Fiscal Year 2011-2012

Comprehensive Annual Financial Report

City of Santa Fe Springs, CA

July 1, 2011 to June 30, 2012

Comprehensive Annual Financial Report

City of Santa Fe Springs, CA
Year Ended June 30, 2012

CITY OF
SANTA FE SPRINGS

City Council
Richard J. Moore, Mayor
Juanita Trujillo, Mayor Pro-Tem
Luis M. González, Councilmember
Laurie Rios, Councilmember
William K. Rounds, Councilmember

Planning Commission
Frank Ibarra
Susie Johnston
Michael Madrigal
James Velasco
Manuel Zavallos

Traffic Commission
Greg Berg
Sally Gaitan
Ruben Madrid
Lillian Puentes
Ted Radoumis

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

Prepared by:
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Donna Mack, Accountant
Erlinda Gutierrez, Accountant

CITY OF
SANTA FE SPRINGS

CITY OF SANTA FE SPRINGS
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Table of Contents

Page

INTRODUCTORY SECTION

Letter of Transmittal i
Organization Chart xii
GFOA Certificate of Achievement for Excellence in Financial Reporting xiii

FINANCIAL SECTION

Independent Auditor's Report 1
Management's Discussion and Analysis (Required Supplementary Information - Unaudited) 3

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements
- Statement of Net Assets 13
- Statement of Activities 14

Fund Financial Statements
- Balance Sheet - Governmental Funds 16
- Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets 18
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 20
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 22
- Statement of Net Assets - Enterprise Fund (Water Utility) 23
- Statement of Revenues, Expenses and Changes in Net Assets - Enterprise Fund (Water Utility) 24
- Statement of Cash Flows - Enterprise Fund (Water Utility) 25
- Statement of Fiduciary Net Assets 26
- Statement of Changes in Fiduciary Net Assets 27

Notes to Financial Statements 29

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Schedule of Funding Progress for Public Employees Retirement System 70
Schedule of Funding Progress for Postemployment Benefits 70
Budgetary Comparison Schedule - General Fund 71
Budgetary Comparison Schedule –
Low and Moderate Income Housing Assets Special Revenue Fund 72
Note to Required Supplementary Information 73

CITY OF SANTA FE SPRINGS
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Table of Contents (Continued)

Page

SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule –
Consolidated Redevelopment Project Debt Service Fund 74
Budgetary Comparison Schedule –
Washington Boulevard Redevelopment Project Debt Service Fund 75

SUPPLEMENTARY INFORMATION (Continued)

Nonmajor Governmental Funds
Combining Balance Sheet 80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 84

Budgetary Comparison Schedules
Community Development Block Grant Special Revenue Fund 88
Low and Moderate Income Housing Special Revenue Fund 89

Fiduciary Funds
Combining Statement of Assets and Liabilities – Agency Funds 91
Combining Statement of Changes in Assets and Liabilities - Agency Funds 92

STATISTICAL SECTION (Unaudited)

Net Assets by Component 96
Changes in Net Assets 98
Fund Balances of Governmental Funds 102
Changes in Fund Balances of Governmental Funds 104
Assessed Estimated Actual Value of Taxable Property 106
Direct and Overlapping Property Tax Rates 107
Principal Property Tax Payers 108
Property Tax Levies and Collections 109
Ratios of Outstanding Debt by Type 110
Ratio of General Bonded Debt Outstanding 111
Direct and Overlapping Debt 112
Legal Debt Margin Information 114
Pledged – Revenue Coverage 116
Demographic and Economic Statistics 118
Principal Employers 119
Full-Time and Part-Time City Employees by Function 120
Operating Indicators by Function 121
Capital Asset Statistics by Function 122

City of Santa Fe Springs

Introduction Section

CITY OF
SANTA FE SPRINGS
11710 Telegraph Road · CA · 90670-3679 · (562) 868-0511 · Fax (562) 868-7112 · www.santafesprings.org
"A great place to live, work, and play"

February 28, 2013

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

Introduction

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

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

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

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

Introduction (cont.)

As a recipient of federal funds, the City of Santa Fe Springs is required to undergo an annual single audit. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

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

Accounting System and Budgetary Control

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

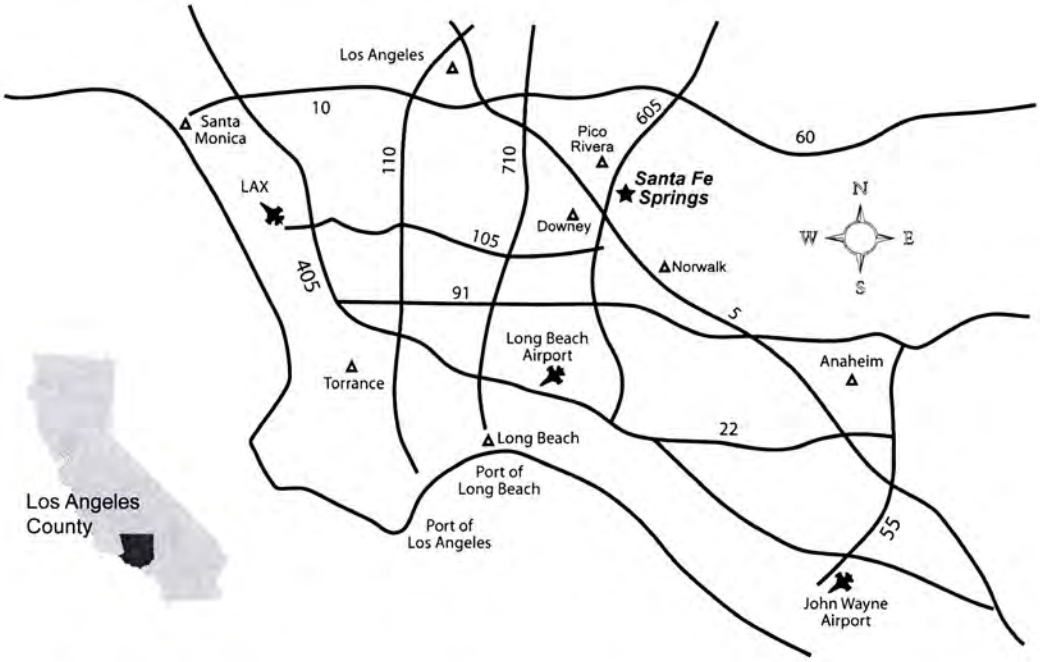
(1) The safeguarding of assets against loss from unauthorized use or disposition; and
(2) The reliability of financial records for preparing financial statements and maintaining accountability for assets.

