26,012)	(6,000)
Net change in plan fiduciary net position	2,717,312	3,647,000
Plan fiduciary net position - beginning	13,838,000	10,191,000
Plan fiduciary net position - ending (b)	\$ 16,555,312	\$ 13,838,000
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 49,230,195	\$ 49,612,000
Plan fiduciary net position as a percentage of the total OPEB liability	25.17%	21.81%
Covered-employee payroll	\$ 19,257,018	\$ 18,626,195
Net OPEB liability as a percentage of covered-employee payroll	255.65%	266.36%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Changes in assumptions:

There were no changes of assumptions.

CITY OF SANTA FE SPRINGS

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

	2019	2018
Actuarially Determined Contribution	\$ 4,900,000	\$ 4,737,000
Contribution in Relation to the Actuarially Determined Contributions	(4,995,349)	(4,616,000)
Contribution Deficiency (Excess)	<u>\$ (95,349)</u>	<u>\$ 121,000</u>
Covered-employee payroll	\$ 17,127,695	\$ 19,257,018
Contributions as a percentage of covered payroll	28.61%	24.60%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2019 were from the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method	Level percent of pay
Amortization period	Average 19-year fixed period for 2018/19
Asset valuation method	Investment gains/losses spread over 5-year rolling period
Discount rate	6.75%
General inflation	2.75%
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076; Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries Scale MP-17

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019

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
Community Development Block Grant Program Income Fund
Narcotics Forfeitures/Seizures
Transportation Center Expansion Parking Lot Fund
Heritage Art Education Endowment Fund

c. Expenditures in Excess of Appropriations

The following funds reported expenditures in excess of the adopted budget:

County Transit Tax (\$68,011)
Air Quality Improvement (\$6,187)
Fire Grants Fund (\$41,131)
Public Safety Augmentation (\$15,577)

NONMAJOR GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS

State Gas Tax

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

County Transit Tax

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

Street Lighting Maintenance District

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

Heritage Springs Street Maintenance District

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

Art in Public Places

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

Business License Surcharge

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

Air Quality Improvement

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Community Development Block Grant

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

Fire Grants

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

Public Safety Augmentation

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

Supplemental Law Enforcement Services

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

Community Development Block Grant Program Income

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

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.

Transportation Center Expansion Parking Lot Fund

This fund is used to account for lease income from City of Norwalk for the vacant parcel at the Transportation Center that is being developed. The fund is being earmarked for transportation purposes.

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.

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CITY OF SANTA FE SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	State Gas Tax	County Transit Tax	Street Lighting Maintenance District	Heritage Springs Street Maintenance District
Assets:				
Pooled cash and investments	\$ 430,704	\$ 2,638,290	\$ 154,296	\$ 183,007
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	60,007	6,301	3,396	-
Total Assets	\$ 490,711	\$ 2,644,591	\$ 157,692	\$ 183,007
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 5,504	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	290,014	-	-	-
Total Liabilities	290,014	5,504	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	200,697	2,639,087	157,692	183,007
Art in public places	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	200,697	2,639,087	157,692	183,007
Total Liabilities and Fund Balances	\$ 490,711	\$ 2,644,591	\$ 157,692	\$ 183,007

CITY OF SANTA FE SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Art in Public Places	Business License Surcharge	Air Quality Improvement	Community Development Block Grant
Assets:				
Pooled cash and investments	\$ 969,069	\$ 38,024	\$ 145,885	\$ -
Receivables:				
Notes and loans	-	-	-	-
Due from other governments	-	-	6,165	63,146
Total Assets	\$ 969,069	\$ 38,024	\$ 152,050	\$ 63,146
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 52,353
Accrued liabilities	-	-	-	2,320
Deposits payable	-	1,035	-	-
Due to other funds	-	-	-	8,473
Total Liabilities	-	1,035	-	63,146
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	36,989	-	-
Public safety	-	-	-	-
Public works	-	-	152,050	-
Art in public places	969,069	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	969,069	36,989	152,050	-
Total Liabilities and Fund Balances	\$ 969,069	\$ 38,024	\$ 152,050	\$ 63,146

CITY OF SANTA FE SPRINGS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds			
	Fire Grants	Public Safety Augmentation	Supplemental Law Enforcement Services	Community Development Block Grant Program Income
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 42,975	\$ -
Receivables:				
Notes and loans	-	-	-	19,250
Due from other governments	398,322	34,130	55,948	-
Total Assets	\$ 398,322	\$ 34,130	\$ 98,923	\$ 19,250
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 29,750	\$ -	\$ -	\$ -
Accrued liabilities	4,628	-	-	-
Deposits payable	-	-	-	-
Due to other funds	298,883	34,130	-	-
Total Liabilities	333,261	34,130	-	-
Deferred Inflows of Resources:				
Unavailable revenues	104,481	-	-	-
Total Deferred Inflows of Resources	104,481	-	-	-
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	19,250
Public safety	-	-	98,923	-
Public works	-	-	-	-
Art in public places	-	-	-	-
Unassigned	(39,420)	-	-	-
Total Fund Balances	(39,420)	-	98,923	19,250
Total Liabilities and Fund Balances	\$ 398,322	\$ 34,130	\$ 98,923	\$ 19,250

CITY OF SANTA FE SPRINGS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds		Permanent Fund	
	Narcotics Forfeitures/ Seizures	Transportation Center Expansion Parking Lot Fund	Heritage Art Education Endowment Fund	Total Nonmajor Governmental Funds
Assets:				
Pooled cash and investments	\$ 17,794	\$ 26,000	\$ 441,957	\$ 5,088,001
Receivables:				
Notes and loans	-	-	-	19,250
Due from other governments	-	-	-	627,415
Total Assets	\$ 17,794	\$ 26,000	\$ 441,957	\$ 5,734,666
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 87,607
Accrued liabilities	-	-	-	6,948
Deposits payable	-	-	-	1,035
Due to other funds	-	-	-	631,500
Total Liabilities	-	-	-	727,090
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	104,481
Total Deferred Inflows of Resources	-	-	-	104,481
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	244,676	244,676
Restricted for:				
Community development projects	-	26,000	-	82,239
Public safety	17,794	-	-	116,717
Public works	-	-	-	3,332,533
Art in public places	-	-	197,281	1,166,350
Unassigned	-	-	-	(39,420)
Total Fund Balances	17,794	26,000	441,957	4,903,095
Total Liabilities and Fund Balances	\$ 17,794	\$ 26,000	\$ 441,957	\$ 5,734,666

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	State Gas Tax	County Transit Tax	Street Lighting Maintenance District	Heritage Springs Street Maintenance District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	714,060	1,157,881	195,612	-
Interest and rentals	5,944	44,836	2,338	-
Contributions	-	-	-	-
Miscellaneous	-	6,305	-	-
Total Revenues	720,004	1,209,022	197,950	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and leisure	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	720,004	1,209,022	197,950	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(670,814)	(560,711)	(183,000)	-
Total Other Financing Sources (Uses)	(670,814)	(560,711)	(183,000)	-
Net Change in Fund Balances	49,190	648,311	14,950	-
Fund Balances:				
Beginning of year	151,507	1,990,776	142,742	183,007
End of Year	\$ 200,697	\$ 2,639,087	\$ 157,692	\$ 183,007

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Art in Public Places	Business License Surcharge	Air Quality Improvement	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ 22,175	\$ -	\$ -
Intergovernmental	-	-	-	80,464
Interest and rentals	20,823	-	2,471	-
Contributions	220,464	-	-	-
Miscellaneous	-	-	29,593	635
Total Revenues	241,287	22,175	32,064	81,099
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	6,187	66,644
Culture and leisure	-	-	-	17,616
Total Expenditures	-	-	6,187	84,260
Excess (Deficiency) of Revenues Over (Under) Expenditures	241,287	22,175	25,877	(3,161)
Other Financing Sources (Uses):				
Transfers in	-	-	-	3,161
Transfers out	(394,706)	-	-	-
Total Other Financing Sources (Uses)	(394,706)	-	-	3,161
Net Change in Fund Balances	(153,419)	22,175	25,877	-
Fund Balances:				
Beginning of year	1,122,488	14,814	126,173	-
End of Year	\$ 969,069	\$ 36,989	\$ 152,050	\$ -

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Fire Grants	Public Safety Augmentation	Supplemental Law Enforcement Services	Community Development Block Grant Program Income
Revenues:				
Taxes	\$ -	\$ 197,077	\$ -	\$ -
Intergovernmental	578,208	-	155,948	-
Interest and rentals	-	-	1,605	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	578,208	197,077	157,553	-
Expenditures:				
Current:				
Public safety	619,339	-	-	-
Public works	-	-	-	-
Culture and leisure	-	-	-	-
Total Expenditures	619,339	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,131)	197,077	157,553	-
Other Financing Sources (Uses):				
Transfers in	1,711	-	-	-
Transfers out	-	(197,077)	(108,000)	-
Total Other Financing Sources (Uses)	1,711	(197,077)	(108,000)	-
Net Change in Fund Balances	(39,420)	-	49,553	-
Fund Balances:				
Beginning of year	-	-	49,370	19,250
End of Year	\$ (39,420)	\$ -	\$ 98,923	\$ 19,250

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		Permanent Fund	
	Narcotics Forfeitures/ Seizures	Transportation Center Expansion Parking Lot Fund	Heritage Art Education Endowment Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 219,252
Intergovernmental	-	-	-	2,882,173
Interest and rentals	328	12,000	8,154	98,499
Contributions	-	-	-	220,464
Miscellaneous	-	-	-	36,533
Total Revenues	328	12,000	8,154	3,456,921
Expenditures:				
Current:				
Public safety	-	-	-	619,339
Public works	-	-	-	72,831
Culture and leisure	-	-	-	17,616
Total Expenditures	-	-	-	709,786
Excess (Deficiency) of Revenues Over (Under) Expenditures	328	12,000	8,154	2,747,135
Other Financing Sources (Uses):				
Transfers in	-	-	-	4,872
Transfers out	-	-	-	(2,114,308)
Total Other Financing Sources (Uses)	-	-	-	(2,109,436)
Net Change in Fund Balances	328	12,000	8,154	637,699
Fund Balances:				
Beginning of year	17,466	14,000	433,803	4,265,396
End of Year	\$ 17,794	\$ 26,000	\$ 441,957	\$ 4,903,095

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 770,500	\$ 681,600	\$ 714,060	\$ 32,460
Interest and rentals	-	-	5,944	5,944
Total Revenues:	770,500	681,600	720,004	38,404
Other Financing Sources (Uses):				
Transfers out	(350,000)	(680,700)	(670,814)	9,886
Total Other Financing Sources (Uses)	(350,000)	(680,700)	(670,814)	9,886
Net Change in Fund Balances	420,500	900	49,190	48,290
Fund Balances, Beginning of Year	151,507	151,507	151,507	-
Fund Balances, End of Year	\$ 572,007	\$ 152,407	\$ 200,697	\$ 48,290

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSIT TAX
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 1,050,000	\$ 1,050,000	\$ 1,157,881	\$ 107,881
Use of money and property	-	-	44,836	44,836
Miscellaneous	-	-	6,305	6,305
Total Revenues:	1,050,000	1,050,000	1,209,022	159,022
Other Financing Sources (Uses):				
Transfers out	(493,000)	(492,700)	(560,711)	(68,011)
Total Other Financing Sources (Uses)	(493,000)	(492,700)	(560,711)	(68,011)
Net Change in Fund Balances	557,000	557,300	648,311	91,011
Fund Balances, Beginning of Year	1,990,776	1,990,776	1,990,776	-
Fund Balances, End of Year	\$ 2,547,776	\$ 2,548,076	\$ 2,639,087	\$ 91,011

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 192,000	\$ 194,000	\$ 195,612	\$ 1,612
Use of money and property	-	-	2,338	2,338
Total Revenues:	192,000	194,000	197,950	3,950
Other Financing Sources (Uses):				
Transfers out	(183,000)	(183,000)	(183,000)	-
Total Other Financing Sources (Uses)	(183,000)	(183,000)	(183,000)	-
Net Change in Fund Balances	9,000	11,000	14,950	3,950
Fund Balances, Beginning of Year	142,742	142,742	142,742	-
Fund Balances, End of Year	\$ 151,742	\$ 153,742	\$ 157,692	\$ 3,950

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 ART IN PUBLIC PLACES
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 125,000	\$ -	\$ -	\$ -
Interest and rentals	-	-	20,823	20,823
Contributions	-	200,000	220,464	20,464
Total Revenues:	125,000	200,000	241,287	41,287
Other Financing Sources (Uses):				
Transfers out	(434,900)	(468,500)	(394,706)	73,794
Total Other Financing Sources (Uses)	(434,900)	(468,500)	(394,706)	73,794
Net Change in Fund Balances	(309,900)	(268,500)	(153,419)	115,081
Fund Balances, Beginning of Year	1,122,488	1,122,488	1,122,488	-
Fund Balances, End of Year	\$ 812,588	\$ 853,988	\$ 969,069	\$ 115,081