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

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

Profile and Government Structure

The urban development of Santa Fe Springs began in the early 1950's as the result of a planned effort by a coalition of business community members and local residents. During the ensuing years, community pressures resulted in the incorporation of the City on May 15, 1957. The new City covered 4.9 square miles with a population of 11,787. The City of Santa Fe Springs now encompasses nine square miles, with about 84% of the land zoned for commercial and industrial use. The City's population is approximately 16,500; however, the daytime population is estimated at 95,000.



The City of Santa Fe Springs operates as a general law city under the council-manager form of government. Five City Council members are elected at-large for alternating four-year terms. The Mayor is selected annually from among the five members of the City Council. The City Council is responsible for the City's ordinances, operating resolutions, budget adoption and appointment of committee members. Overall, there are 14 standing committees, boards and commissions that provide input to the City Council. Among these are the Planning Commission and the Traffic Commission. The City Manager is responsible for administering the policies and directives approved by the City Council. The City Manager appoints the Executive Management Team, which is comprised of the Assistant City Manager/Director of Finance & Administrative Services, Fire Chief, Director of Community Services, Director of Planning, Director of Police Services, and Director of Public Works.

Local Economic Outlook

The City of Santa Fe Springs is strategically located in southeast Los Angeles County with access to major seaports, airports and transportation corridors. With the vast majority of the City zoned for commercial and industrial use, Santa Fe Springs has historically experienced strong development and redevelopment activity in the community. Economically, Fiscal Year 2011-12, witnessed a modest increase in sales tax revenue, local development and building activity.

The City's primary revenue source, sales and use taxes, rose for a second consecutive year after declining sharply during prior years. Historically, its impact has been notable as it accounts for the vast majority of the City's General Fund revenues. Despite largely positive indicators, the State's elimination of redevelopment greatly overshadowed other encouraging news during the fiscal year. It not only had an immediate and monumental impact on the City's finances and operations, but will also have a lasting effect as it greatly limits the City's ability to address economic development and infrastructure needs.

Going forward, the voter-approved addition of the Utility Users Tax (UUT) will take on a more prominent role. It will help diversify and significantly supplement the City's revenue stream into the future. The initial 3.5% UUT established by the City was increased to 5%, with the increment earmarked toward capital improvement projects.

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

Accomplishments & Outlook (cont.)

bonds. Public safety is the highest priority in the community as evidenced by the continued financial commitment provided to both Fire and Police Services.

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

Fire-Rescue Department

The Fire-Rescue Department is comprised of 57 members working from four fire stations providing not only the traditional services of fire suppression, hazardous materials response, fire prevention and emergency medical services, but also a full-service Environmental Protection Division. The environmental protection and response components are considered model systems in the State of California. The City's status as a Certified Unified Program Agency (CUPA) makes Santa Fe Springs a "one stop shop" for administering all the hazardous materials, hazardous waste and tank programs in the City. The State has long held the City's CUPA as one of the best programs in the State. The Fire-Rescue Department currently staffs a Regional Urban Search and Rescue Team designated at the highest level as a "Heavy" team by OES. Fire-Rescue also staffs a Type I Hazardous Materials Response Team with all staff trained to Haz-Mat Specialist level. The City is one of only twenty Hazardous Material Teams in the state certified as a Type I Team and qualified to mitigate emergencies involving acts of terrorism and weapons of mass destruction. On January 19th, the Fire-Rescue Department, in partnership with Rio Hondo College, held the Grand Opening for the Regional Homeland Security Training Center located next to the Headquarters Fire Station. This state-of-the-art facility was built from grant funds for the purpose of local fire and police agencies to increase awareness and training regarding terrorist activity including building collapse, hazardous materials, rail car incidents, confined space, trench rescue, etc. In 2012, the Fire-Rescue Department applied for and has received over $434,000 in Homeland Security grant funding. This funding supports the purchases of equipment and training for the Homeland Regional Training Center, the City's Type I Hazardous Materials Team and the City's Urban Search and Rescue Team. The department continues to provide vehicle maintenance to the Compton Fire Department and the Rio-Hondo Fire Academy.

Department of Police Services

The Department of Police Services oversees the City's community-based approach to law enforcement which blends contract Whittier Police Department officers and City public safety officers. Together, this team works out of the City-owned 8,000 square foot Police Services Center providing dedicated police and municipal code enforcement services. The

Accomplishments & Outlook (cont.)

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

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

In addition, the City continued its partnership with the Whittier Union High School District to provide a uniformed and armed school resource police office at the local high school. The department continues to utilize the latest technology available to enhance and more efficiently deploy public safety personnel.

Department of Public Works

The City's Department of Public Works is responsible for efficiently developing, constructing and maintaining the City's infrastructure, including parks and facilities, in a safe and environmentally sensitive manner for the enhancement of the community. This encompasses routine maintenance items as well as responding to numerous citizen requests for service. The City prides itself in having functional and well-maintained infrastructure, parks and facilities. The Department also continues to provide traffic signal maintenance for five neighboring cities. Additionally, the Public Works Department administers the Capital Improvement Program through a combination of in-house engineering staff and professional engineering consultants. During Fiscal Year 2011-12, the Department coordinated a multitude of public works projects including residential resurfacing, park playground and City facility building improvements, median improvements and water system improvements.

Department of Planning and Development

The City's Department of Planning is responsible for the orderly development and redevelopment of the City. This is accomplished by utilizing high-quality standards for the preservation and development of residential, commercial and industrial areas of the City. Despite the national construction slowdown trend, in Fiscal Year 2011-12, the department issued 1,147 permits with a valuation of $128,162,761, which is an increase of $68,162,761 or 113.6 % from the prior fiscal year.

Staff also presented 80 entitlements to the Planning Commission for approval. Entitlements include, but are not limited to, development plan approval, conditional use permits, zone variances, general plan

Accomplishments & Outlook (cont.)

amendments, zone changes, modifications, tentative parcel maps and code amendments.

These entitlements included 999,959 square feet of industrial space, 7,340 square feet of commercial space and 107,384 square feet of residential space.

The State's dissolution of redevelopment, effective February 1, 2012, had a devastating effect on the City. As a result, the City terminated its housing division, and discontinued its Home Improvement Rebate program, Home Repair program and its Home Acquisition and Rehabilitation program (HARP). Prior to the termination, the Department of Planning, through its housing division, was still able to provide 110 rebates totaling approximately $97,562 through the City's Home Improvement Rebate program. The rebate program leveraged the City's contribution of housing funds resulting in the investment by homeowners of approximately $388,193 in new home improvements to preserve and improve the housing stock in the City. Under the City's Home Repair Program, benefitting low-income homeowners, over 149 homes were repaired.

Department of Community Services

One of the City departments that has the most direct impact upon the residents is the Department of Community Services. It includes the following divisions: Parks and Recreation Services, Library and Cultural Services, and Family and Human Services. Programs available to City residents, as well as business residents, range from social, recreational, cultural, and childcare services. During the year, there were several significant accomplishments:

- The Library had a very successful year. We added eBooks to our catalog and started circulating Nook eReaders. As a testament to the library's popularity in the community: over 140,000 people visited the library during the past fiscal year, and our patrons checked out 120,000 items. In addition, over 30,000 patrons used the public access computers. First Fridays, Novel Idea, Children's Story Time, Baby Boogie and the Summer Reading Program continue to resonate with patrons. The Library, since its renovation, has become a welcoming destination, beckoning residents to use and enjoy our many resources.
- The Library's afterschool reading tutorial (Reading Club), and ELLI (English Language and Literacy Intensive school outreach program) students received over 10,320 hours of instruction. More than 2,950 books were distributed to adults and children.
- The Art in Public Places program relocated and rededicated three pieces of artwork (*Dancing Gabrieleños, Water Trails* and *Fish Tails & Paint Pails*) and completed and dedicated the Karen Koblitz *Tribute to Cesar Chavez* in the Library Garden.

Accomplishments & Outlook (cont.)

- The jewel of Santa Fe Springs, Heritage Park, entertained over 65,000 visitors.
- The City of Santa Fe Springs was recognized as a Playful City USA in May 2012, a national recognition program honoring cities and towns.
- Over 1,000 costumed participants enjoyed the Halloween Carnival, with over 3,000 participants entering the haunted house.
- Over 1,200 eager egg hunters participated in the Annual Easter Egg Hunt.
- The Santa's Float Program ventured throughout the neighborhoods spreading holiday cheer to families everywhere. This year Santa visited with over 6,000 visitors.
- The Aquatics Program was streamlined during the summer to reduce costs but continue providing high quality services. Over 8,000 participants visit the Aquatic Center throughout the summer.
- The Summer Day Camp Program attracted over 400 Kindergarten through 7th grade children over the summer. The program is designed to provide the children with well planned special events and activities. Some exciting adventures included rock climbing, kayak and sailing lessons, adventure parks, and water activities.
- The Youth Sports Program reached over 700 young children and teens over the course of the year. Children were exposed to the fundamentals of sports, team sportsmanship, and recreational games.
- The Adult Sports Program hosted 3 seasons of competitive Adult Men and Coed softball leagues. Over 120 teams participated over the course of the year.
- Recreational Class Program offers instruction and supervision for activities for youth and adults 4 times a year. Over 200 classes are offered with approximately 2,000 participants.
- The senior center at the Gus Velasco Neighborhood Center saw over 39,000 older adult visitors.
- The Case Management Services section provided needy families with over $25,000 in rental and financial assistance. Case Management Services also provided over $35,000 in utility assistance through the Edison Rate Relief Program and the Home Energy Assistance Program (HEAP). There are income eligibility requirements for this program.
- Case Workers provided an array of services to over 3,800 clients.
- The Family and Human Services (FHS) Division provided social work internships to both undergraduate and graduate students at local colleges who in turn provided case management services to community residents at no cost to the City.
- The FHS Division oversees the T.E.E.N.S. (Teens Empowered and Engaged in Neighborhood Service) program. This program recognizes and supports the achievements, successes and potential of our city's youth. This uniquely designed research based program model utilizes the power of the peer group to facilitate healthy relationships, pro-social behaviors and goal setting that elicit successful outcomes for the City's most vulnerable youth. This past year, our professionally trained

Accomplishments & Outlook (cont.)

and educated social services staff coordinated a variety of mentoring and leadership opportunities as well as service oriented projects for over 450 of our City teenagers. The program encourages youth to give back to their community. Such events included the Easter Egg Hunt, Kids Day, Hawaiian Expo, Pow Wow, Art Camp, Las Posadas and summer concerts at the park.

- Fiestas Patrias, a well known community event attended by over 3,000 people, celebrated its 44th anniversary in 2011.
- The new Community Voicemail program (CVM), partnered with the Weingart Center Association, to provide 20 free voicemail services to clients who do not have a telephone.
- The FHS Division's annual Neighborly Elf Christmas Basket Program provided over 200 needy families an abundant food basket and toys during the holiday season. The FHS Division also provided over 100 food baskets to needy families during the Thanksgiving holiday.
- The Volunteer Income Tax Assistance (VITA) Program, offering free tax preparation to low income residents, prepared 290 income tax returns resulting in more than $490,500 in tax refunds.
- The Preschool and Child Care Programs provided affordable, quality educational enrichment and child care services to over 225 City resident families and approximately 50 industrial resident families.