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest and rentals	\$ -	\$ -	\$ 2,471	\$ 2,471
Miscellaneous	22,700	22,700	29,593	6,893
Total Revenues:	22,700	22,700	32,064	9,364
Expenditures	-	-	-	-
Parks and recreation	-	-	6,187	(6,187)
Total Expenditures	-	-	6,187	(6,187)
Net Change in Fund Balances	22,700	22,700	25,877	3,177
Fund Balances, Beginning of Year	126,173	126,173	126,173	-
Fund Balances, End of Year	\$ 148,873	\$ 148,873	\$ 152,050	\$ 3,177

CITY OF SANTA FE SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ -	\$ 106,500	\$ 80,464	\$ (26,036)
Miscellaneous	-	-	635	635
Total Revenues:	-	106,500	81,099	(25,401)
Expenditures				
Parks and recreation	-	127,200	66,644	60,556
Culture and leisure	16,500	16,500	17,616	(1,116)
Total Expenditures	16,500	143,700	84,260	59,440
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,500)	(37,200)	(3,161)	34,039
Other Financing Sources (Uses):				
Transfers in	-	37,200	3,161	(34,039)
Total Other Financing Sources (Uses)	-	37,200	3,161	(34,039)
Net Change in Fund Balances	(16,500)	-	-	-
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ (16,500)	\$ -	\$ -	\$ -

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
FIRE GRANTS
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 578,208	\$ 578,208	\$ 578,208	\$ -
Total Revenues:	578,208	578,208	578,208	-
Expenditures				
Public safety	578,208	578,208	619,339	(41,131)
Total Expenditures	578,208	578,208	619,339	(41,131)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(41,131)	(41,131)
Other Financing Sources (Uses):				
Transfers in	-	-	1,711	1,711
Total Other Financing Sources (Uses)	-	-	1,711	1,711
Net Change in Fund Balances	-	-	(39,420)	(39,420)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ (39,420)	\$ (39,420)

CITY OF SANTA FE SPRINGS

BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 181,500	\$ 181,500	\$ 197,077	\$ 15,577
Total Revenues:	181,500	181,500	197,077	15,577
Other Financing Sources (Uses):				
Transfers out	(181,500)	(181,500)	(197,077)	(15,577)
Total Other Financing Sources (Uses)	(181,500)	(181,500)	(197,077)	(15,577)
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, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 108,000	\$ 108,000	\$ 155,948	\$ 47,948
Interest and rentals	-	-	1,605	1,605
Total Revenues:	108,000	108,000	157,553	49,553
Other Financing Sources (Uses):				
Transfers out	(108,000)	(108,000)	(108,000)	-
Total Other Financing Sources (Uses)	(108,000)	(108,000)	(108,000)	-
Net Change in Fund Balances	-	-	49,553	49,553
Fund Balances, Beginning of Year	49,370	49,370	49,370	-
Fund Balances, End of Year	\$ 49,370	\$ 49,370	\$ 98,923	\$ 49,553

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, 2019

	Assessment Districts	Community Facilities Assessment Districts	Totals
Assets:			
Pooled cash and investments	\$ 479,400	\$ 68,478	\$ 547,878
Receivables:			
Accounts	-	6,332	6,332
Restricted assets:			
Cash and investments with fiscal agents	171,379	-	171,379
Total Assets	\$ 650,779	\$ 74,810	\$ 725,589
Liabilities:			
Deposits payable	\$ 650,779	\$ 67,590	\$ 718,369
Due to other governments	-	7,220	7,220
Total Liabilities	\$ 650,779	\$ 74,810	\$ 725,589

CITY OF SANTA FE SPRINGS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 407,246	\$ 225,521	\$ 153,367	\$ 479,400
Restricted assets:				
Cash and investments with fiscal agents	209,082	132,026	169,729	171,379
Total Assets	\$ 616,328	\$ 357,547	\$ 323,096	\$ 650,779
Liabilities:				
Deposits payable	\$ 616,328	\$ 228,629	\$ 194,178	\$ 650,779
Total Liabilities	\$ 616,328	\$ 228,629	\$ 194,178	\$ 650,779
<u>Community Facilities Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 36,495	\$ 126,493	\$ 94,510	\$ 68,478
Receivables:				
Accounts	6,332	-	-	6,332
Due from other governments	24,763	-	24,763	-
Total Assets	\$ 67,590	\$ 126,493	\$ 119,273	\$ 74,810
Liabilities:				
Deposits payable	\$ 67,590	\$ -	\$ -	\$ 67,590
Due to other governments	-	7,220	-	7,220
Total Liabilities	\$ 67,590	\$ 7,220	\$ -	\$ 74,810
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 443,741	\$ 352,014	\$ 247,877	\$ 547,878
Receivables:				
Accounts	6,332	-	-	6,332
Due from other governments	24,763	-	24,763	-
Restricted assets:				
Cash and investments with fiscal agents	209,082	132,026	169,729	171,379
Total Assets	\$ 683,918	\$ 484,040	\$ 442,369	\$ 725,589
Liabilities:				
Deposits payable	\$ 683,918	\$ 228,629	\$ 194,178	\$ 718,369
Due to other governments	-	7,220	-	7,220
Total Liabilities	\$ 683,918	\$ 235,849	\$ 194,178	\$ 725,589

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STATISTICAL SECTION

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

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Revenue Capacity

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Debt Capacity

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Demographic and Economic Information

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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				
	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	\$ 80,697,495	\$ 73,525,440	\$ 141,935,739	\$ 159,461,487	\$ 163,745,920
Restricted	8,867,118	10,414,337	9,077,534	9,905,210	9,651,144
Unrestricted	2,627,357	12,973,592	24,344,782	27,007,854	37,672,916
Total governmental activities net position	<u>\$ 92,191,970</u>	<u>\$ 96,913,369</u>	<u>\$ 175,358,055</u>	<u>\$ 196,374,551</u>	<u>\$ 211,069,980</u>
Business-type activities:					
Net investment in capital assets	\$ 13,780,267	\$ 11,835,708	\$ 12,353,517	\$ 15,742,624	\$ 16,386,459
Restricted	-	-	-	-	-
Unrestricted	(636,433)	521,782	1,060,256	3,375,412	3,952,242
Total business-type activities net position	<u>\$ 13,143,834</u>	<u>\$ 12,357,490</u>	<u>\$ 13,413,773</u>	<u>\$ 19,118,036</u>	<u>\$ 20,338,701</u>
Primary government:					
Net investment in capital assets	\$ 94,477,762	\$ 85,361,148	\$ 154,289,256	\$ 175,204,111	\$ 180,132,379
Restricted	8,867,118	10,414,337	9,077,534	9,905,210	9,651,144
Unrestricted	1,990,924	13,495,374	25,405,038	30,383,266	41,625,158
Total primary government net position	<u>\$ 105,335,804</u>	<u>\$ 109,270,859</u>	<u>\$ 188,771,828</u>	<u>\$ 215,492,587</u>	<u>\$ 231,408,681</u>

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				
2015	2016	2017	2018	2019
\$ 163,742,164	\$ 159,942,690	\$ 158,121,201	\$ 156,001,364	\$ 154,315,020
29,208,112	32,373,440	33,145,221	32,820,873	34,775,125
(50,143,910)	(49,235,190)	(52,203,681)	(90,543,090)	(89,116,900)
<u>\$ 142,806,366</u>	<u>\$ 143,080,940</u>	<u>\$ 139,062,741</u>	<u>\$ 98,279,147</u>	<u>\$ 99,973,245</u>
\$ 15,541,573	\$ 17,182,873	\$ 17,533,898	\$ 18,890,862	\$ 18,754,383
-	-	817,087	536,194	558,184
(2,072,299)	(728,889)	331,570	(1,190,788)	(324,355)
<u>\$ 13,469,274</u>	<u>\$ 16,453,984</u>	<u>\$ 18,682,555</u>	<u>\$ 18,236,268</u>	<u>\$ 18,988,212</u>
\$ 179,283,737	\$ 177,125,563	\$ 175,655,099	\$ 174,892,226	\$ 173,069,403
29,208,112	32,373,440	33,962,308	33,357,067	35,333,309
(52,216,209)	(49,964,079)	(51,872,111)	(91,733,878)	(89,441,255)
<u>\$ 156,275,640</u>	<u>\$ 159,534,924</u>	<u>\$ 157,745,296</u>	<u>\$ 116,515,415</u>	<u>\$ 118,961,457</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses:					
Governmental activities:					
General government	\$ 3,438,268	\$ 2,163,896	\$ 3,883,766	\$ 5,773,716	\$ 5,941,165
Public safety	27,580,109	26,383,489	27,242,545	28,371,664	25,903,765
Community development	30,950,225	20,666,314	13,832,431	3,420,343	4,050,792
Public works	6,711,824	10,044,324	8,874,948	22,545,319	16,997,746
Culture and leisure	12,002,498	8,229,998	8,480,678	7,916,483	7,690,481
Human services	3,468,839	2,919,442	2,929,811	2,664,800	2,881,556
Unallocated depreciation	21,617	62,365	17,182,873	64,246	-
Interest on long-term liabilities	7,911,796	7,249,129	(728,889)	343,881	213,286
Total governmental activities expenses	92,085,176	77,718,957	81,698,163	71,100,452	63,678,791
Business-type activities:					
Water utility	9,080,895	9,737,232	10,028,948	9,738,082	10,781,780
Total primary government expenses	101,166,071	87,456,189	91,727,111	80,838,534	74,460,571
Program revenues:					
Governmental activities:					
Charges for services:					
General government	732,638	686,006	717,021	746,832	2,027,076
Public safety	2,870,405	2,773,032	2,801,311	2,792,442	2,937,252
Community development	3,758,049	3,859,883	3,137,047	4,018,338	2,460,571
Public works	291,322	308,852	336,955	260,835	756,730
Culture and leisure	1,082,696	466,019	443,425	636,462	556,566
Human services	721,334	654,912	641,003	579,073	522,881
Operating grants and contributions	5,188,053	5,172,057	6,100,535	4,714,266	3,405,177
Capital grants and contributions	2,978,733	4,851,876	6,016,364	36,562,363	18,887,861
Total governmental activities program revenues	17,623,230	18,772,637	20,193,661	50,310,611	31,554,114
Business-type activities:					
Charges for services:					
Water utility	9,168,719	9,852,607	11,748,391	13,063,973	13,139,026
Capital grants and contributions	26,667	223,673	914,585	4,002,420	632,638
Total business-type activities program revenues	9,195,386	10,076,280	12,662,976	17,066,393	13,771,664
Total primary government program revenues	26,818,616	28,848,917	32,856,637	67,377,004	45,325,778
Net revenues (expenses):					
Governmental activities	(74,461,946)	(58,946,320)	(61,504,502)	(20,789,841)	(32,124,677)
Business-type activities	114,491	339,048	2,634,028	7,328,311	2,989,884
Total net revenues (expenses)	(74,347,455)	(58,607,272)	(58,870,474)	(13,461,530)	(29,134,793)

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

Fiscal Year				
2015	2016	2017	2018	2019
\$ 5,614,730	\$ 5,692,938	\$ 6,910,410	\$ 4,251,432	\$ 6,896,856
28,215,907	31,438,552	31,961,957	34,034,478	33,932,658
3,794,506	4,020,001	4,347,313	4,116,962	2,955,522
14,269,841	9,510,398	9,160,460	17,219,492	15,558,408
7,681,363	8,103,268	9,185,643	6,982,622	6,689,566
3,133,900	3,326,615	3,190,530	2,790,840	2,000,692
-	-	-	-	-
239,719	207,917	160,610	121,322	112,477
62,949,966	62,299,689	64,916,923	69,517,148	68,146,179
10,911,725	10,056,785	10,437,631	11,192,617	11,124,404
73,861,691	72,356,474	75,354,554	80,709,765	79,270,583
1,975,162	2,067,142	2,474,664	2,038,573	2,131,444
2,985,378	3,485,203	3,191,717	3,561,042	3,433,078
1,953,691	2,558,688	2,577,415	1,723,739	1,818,544
753,510	824,258	791,941	1,046,597	757,476
533,242	516,907	609,553	453,369	624,126
520,428	450,564	409,783	311,394	39,913
2,090,135	2,414,716	2,313,540	5,261,361	4,215,071
6,801,309	596,380	708,569	3,883,123	161,836
17,612,855	12,913,858	13,077,182	18,279,198	13,181,488
12,252,452	11,445,171	12,760,330	13,491,332	12,611,914
111,777	796,442	762,739	-	-
12,364,229	12,241,613	13,523,069	13,491,332	12,611,914
29,977,084	25,155,471	26,600,251	31,770,530	25,793,402
(45,337,111)	(49,385,831)	(51,839,741)	(51,237,950)	(54,964,691)
1,452,504	2,184,828	3,085,438	2,298,715	1,487,510
(43,884,607)	(47,201,003)	(48,754,303)	(48,939,235)	(53,477,181)