City Manager

The City's overall administrative function falls under the auspices of the City Manager, who also serves as the head of the City's economic development team. The City Manager's Office also encompasses: the City Clerk functions; Human Resources; Transportation Services; and, Solid Waste Management and Recycling programs.

Fiscal Year 2011-12 presented the City with monumental fiscal and organizational challenges, particularly stemming from the elimination of Redevelopment Agency. Much of the City Manager's Office time focused on developing and administering the budget modifications that were necessary to contend with significant impact that redevelopment's elimination had on the City's budgets.

The City's workforce was reduced significantly through retirements and layoffs, which necessitated tremendous involvement by our Human Resources staff. In addition, working with the various affected departments, the entire City Manager's Office dealt with the resultant organizational restructuring that the workforce reductions engendered.

Other areas of focus during Fiscal Year 2011-12 included:

- Led benefit/pension dialogue with employee groups and subsequent implementation of negotiated benefit modifications.
- Oversaw achievement of AB 939 Waste Diversion Goal.
- Worked with City Council to Begin City Strategic Planning Process.

Accomplishments & Outlook (cont.)

- Worked with City Attorney to develop and implement strategy for dealing with unpermitted Medical Marijuana Dispensaries.

Department of Finance and Administrative Services

The multi-faceted Department of Finance and Administrative Services works very closely with the City Manager's office. The department is responsible for a number of activities, including managing and safeguarding financial resources in accordance with specific principles and practices, fostering a positive image of the City, and administering information technology and risk management functions. Among the department's activities during the year were preparing a balanced budget, working to modify the organization after the elimination of redevelopment, negotiating significant labor agreements, and developing and implementing pension reform measures. Additionally, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Fe Springs for its comprehensive annual financial report for the prior fiscal year. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. The current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and is being submitted to the GFOA to determine its eligibility for another certificate. The City has consistently received the GFOA award over the last several decades.

Long-Term Financial Planning

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

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

Debt Administration

At June 30, 2012, the City of Santa Fe Springs oversees ten outstanding bond issues comprised of: five Consolidated Redevelopment Project tax-exempt tax allocation issues, one Consolidated Redevelopment Project taxable tax allocation bond issue, two City water revenue bonds, one taxable pension obligation bond, and a special assessment district bond. Included in the above are the three most recent bonds the Commission issued during FY 2006-07: $27.7 million in Tax Allocation Bonds (2006 Series A), $18.8 million in Taxable Tax Allocation Bonds (2006 Series B), and $43 million in Tax Allocation Refunding Bonds (2007 Series A).

The City works closely with public financial professionals to monitor opportunities to effectively administer the outstanding debt in a fluid public finance market. More detailed information about the debt is contained in the Management's Discussion and Analysis and in the Notes to Financial Statements. Over the years, the City and Community Development Commission have worked well together in taking actions that are mutually beneficial.

Acknowledgements

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

Thaddeus McCormack
City Manager

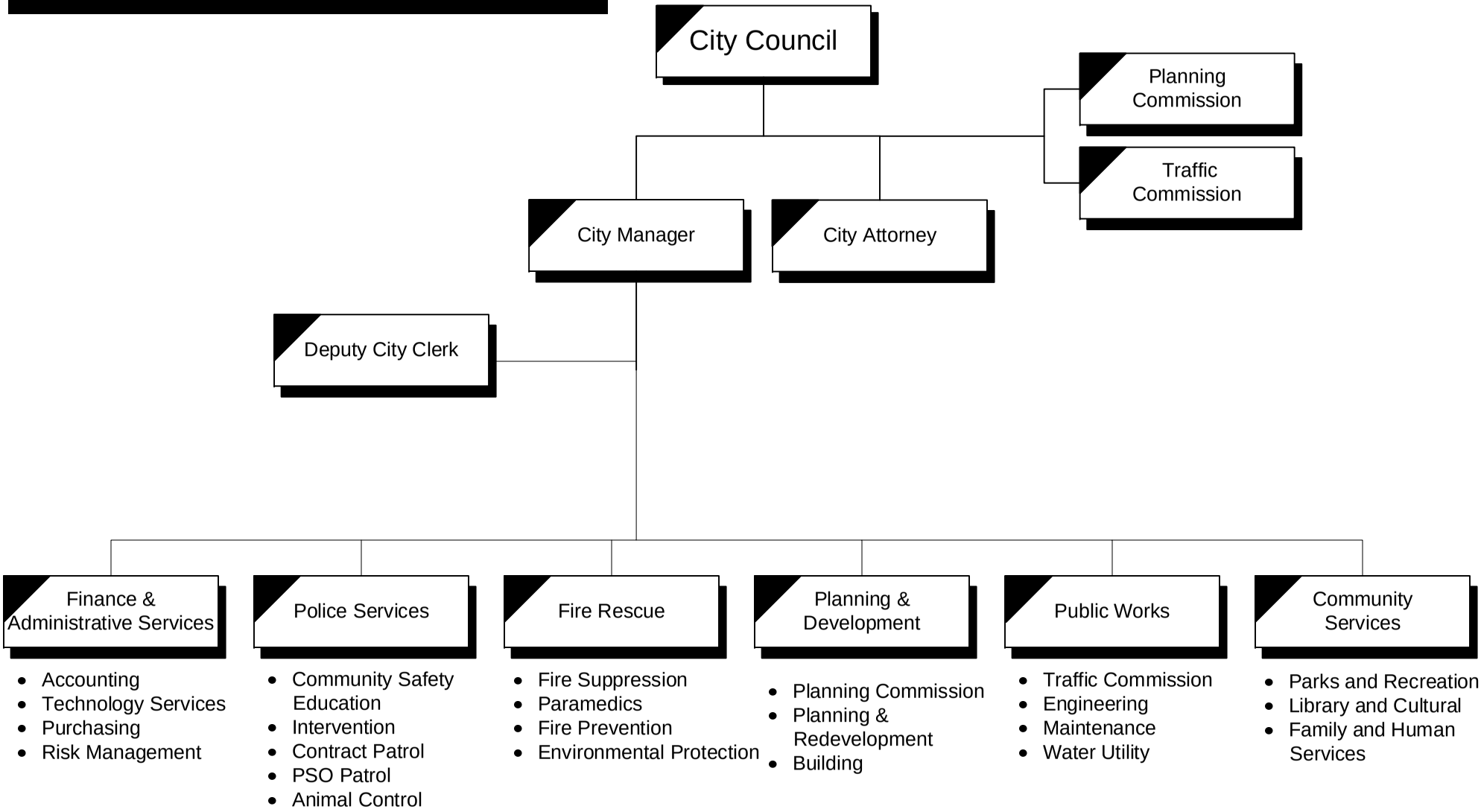
Jose Gomez
Assistant City Manager / Director of Finance and Administrative Services