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

	Fiscal Year				
	2010	2011	2012	2013	2014
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales and use taxes	\$ 19,214,299	\$ 20,254,386	\$ 22,868,333	\$ 23,655,903	\$ 26,096,479
Property taxes	34,470,314	33,167,105	11,386,328	3,150,294	3,601,771
Franchise taxes	2,524,816	2,553,493	2,499,668	2,443,761	2,779,357
Transaction and use taxes	-	-	-	-	-
Motor vehicle in lieu tax - general purpose	1,569,001	1,574,226	1,519,877	1,542,531	1,595,953
Business operations taxes	783,107	775,506	771,766	778,483	768,575
Utility users taxes	-	1,023,863	4,342,780	6,095,190	6,634,353
Other taxes	576,767	570,792	518,095	890,344	416,269
Investment income	1,699,361	2,380,810	1,988,650	1,384,050	1,416,003
Other	356,634	236,254	3,425,588	1,413,449	2,216,285
Gain (Loss) on disposal of asset	-	-	-	-	42,312
Transfers to Successor Agency	-	-	-	(1,181,525)	-
Transfers	1,712,319	1,131,284	1,582,575	1,633,857	1,597,099
Special item	-	-	-	-	-
Extraordinary gain	-	-	76,845,362	-	(2,249,862)
Total governmental activities	<u>62,906,618</u>	<u>63,667,719</u>	<u>127,749,022</u>	<u>41,806,337</u>	<u>44,914,594</u>
Business-type activities:					
Investment income	7,322	5,892	4,830	9,809	11,929
Other	-	-	-	-	107,631
Transfers	(1,712,319)	(1,131,284)	(1,582,575)	(1,633,857)	(1,597,099)
Total business-type activities	<u>(1,704,997)</u>	<u>(1,125,392)</u>	<u>(1,577,745)</u>	<u>(1,624,048)</u>	<u>(1,477,539)</u>
Total primary government	<u>61,201,621</u>	<u>62,542,327</u>	<u>126,171,277</u>	<u>40,182,289</u>	<u>43,437,055</u>
Changes in Net Position:					
Governmental activities	(11,555,328)	4,721,399	66,244,520	21,016,496	12,789,917
Business-type activities	(1,590,506)	(786,344)	1,056,283	5,704,263	1,512,345
Total primary government	<u>\$ (13,145,834)</u>	<u>\$ 3,935,055</u>	<u>\$ 67,300,803</u>	<u>\$ 26,720,759</u>	<u>\$ 14,302,262</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				
2015	2016	2017	2018	2019
\$ 26,432,547	\$ 25,518,717	\$ 25,076,235	\$ 26,093,872	\$ 28,360,308
4,088,687	3,425,637	3,949,731	4,130,663	4,587,444
2,978,360	3,034,652	2,915,926	3,180,671	3,377,884
-	-	-	-	3,044,712
1,686,499	1,716,181	1,767,500	1,863,969	1,960,317
780,747	801,658	807,702	789,379	831,717
6,836,360	6,669,155	6,406,684	6,523,816	6,517,423
567,503	531,045	522,091	628,828	564,638
1,440,422	1,807,176	1,874,492	2,189,573	4,263,013
2,692,622	2,988,717	2,269,170	675,977	1,996,198
-	-	7,318	-	-
-	-	-	-	-
1,224,700	1,073,642	1,168,892	1,163,587	1,155,135
-	-	1,055,801	-	-
19,954,190	-	-	-	-
<u>68,682,637</u>	<u>47,566,580</u>	<u>47,821,542</u>	<u>47,240,335</u>	<u>56,658,789</u>
15,849	27,006	62,836	118,561	218,248
240,554	156,955	249,189	1,791,077	201,321
(1,224,700)	(1,073,642)	(1,168,892)	(1,163,587)	(1,155,135)
<u>(968,297)</u>	<u>(889,681)</u>	<u>(856,867)</u>	<u>746,051</u>	<u>(735,566)</u>
<u>67,714,340</u>	<u>46,676,899</u>	<u>46,964,675</u>	<u>47,986,386</u>	<u>55,923,223</u>
23,345,526	(1,819,251)	(4,018,199)	(3,997,615)	1,694,098
484,207	1,295,147	2,228,571	3,044,766	751,944
<u>\$ 23,829,733</u>	<u>\$ (524,104)</u>	<u>\$ (1,789,628)</u>	<u>\$ (952,849)</u>	<u>\$ 2,446,042</u>

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

	Fiscal Year			
	2010			
General fund:				
Reserved	\$ 15,789,234			
Unreserved	7,821,085			
Total general fund	<u>\$ 23,610,319</u>			
All other governmental funds:				
Reserved	\$ 53,512,156			
Unreserved, reported in:				
Special revenue funds	1,514,867			
Debt service funds	(1,954,284)			
Capital project funds	22,540,869			
Total all other governmental funds	<u>\$ 75,613,608</u>			

	2011*	2012	2013	2014
General fund:				
Nonspendable	\$ 6,028,152	\$ 6,047,653	\$ 5,224,843	\$ 5,585,494
Restricted	1,326,532	181,532	-	98,801
Committed	1,455,318	1,455,318	225,000	225,000
Assigned	-	-	9,337,498	-
Unassigned	16,439,102	23,978,015	15,744,237	18,583,574
Total general fund	<u>\$ 25,249,104</u>	<u>\$ 31,662,518</u>	<u>\$ 30,531,578</u>	<u>\$ 24,492,869</u>
All other governmental funds:				
Nonspendable	\$ 9,148,250	\$ 7,634,198	1,018,291	5,688,704
Restricted	68,588,092	4,401,519	8,894,627	3,863,639
Assigned	-	-	4,579,545	7,794,387
Unassigned	(5,724,815)	(1,621,191)	-	(40,661)
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>

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

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

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

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

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 4,753,064	\$ 12,721,050	\$ 11,441,321	7,809,238	1,828,548
98,821	322,843	869,331	1,070,451	1,194,990
225,000	225,000	225,000	225,000	225,000
2,399,700	630,000	3,629,664	6,585,155	10,997,012
<u>20,027,817</u>	<u>21,301,702</u>	<u>21,868,047</u>	<u>21,730,547</u>	<u>22,675,644</u>
<u>\$ 27,504,402</u>	<u>\$ 35,200,595</u>	<u>\$ 38,033,363</u>	<u>37,420,391</u>	<u>36,921,194</u>
4,330,950	-	-	244,676	244,676
25,059,379	32,050,597	32,275,890	31,750,422	33,580,135
9,480,556	15,036,492	14,316,725	13,256,233	17,598,708
<u>(16,968)</u>	<u>(13,040)</u>	<u>(13,413)</u>	<u>(3,913,948)</u>	<u>(3,222,614)</u>
<u>\$ 38,853,917</u>	<u>\$ 47,074,049</u>	<u>\$ 46,579,202</u>	<u>\$ 41,337,383</u>	<u>\$ 48,200,905</u>