Travis Hickey
Assistant Director of Finance and Administrative Services

CITY OF
SANTA FE SPRINGS

Organizational Chart

City of Santa Fe Springs



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of Santa Fe Springs

Financial Section

MGO Certified Public Accountants.

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Sacramento

Walnut Creek

Oakland

LA/Century City

San Diego

Seattle

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Fe Springs, California (City), as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 22 to the basic financial statements, the California State Legislature enacted legislation that dissolved redevelopment agencies in the State of California as of February 1, 2012. On February 1, 2012, the City, as the Successor Agency to the Community Development Commission of the City of Santa Fe Springs, became responsible for overseeing the dissolution process and the wind down of redevelopment activity.

As discussed in Note 22 to the basic financial statements, loans of $7.1 million due to the City from the Successor Agency are considered "interagency loans" and will only be considered eligible for repayment beginning in the fiscal year ending June 30, 2014, subject to annual limitations, once the California Department of Finance issues a "finding of completion". A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. Successor Agency management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency are valid enforceable obligations payable by the Successor Agency trust under the requirements of the redevelopment dissolution law. The Successor Agency's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information identified in the accompanying table of contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules in the supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Macias Gini & O'Connell LLP

Newport Beach, California
February 28, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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, 2012. This should be read in conjunction with the transmittal letter that can be found in the introductory section of this report and with the City's financial statements, which follow this discussion.

Financial Highlights

- The City's total net assets increased over the course of the fiscal year by $79,500,969 to $188,771,828. The governmental net assets increased by $78,444,686 or 80.9%, and the business-type net assets increased by $1,056,283 or 8.5%.

- 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. This resulted in a one-time extraordinary gain of $76,845,362 in the governmental activities.

- The general fund, on the current financial resources basis, reported an increase in fund balance of $6,413,414 resulting primarily from revenues exceeding budget estimates, containing costs, and conservative budgeting related to the impact of the dissolution of the redevelopment agency on the general fund.

Overview of the Financial Statements

This annual report consists of five parts: 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. In time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The City's Water Utility operates as a proprietary fund and is reported as a 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.

- 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 major special revenue funds and the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. In addition to these required elements, we have included supplementary statements and schedules that provide details about our nonmajor governmental funds.

Financial Analysis of the Government-wide Statements

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

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

Summary of Net Assets
June 30, 2011 and 2012
(in millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	
Current and other assets	$ 109.4	$ 59.5	$ 3.7	$ 4.8	$ 113.1	$ 64.3	-43.1%
Capital assets	144.3	142.7	17.2	17.6	161.5	160.3	-0.7%
Total assets	253.7	202.2	20.9	22.4	274.6	224.6	-18.2%
Long-term liabilities	146.5	15.9	7.5	7.2	154.0	23.1	-85.0%
Other liabilities	10.3	10.9	1.1	1.8	11.4	12.7	11.4%
Total liabilities	156.8	26.8	8.6	9.0	165.4	35.8	-78.4%
Net assets							
Investement in capital assets, net of related debt	73.5	141.9	11.9	12.3	85.4	154.2	80.6%
Restrcited	10.4	9.1	-	-	10.4	9.1	-12.5%
Unrestricted	13.0	24.3	0.5	1.1	13.5	25.4	88.1%
Total	$ 96.9	$ 175.3	$ 12.4	$ 13.4	$ 109.3	$ 188.7	72.6%

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Santa Fe Springs, assets exceed liabilities by $188.7 million at the close of the fiscal year. The largest portion of the City's net assets, 81.8%, is invested in capital assets, net of related debt. Approximately 13.4% of the City's net assets are unrestricted as to use.

During the fiscal year, the City's net assets increased by $79,500,969. This was primarily the result of recording an extraordinary gain of $76.8 million related to the dissolution of the former redevelopment agency and transfers of related assets and liabilities to the Successor Agency fiduciary fund.

Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2012
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2011	2012	2011	2012	2011	2012	
Revenues							
Program revenues:							
Charges for services	$ 8.7	$ 8.1	$ 9.9	$ 11.7	$ 18.6	$ 19.8	6.5%
Operating grants and contributions	5.2	6.1	-	-	5.2	6.1	17.3%
Capital grants and contributions	4.8	6.0	0.2	0.9	5.0	6.9	38.0%
General revenues:							
Sales and use taxes	20.3	22.9	-	-	20.3	22.9	12.8%
Property taxes	33.2	11.4	-	-	33.2	11.4	-65.7%
Franchise taxes	2.5	2.5	-	-	2.5	2.5	0.0%
Motor vehicle in lieu	1.6	1.5	-	-	1.6	1.5	-6.3%
Business operations taxes	0.8	0.8	-	-	0.8	0.8	0.0%
Utility users taxes	1.0	4.3	-	-	1.0	4.3	330.0%
Other taxes	0.6	0.5	-	-	0.6	0.5	-16.7%
Investment income	2.4	2.0	-	-	2.4	2.0	-16.7%
Other	0.2	3.4	-	-	0.2	3.4	1600.0%
Total revenues	81.3	69.5	10.1	12.6	91.4	82.1	-10.2%
Expenses							
Governmental activities:							
General government	2.2	3.9	-	-	2.2	3.9	77.3%
Public safety	26.4	27.3	-	-	26.4	27.3	3.4%
Community development	20.7	13.8	-	-	20.7	13.8	-33.3%
Transportation	10.0	8.9	-	-	10.0	8.9	-11.0%
Culture and leisure	8.2	8.5	-	-	8.2	8.5	3.7%
Human services	2.9	2.9	-	-	2.9	2.9	0.0%
Interest on long-term debt	7.3	4.2	-	-	7.3	4.2	-42.5%
Business-type activities:							
Water	-	-	9.7	10.0	9.7	10.0	3.1%
Total expenses	77.7	69.5	9.7	10.0	87.4	79.5	-9.0%
Excess (deficiency) before transfers and extraordinary gain	3.6	-	0.4	2.6	4.0	2.6	-35.0%
Transfers	1.1	1.6	(1.1)	(1.6)	-	-	
Extraordinary gain	-	76.8	-	-	-	76.8	
Increase (decrease) in net assets	4.7	78.4	(0.7)	1.0	4.0	79.4	1885.0%
Net assets - beginning	92.2	96.9	13.1	12.4	105.3	109.3	3.8%
Net assets - ending	$ 96.9	$175.3	$ 12.4	$ 13.4	$109.3	$188.7	72.6%

The City's total revenues were $82.1 million for the fiscal year ended June 30, 2012. Revenues from governmental activities totaled $69.5 million and revenues from business-type activities totaled $12.6 million. Program revenues comprise 40.0% of total revenues with the largest portion of this, $19.8 million, resulting from charges for services. Sales and use taxes comprise 27.9% of total revenues and 46.5% of general revenues. Property taxes decreased from 36.3% percent of total revenues to 13.9%. This is due to the reduction of redevelopment agency's related property tax increment. Total revenues decreased by 10.2%, driven by the reduction of tax increment to the redevelopment agency. Aside from

the reduction of tax increment, the City experienced increases in program revenues, sales and use taxes, and the utility users tax. FY 2011-12 was the first full year of revenue from the utility users tax.

Expenses of the City for the year totaled $79.5 million. Governmental activity expenses totaled $69.5 million, or 87.4% of total expenses. Significant increase from the prior year was noted in the area of general government. The increase in general government related to a drop in overhead recovery due to the elimination of redevelopment agencies. Significant decreases were noted in community development and in interest on long-term debt both related to the elimination of redevelopment agencies. Business-type activities, the Water Utility, incurred $10.0 million of expenses during the year. The following table summarizes the total cost and net cost of the City's governmental activities by function type.

Net Cost of Governmental Activities
(in millions)

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2011	2012	Change	2011	2012	Change
General government	$ 2.2	$ 3.9	77.3%	$ 1.2	$ 3.0	150.0%
Public safety	26.4	27.3	3.4%	22.5	23.6	4.9%
Community development	20.7	13.8	-33.3%	16.6	8.4	-49.4%
Transportation	10.0	8.9	-11.0%	3.9	2.1	-46.2%
Culture and leisure	8.2	8.5	3.7%	6.1	6.5	6.6%
Human services	2.9	2.9	0.0%	1.4	1.5	7.1%
Interest on long-term debt	7.3	4.2	-42.5%	7.3	4.2	-42.5%
	$ 77.7	$ 69.5	-10.6%	$ 59.0	$ 49.3	-16.4%

Business-type Activities

Program revenues of the City's only business-type activity, the Water Utility, totaled $12.6 million. Charges for services increased by 18.2% due to an increase in water consumption associated with a population increase in a new community and water rates increased approximately 7% from the prior year. Expenses of the Water Utility were $10.0 million. Water rates include a factor to provide for a modest annual water infrastructure replacement program. Income before transfers was $2.6 million. Transfers out totaled $1.6 million. This entire amount was transferred to the City's general fund for use of the City's rights of way and maintenance of the City's extensive infrastructure. The cost of capital improvements is reported in the statement of net assets, rather than as expenses in the statement of activities. Capital assets of $17.6 million (net of accumulated depreciation) increased by approximately $0.4 million. During the fiscal year, the construction in progress increased approximately $1.1 million. The increase consisted primarily of the I-5/Carmenita Water Rehab Project.

Financial Analysis of the Fund Statements

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

The City's governmental funds provide information on near-term inflows, outflows and the balance of available resources. The City's governmental funds reported combined fund balances at June 30, 2012, of $42.1 million, a decrease of approximately $55.2 million from the previous fiscal year. This reflects the dissolution of the former redevelopment agency and transfer of all related balances to a private-purpose trust fund resulting in an extraordinary loss of $52.5million.

The General Fund is the chief operating fund of the City. At June 30, 2012, the General Fund's unassigned fund balance was $24.0 million. Additional General Fund balances were: nonspendable $6.0 million, restricted $0.2 million, and committed $1.5 million. Specific details on components of fund balance are contained in Note 15 – Fund Balances. Both revenues and expenditures increased from the prior year. During the fiscal year ended June 30, 2012, the fund balance in the General Fund increased by $6.4 million. This was mainly due to increases in sales tax and utility users tax revenue, as well as cost containment measures.

Within the governmental funds designation, the City has five other major funds: the Consolidated Redevelopment Project Debt Service Fund, the Consolidated Redevelopment Project Capital Projects Fund, the Washington Boulevard Redevelopment Project Debt Service Fund, the Low and Moderate Income Housing Assets Special Revenue Fund, and the Capital Improvement Capital Projects Fund.