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

	Fiscal Year				
	2010	2011	2012 *	2013	2014
Revenues:					
Taxes	\$ 57,569,302	\$ 58,310,307	\$ 42,294,544	\$ 36,999,332	\$ 40,296,804
Licenses and permits	2,115,081	1,867,845	2,102,755	2,969,902	2,747,847
Fines, forfeitures and seizures	503,749	465,360	428,472	344,325	491,503
Interest and rentals	2,745,752	2,321,749	1,995,506	1,398,990	1,416,003
From other agencies	9,270,391	10,644,890	12,349,659	35,766,822	23,165,769
Charges for current services	5,365,282	5,292,591	5,031,896	4,965,080	5,147,329
Other	1,194,374	1,573,488	4,532,497	3,907,821	2,493,091
Total revenues	<u>78,763,931</u>	<u>80,476,230</u>	<u>68,735,329</u>	<u>86,352,272</u>	<u>75,758,346</u>
Expenditures:					
Current:					
General government	2,718,500	1,670,047	3,826,155	5,629,632	5,064,465
Public safety	26,459,351	25,439,776	33,199,540	25,846,858	25,203,933
Community development	29,453,154	19,344,105	13,434,645	3,346,701	3,991,264
Public works	4,413,626	7,563,987	5,966,489	4,240,659	4,456,233
Culture and leisure	6,886,004	7,295,141	7,604,051	7,130,910	6,974,428
Human services	3,238,862	2,731,901	2,790,524	2,481,419	2,579,037
Capital outlay	12,913,273	3,719,878	4,498,772	32,091,957	21,383,923
Loss on sale of property	-	-	-	-	-
Debt service:					
Interest	6,801,175	6,081,574	3,042,465	310,664	278,854
Principal retirement	6,962,183	7,178,400	7,295,987	789,060	983,524
Bond issuance costs	-	-	119,993	-	-
Total expenditures	<u>99,846,128</u>	<u>81,024,809</u>	<u>81,778,621</u>	<u>81,867,860</u>	<u>70,915,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,082,197)</u>	<u>(548,579)</u>	<u>(13,043,292)</u>	<u>4,484,412</u>	<u>4,842,685</u>
Other financing sources (uses):					
Proceeds (loss) from sale of assets	(64,538)	9,924	23,496	50,662	42,312
Loan issuance	470,718	596,075	-	-	-
Bond issuance	-	-	7,759,094	-	-
Contributions from successor agency	-	-	995,421	(1,181,525)	-
Transfer to private-purpose trust fund	-	-	-	-	-
Capital leases	-	-	-	-	-
Transfers in	14,483,825	23,360,976	22,577,622	6,600,367	8,805,993
Transfers out	(12,771,506)	(22,229,692)	(20,995,047)	(5,642,617)	(10,517,883)
Total other financing sources (uses)	<u>2,118,499</u>	<u>1,737,283</u>	<u>10,360,586</u>	<u>(173,113)</u>	<u>(1,669,578)</u>
Special item	-	-	-	-	-
Extraordinary loss	-	-	(52,500,881)	-	(8,408,716)
Net change in fund balances	<u>\$ (18,963,698)</u>	<u>\$ 1,188,704</u>	<u>\$ (55,183,587)</u>	<u>\$ 4,311,299</u>	<u>\$ (5,235,609)</u>
Debt service as a percentage of noncapital expenditures	15.8%	17.2%	13.5%	2.2%	2.1%

* 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				
2015	2016	2017	2018	2019
\$ 41,684,204	\$ 39,980,864	\$ 39,678,369	\$ 43,211,198	\$ 49,244,443
2,206,324	2,536,719	2,750,708	2,363,791	2,145,963
529,250	515,632	492,313	487,549	738,807
1,440,422	1,807,176	1,874,492	2,189,573	4,263,013
11,054,345	5,257,715	5,357,852	4,640,275	4,551,765
5,250,369	6,078,535	5,798,869	5,899,159	5,524,875
2,855,254	3,146,736	2,464,110	1,671,228	2,698,764
65,020,168	59,323,377	58,416,713	60,462,773	69,167,630
5,483,276	5,449,398	6,282,824	3,795,998	6,876,387
26,968,072	28,407,173	29,775,257	31,403,449	30,466,404
3,755,596	3,876,256	4,214,838	3,935,033	2,777,781
4,591,234	4,553,769	4,687,638	10,447,798	10,651,342
6,995,907	7,337,952	8,356,661	5,932,050	5,698,374
2,798,407	3,022,969	2,885,022	2,303,821	1,532,644
9,745,411	2,621,810	4,208,654	5,960,909	5,459,285
-	-	-	-	-
240,815	209,663	162,419	123,174	95,235
1,045,658	988,940	1,059,310	1,133,745	1,488,130
61,624,376	56,467,930	61,632,623	65,035,977	65,045,582
3,395,792	2,855,447	(3,215,910)	(4,573,204)	4,122,048
25,000	34,954	7,318	-	-
-	-	-	-	-
-	-	-	-	-
100,238	48,465	-	-	-
(20,000)	-	-	-	-
-	-	-	-	1,087,142
6,524,301	8,616,801	6,879,579	4,902,747	10,635,624
(4,749,901)	(8,753,473)	(2,388,867)	(3,739,160)	(9,480,489)
1,879,638	(53,253)	4,498,030	1,163,587	2,242,277
-	-	1,055,801	-	-
19,954,190	-	-	-	-
\$ 25,229,620	\$ 2,802,194	\$ 2,337,921	\$ (3,409,617)	\$ 6,364,325
2.2%	2.2%	2.1%	2.1%	2.6%

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
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%
2018	6,463,463	1,061,430	70,198	7,454,696	14,547	7,440,148	0.077%
2019	6,820,231	1,104,056	78,617	7,845,670	14,262	7,831,408	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	<u>Basic 1% Direct Tax Rate</u>		<u>Override Assessments</u>					<u>Total</u>
	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	
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
2018	0.077	0.923	0.079	0.000	0.027	0.058	0.004	1.168
2019	0.077	0.923	0.076	0.000	0.026	0.058	0.004	1.164

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 2018-19		FY 2009-10	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Golden Springs Dev Co	\$ 299,319,615	3.82%	\$ 262,457,503	4.33%
Teachers Insurance Annuity Ass	153,220,630	1.96%	68,734,381	1.14%
Ppf Industrial	151,441,529	1.93%	32,221,041	0.53%
Breitburn Operating Lp	135,545,897	1.73%	110,394,599	1.82%
Amb	128,365,374	1.64%	69,784,886	1.15%
Glc Sfs Ii Llc	126,646,304	1.62%		
Mcmaster Carr Supply Company	84,330,754	1.08%	69,987,147	1.16%
Sdco Sfs Logistics Cneter Inc.	64,764,900	0.83%		
Freeway Springs Llc	52,258,361	0.67%		
Hester Rb Llc	48,507,415	0.62%		
Western B West Ca Llc	47,556,684	0.61%		
Catellus Dev Corp	43,913,387	0.56%	57,670,217	0.95%
Shaw Industries	42,423,558	0.54%		
Centro Watt Property Owner Ii	42,336,983	0.54%	31,565,062	0.52%
Bloomfield Commerce Center Cor	41,639,948	0.53%	36,791,782	0.61%
Rexford Industrial Realty Lp	39,998,295	0.51%		
Maruichi American Corp	39,440,304	0.50%	44,681,462	0.74%
Mckesson Property Company Inc.	38,271,267	0.49%		
Carmenita Plaza Llc	38,107,170	0.49%	27,473,228	0.45%
Prologis Logistics Services	37,333,870	0.48%	25,548,835	0.42%
Heraeus Metal Processing Inc.	37,058,908	0.47%	27,820,415	0.46%
Goodman Santa Fe Springs Spe L	36,813,724	0.47%		
14141 Alondra Lp	35,430,926	0.45%	31,305,636	0.52%
Cfh Envlp Ltd. Ptnshp	34,966,458	0.45%	30,654,710	0.51%
Pr Mid Counties Llc	31,028,232	0.40%		
Legacy Partners II Santa Fe			97,056,263	1.60%
Villages At Heritage Springs			43,469,812	0.72%
Nnn Sfs Towne Center Llc			33,457,973	0.55%
Doug Fir LLC			36,537,352	0.60%
Shaw Diversified Services Inc.			31,594,291	0.52%
Gateway Santa Fe Springs Indus			69,360,000	1.15%
Vons Companies Inc			42,654,621	0.70%
Solaris Paper Inc.			32,658,325	0.54%
Oltmans Investment Company			29,968,814	0.49%
Prudential Insurance Co Of			27,226,158	0.45%
	<u>\$ 1,830,720,493</u>	<u>23.38%</u>	<u>\$ 1,371,074,513</u>	<u>22.64%</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
2010	35,553,303	33,444,853	94.07%	-	33,444,853	94.07%
2011	33,855,534	33,082,969	97.72%	-	33,082,969	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%
2018	37,721,588	36,571,390	96.95%	-	36,571,390	96.95%
2019	39,275,800	38,914,079	99.08%	-	38,914,079	99.08%

NOTE:

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

The City 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 collections in excess of the levy amount after 2011.

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

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

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
	Loans	Tax Allocation Bonds	Pension Obligation Bonds	Capitalized Lease Obligations	Total Governmental Activities	Revenue Bonds			
2010	11,717,893	135,078,706	-	-	146,796,599	7,282,040	154,078,639	45.05%	8,695
2011	8,910,568	129,859,479	-	-	138,770,047	7,102,352	145,872,399	43.51%	8,868
2012 ²	802,216	-	7,091,000	612,094	8,505,310	6,917,664	15,422,974	4.81%	934
2013 ²	503,156	-	6,601,000	612,094	7,716,250	9,282,194	16,998,444	5.11%	1,011
2014 ²	257,024	-	5,944,000	531,702	6,732,726	9,231,693	15,964,419	4.81%	966
2015 ²	-	-	5,238,000	449,068	5,687,068	9,069,544	14,756,612	3.93%	837
2016 ²	-	-	4,334,000	364,128	4,698,128	8,902,394	13,600,522	3.49%	737
2017 ²	-	-	3,362,000	276,819	3,638,819	8,725,243	12,364,062	3.06%	676
2018 ²	-	-	2,318,000	693,218	3,011,218	8,366,795	11,378,013	2.64%	621
2019 ²	-	-	1,199,000	905,085	2,104,085	8,177,762	10,281,847	2.27%	563

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.

² Loans and Tax Allocation Bonds related to the dissolved redevelopment agency were transferred to the Successor Agency and are reported in the private purpose trust fund as of July 1, 2011.

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

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

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value¹	Per Capita
	Tax Allocation Bonds	Pension Obligation Bonds	Total General Bonded Debt		
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
2018 ²	-	2,318,000	2,318,000	0.03%	126
2019 ²	-	1,199,000	1,199,000	0.02%	66

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, 2019

2018-19 Assessed Valuation: \$7,851,781,183

	Total Debt 6/30/19	% Applicable (1)	City's Share of Debt 6/30/19
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 48,050,000	0.269%	\$ 129,255
Cerritos Community College District	413,451,990	4.604	19,035,330
Rio Hondo Community College District	131,932,824	14.581	19,237,125
Whittier Union High School District	106,243,592	22.805	24,228,851
ABC Unified School District	26,476,267	2.762	731,274
Norwalk-La Mirada Unified School District	177,428,832	13.580	24,094,835
Little Lake City School District	38,189,901	58.579	22,371,262
Los Nietos School District	30,940,132	64.994	20,109,229
South Whittier School District	32,940,000	46.456	15,302,606
Whittier City School District	68,100,000	0.436	296,916
City of Santa Fe Springs Heritage Springs Assessment District	1,485,000	100.	1,485,000
Los Angeles County Regional Park and Open Space Assessment District	13,620,000	0.517	70,415
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$147,092,098
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$2,153,701,630	0.517%	\$11,134,637
Los Angeles County Superintendent of Schools Certificates of Participation	5,827,868	0.517	30,130
Norwalk-La Mirada Unified School District Certificates of Participation	2,770,165	13.580	376,188
Whittier City School District Certificates of Participation	9,710,000	0.436	42,336
City of Santa Fe Springs Pension Obligation Bonds	1,199,000	100.	1,199,000
City of Santa Fe Springs Capital Lease Obligations	905,085	100.	905,085
Los Angeles County Sanitation District No. 18 Authority	4,832,260	18.794	908,175
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$14,595,551
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$50,478,493	100. %	\$50,478,493
TOTAL DIRECT DEBT			\$2,104,085
TOTAL OVERLAPPING DEBT			\$210,062,057
COMBINED TOTAL DEBT			\$212,166,142 (2)

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

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....1.87%
Total Direct Debt (\$2,104,085).....0.02%
Combined Total Debt2.69%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$4,156,993,335):