The Consolidated Redevelopment Project and Washington Boulevard Debt Service Funds are used to account for the accumulation of resources and payment of principal and interest on all Community Development Commission (Commission) tax allocation bonds and other debt within the Consolidated Redevelopment and Washington Boulevard Project Areas. These funds were closed out and transferred to the Successor Agency private-purpose trust fund as of February 1, 2012. Both revenues and expenditures of the funds were significantly lower than prior years due to the elimination of redevelopment agencies and the transfer of all balances and activities as of February 1, 2012. An extraordinary loss of $18.4 million was recorded in the Consolidated Redevelopment Project Debt Service Fund to transfer the balances to the private-purpose trust fund. An extraordinary gain of $2.0 million is reflected in the Washington Boulevard Redevelopment Project Debt Service Fund for the same purpose.

The Consolidated Redevelopment Project Capital Projects Fund is used to account for financial resources segregated for the acquisition and rehabilitation of capital facilities within the Consolidated Redevelopment Project Area. As with the related debt service fund noted above, this fund was closed out and transferred to the Successor Agency private-purpose trust fund as of February 1, 2012. An extraordinary loss of $33.3 million was recorded to transfer the balances to the private-purpose trust 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 dissolution bills, the City will act 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 $8.5 million consisting primarily of cash held with a fiscal agent, loans receivable from the City and Successor Agency, and land and buildings held for resale.

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.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget for expenditures was a $4.2 million increase. The expenditure budget was increased by $4.7 million in the general government function primarily to account for costs originally budgeted in the former Community Development Commission funds as well as lower overhead recovery due to cost saving measures.

Revenues exceeded their budget amount by $3.5 million, primarily in the categories of taxes and charges for services. Sales tax revenue exceeded the budget amount by approximately $2.5 million, the second year of increased revenue after three years of sharp declines and not meeting budget expectations. Additionally, the utility users tax, voted in during FY 2010-11, met budget expectations during the first full fiscal year of collection.

Expenditures exceeded their budget amount by $1.6 million, primarily in the category of public safety. Public safety exceeded the budget amount by $5.8 million due to a one-time payment to PERS of approximately $7.0 million to pay off the pension plan's side fund obligation. The Note to the Required Supplementary Information provides more details regarding budgeting policies and practice.

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2012, amounts to $142.7 million (net of accumulated depreciation), a decrease of approximately $1.6 million from the previous year. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, equipment and infrastructure. During the fiscal year, additions to construction in progress were approximately $4.6 million. The increase consisted primarily of the Transportation Center Parking Lot Improvement and Valley View Grade Separation Projects. Note 8 – Changes in Capital Assets provides more detailed information on the capital assets. The redevelopment activities of the former Community Development Commission historically provided the resources to replace and improve the capital assets of the community. Although $1.8 million of capital assets of the former redevelopment agency have been transferred to the Successor Agency private-purpose trust fund, the capital assets funded by the Commission remain with the City and have not been transferred. At June 30, 2012, the City has construction commitments of approximately $40 million, consisting primarily of the Valley View Grade Separation Project related contracts.

The City's investment in capital assets for its business-type activities, the Water Utility Fund, as of June 30, 2012, amounts to $17.6 million (net of accumulated depreciation), and increase of approximately $0.4 million. During the fiscal year, additions to construction in progress were approximately $1.1 million. The increase consisted primarily of the I-5/Carmenita Water Rehab Project. As mentioned earlier, the City has established a modest annual infrastructure replacement program through its water rate structure. Water Utility capital assets required for private development purposes are funded by capital contributions.

Long-term Liabilities

At June 30, 2012, the City had $17.3 million in governmental activities long-term liabilities outstanding and $7.4 million in business-type activities long-term liabilities outstanding. The long-term liabilities are summarized in the table below and more detailed information is included in Note 14 – Long-Term Liabilities.

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

Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	
Revenue bonds	$ -	$ -	$ 7.1	$ 6.9	$ 7.1	$ 6.9	-2.8%
Tax allocation bonds	129.9	-	-	-	129.9	-	-100.0%
Pension obligation bonds	-	7.1	-	-	-	7.1	N/A
Compensated absences	2.9	2.7	-	-	2.9	2.7	-6.9%
OPEB obligation	4.9	6.1	0.4	0.5	5.3	6.6	24.5%
Tax increment loan from Los Angeles County	5.9	-	-	-	5.9	-	-100.0%
ERAF loan	1.9	-	-	-	1.9	-	-100.0%
Heritage Springs Village loan	-	-	-	-	-	-	N/A
Other loans/leases	1.0	1.4	-	-	1.0	1.4	40.0%
Total	$ 146.5	$ 17.3	$ 7.5	$ 7.4	$ 154.0	$ 24.7	-84.0%

As previously noted, all balances of the former redevelopment agency were transferred to the Successor Agency private-purpose trust fund. The tax allocation bonds, tax increment loan, and ERAF loan were all obligations of the former redevelopment agency and were transferred to the private-purpose trust fund.

All water revenue and pension obligation bonds are insured issues.

Economic Factors and Next Year's Budgets

The City of Santa Fe Springs faces significant financial challenges in the years ahead. Major factors expected to affect the budget include:

- State and local economies showing continued weaknesses, with particular concern for local businesses that are directly impacted by the slowdown in the housing industry.

- Funding capital improvements without the Community Development Commission, which historically funded the majority of capital projects prior to the dissolution of redevelopment.

- The City's funding policy to address the impact of implementing Governmental Accounting Standards Board (GASB) Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

- Increasing demands for public services, including unfunded mandates by both federal and state governments.

All of these factors were considered in adopting the Fiscal Year 2012-13 operational budget.