Total Overlapping Tax Increment Debt1.21%

AB:(\$500)

CITY OF SANTA FE SPRINGS

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2010	2011	2012	2013
Assessed valuation	\$ 6,045,200,975	\$ 6,002,303,665	\$ 6,042,251,000	\$ 6,206,250,000
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,511,300,244	1,500,575,916	1,510,562,750	1,551,562,500
Debt limit percentage	15%	15%	15%	15%
Debt limit	226,695,037	225,086,387	226,584,413	232,734,375
Total net debt applicable to the limit:				
General obligation bonds ¹			7,091,000	6,601,000
Legal Debt Margin	<u>\$ 226,695,037</u>	<u>\$ 225,086,387</u>	<u>\$ 219,493,413</u>	<u>\$ 226,133,375</u>
Total debt applicable to the limit				
as a percentage of debt limit	0.0%	0.0%	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			
	2014	2015	2016	2017
Assessed valuation	\$ 6,389,364,000	\$ 6,754,513,000	\$ 6,874,971,507	\$ 7,078,133,887
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,597,341,000	1,688,628,250	1,718,742,877	1,769,533,472
Debt limit percentage	15%	15%	15%	15%
Debt limit	239,601,150	253,294,238	257,811,432	265,430,021
Total net debt applicable to the limit:				
General obligation bonds ¹	<u>5,944,000</u>	<u>5,238,000</u>	<u>4,334,000</u>	<u>3,362,000</u>
Legal Debt Margin	<u>\$ 233,657,150</u>	<u>\$ 248,056,238</u>	<u>\$ 253,477,432</u>	<u>\$ 262,068,021</u>
Total debt applicable to the limit				
as a percentage of debt limit	2.5%	2.1%	1.7%	1.3%

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	
	2018	2019
Assessed valuation	\$ 7,446,116,929	\$ 7,831,408,399
Conversion percentage	25%	25%
Adjusted assessed valuation	1,861,529,232	1,957,852,100
Debt limit percentage	15%	15%
Debt limit	279,229,385	293,677,815
Total net debt applicable to the limit:		
General obligation bonds ¹	2,318,000	1,199,000
Legal Debt Margin	<u>\$ 276,911,385</u>	<u>\$ 292,478,815</u>
Total debt applicable to the limit		
as a percentage of debt limit	0.8%	0.4%

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	
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
2018	15,282,409	10,181,577	5,100,832	180,000	347,800	9.66
2019	12,936,754	10,173,874	2,762,880	195,000	325,379	5.31

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	
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	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-

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
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%
2018	18,335	431,061	23,510	2.2%
2019	18,261	452,842	24,798	2.5%

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 2018-19		FY 2009-10	
Employer	Number of Employees	Percent of Total Employment	Number of Employees *	Percent of Total Employment *
McMaster Carr Supply Company	692	1.50%	644	1.66%
L. A. Specialty Produce Company	549	1.19%	356	0.92%
Fashtion Nova, Inc.	431	0.93%		
Trojan Battery Company LLC	402	0.87%	289	0.75%
Southern Wine and Spirits	396	0.86%	339	0.88%
7-Eleven Distribution Company	387	0.84%		
Harbor Distributing, LLC	342	0.74%		
PACTIV LLC	327	0.71%		
Shaw Diversified Services, Inc.	308	0.67%	379	0.98%
FedeEx Ground Package System In	299	0.65%		
The Vons Companies, Inc.			858	2.22%
Presto Food Products, Inc.			492	1.27%
Motran Services, Inc.			321	0.83%
Wal-Mart			300	0.77%
Vance and Hines, Inc.			283	0.73%
	<u>4,133</u>	<u>7.46%</u>	<u>4,261</u>	<u>11.00%</u>

NOTE:

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

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government	41	39	38	36	37	39	38	38	37	39
Public Safety	84	87	72	68	79	83	83	76	73	70
Public Works	61	56	50	50	57	54	56	58	57	55
Planning and Community Development	21	19	7	4	4	6	7	7	6	7
Community Services - Administration	0	0	0	1	1	1	4	4	4	4
Community Services - Parks and Recreation	94	103	88	64	75	88	88	106	108	93
Community Services - Library Services	24	23	23	16	14	17	22	20	22	23
Community Services - Human Services	<u>46</u>	<u>40</u>	<u>42</u>	<u>41</u>	<u>48</u>	<u>48</u>	<u>54</u>	<u>50</u>	<u>39</u>	<u>32</u>
Total	<u>371</u>	<u>367</u>	<u>320</u>	<u>280</u>	<u>315</u>	<u>336</u>	<u>352</u>	<u>359</u>	<u>346</u>	<u>323</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire:										
Number of emergency calls	3,027	2,945	2,963	3,166	3,260	3,439	3,928	3,961	3,835	3,732
Inspections	2,573	2,645	2,255	3,793	2,864	3,325	2,428	1,702	1,598	1,798
Public works:										
Street resurfacing (miles)	2	2.5	2	3	5	3	1.5	1	2	1.5
Parks and recreation:										
Number of recreation classes	401	412	362	289	425	368	335	309	393	356
**Number of facility rentals	1,196	1,259	2,710	2,536	2,605	3,038	3,822	3,791	4,323	4,073
Human services:										
Children served in the City's childcare centers	463	426	371	306	296	286	807	1,006	266	0 ***
Number of facility rentals	452	73 *	42 *	51 *	528	333	305	536	878	983
Number of Older Adult Gym Usage								1,500	4,476	4,895
Number of Older Adult classes								40	40	42
Estimated No. of Congregate Meals								12,000	10,002	11,700
Water:										
Average daily consumption (thousands of gallons)	5,526	5,593	5,743	5,915	5,197	5,207	5,580	5,073	5,615	5,379

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.)

*** This number has reduced significantly due to no longer partnering with Child care for summer camp.

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	75	75	75	75	75	75	81	81	81	81
Streetlights	2,960	2,960	2,960	2,960	2,960	2,960	3,174	3,140	3,140	3,140
Parks and recreation:										
**Parks/Fields	10	10	10	11	11	11	11	11	11	9
**Community services facilities	6	6	6	6	4	4	4	4	4	4
Human services:										
Child care centers	3	3	3	3	3	3	3	3	3	0
Community services facilities	1	1	1	2	2	1	1	1	1	3
Library Services:										
Library facilities	2	2	2	2	2	2	2	2	2	2
Water:										
Water mains (miles)	107	107	107	107	107	107	108	108	108	108
Number of service connection	6,308	6,368	6,332	6,156	6,150	6,330	6,335	6,402	6,509	6,731

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