Requests for Information

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

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CITY OF SANTA FE SPRINGS
Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	$ 24,189,466	$ 715,434	$ 24,904,900
Cash and investments with fiscal agent	1,181,525	1,689,962	2,871,487
Accounts receivable	1,425,515	1,948,540	3,374,055
Loans and notes receivable	795,546	83,000	878,546
Accrued interest receivable	101,353	7,346	108,699
Due from other governments	11,832,000	9,826	11,841,826
Due from Successor Agency	40,776	-	40,776
Loans to Successor Agency	7,129,909	-	7,129,909
Inventory	706,093	178,981	885,074
Deposits and other assets	4,112,442	-	4,112,442
Deferred charges	119,993	204,452	324,445
Land and buildings held for resale	801,800	-	801,800
Net pension asset	7,027,007	-	7,027,007
Capital assets:			
Not being depreciated	66,872,541	5,341,731	72,214,272
Being depreciated, net	75,865,415	12,239,488	88,104,903
Total assets	202,201,381	22,418,760	224,620,141
Liabilities:			
Accounts payable	3,193,356	57,101	3,250,457
Interest payable	42,715	58,682	101,397
Contracts payable	40,791	-	40,791
Due to other governments	249,374	-	249,374
Other accrued liabilities	1,156,221	1,023,927	2,180,148
Deposits	2,202,679	420,451	2,623,130
Unearned revenue	2,682,618	-	2,682,618
Current portion of long-term liabilities	1,339,060	200,000	1,539,060
Noncurrent liabilities:			
Other postemployment benefits obligation	6,056,838	527,162	6,584,000
Bonds payable	6,601,000	6,717,664	13,318,664
Other long-term liabilities	3,278,674	-	3,278,674
Total liabilities	26,843,326	9,004,987	35,848,313
Net assets:			
Invested in capital assets, net of related debt	141,935,739	12,353,517	154,289,256
Restricted for:			
Public safety	20,979	-	20,979
Transportation	524,271	-	524,271
Housing	8,532,284	-	8,532,284
Unrestricted	24,344,782	1,060,256	25,405,038
Total net assets	$ 175,358,055	$ 13,413,773	$ 188,771,828

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

CITY OF SANTA FE SPRINGS
Statement of Activities
For the Fiscal Year Ended June 30, 2012

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
General government	$ 3,883,766	$ 717,021	$ 104,475	$ 95,064
Public safety	27,242,545	2,801,311	897,356	-
Community development	13,832,431	3,137,047	1,060,320	1,206,364
Transportation	8,874,948	336,955	2,707,408	3,784,105
Culture and leisure	8,480,678	443,425	582,640	930,831
Human services	2,929,811	641,003	748,336	-
Unallocated depreciation	62,366	-	-	-
Interest on long-term liabilities	4,191,452	-	-	-
Total governmental activities	69,497,997	8,076,762	6,100,535	6,016,364
Business-type activities:				
Water	10,028,948	11,748,391	-	914,585
Total primary government	$ 79,526,945	$ 19,825,153	$ 6,100,535	$ 6,930,949

General revenues:
Sales and use taxes, levied by the State
Property taxes
Franchise taxes
Motor vehicle in lieu tax - general purpose
Business operations taxes
Utility users taxes
Other taxes
Investment income
Other revenues
Extraordinary gain
Transfers

Total general revenues, extraordinary gain, and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (2,967,206)	$ -	$ (2,967,206)
(23,543,878)	-	(23,543,878)
(8,428,700)	-	(8,428,700)
(2,046,480)	-	(2,046,480)
(6,523,782)	-	(6,523,782)
(1,540,472)	-	(1,540,472)
(62,366)	-	(62,366)
(4,191,452)	-	(4,191,452)
(49,304,336)		(49,304,336)
-	2,634,028	2,634,028
(49,304,336)	2,634,028	(46,670,308)
22,868,333	-	22,868,333
11,386,328	-	11,386,328
2,499,668	-	2,499,668
1,519,877	-	1,519,877
771,766	-	771,766
4,342,780	-	4,342,780
518,095	-	518,095
1,988,650	4,830	1,993,480
3,425,588	-	3,425,588
76,845,362	-	76,845,362
1,582,575	(1,582,575)	-
127,749,022	(1,577,745)	126,171,277
78,444,686	1,056,283	79,500,969
96,913,369	12,357,490	109,270,859
$ 175,358,055	$ 13,413,773	$ 188,771,828

CITY OF SANTA FE SPRINGS
Balance Sheet
Governmental Funds
June 30, 2012

		Debt Service Funds	
	General Fund	**Consolidated Redevelopment Project**	**Washington Boulevard Redevelopment Project**
Assets:			
Cash and investments	$ 21,671,274	$ -	$ -
Cash and investments with fiscal agent	-	-	-
Accounts receivable	929,930	-	-
Loans and notes receivable	196,126	-	-
Accrued interest receivable	56,915	-	-
Due from other governments	5,453,273	-	-
Due from other funds	4,494,517	-	-
Due from Successor Agency	40,776	-	-
Inventory	706,093	-	-
Deposits and other assets	1,208,970	-	-
Land and buildings held for resale	-	-	-
Loans to Successor Agency	3,936,464	-	-
Advances to other funds	-	-	-
Total assets	$ 38,694,338	$ -	$ -
Liabilities and fund balances:			
Liabilities:			
Accounts payable	$ 1,710,644	$ -	$ -
Contracts payable	-	-	-
Due to other governments	190,616	-	-
Due to other funds	2,622	-	-
Other accrued liabilities	1,144,872	-	-
Deposits	1,455,080	-	-
Deferred revenue	1,090,125	-	-
Advances from other funds	1,437,861	-	-
Total liabilities	7,031,820	-	-
Fund balances:			
Nonspendable	6,047,653	-	-
Restricted	181,532	-	-
Committed	1,455,318	-	-
Unassigned (deficit)	23,978,015	-	-
Total fund balances	31,662,518	-	-
Total liabilities and fund balances	$ 38,694,338	$ -	$ -

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

Capital Projects Funds		Special Revenue Fund		
Consolidated Redevelopment Project	Capital Improvement	Low and Moderate Income Housing Assets Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 775,930	$ 1,742,262	$ 24,189,466
-	-	1,181,525	-	1,181,525
-	466,487	29,098	-	1,425,515
-	-	99,420	500,000	795,546
-	-	-	44,438	101,353
-	6,240,039	-	138,688	11,832,000
-	-	2,622	-	4,497,139
-	-	-	-	40,776
-	-	-	-	706,093
-	1,892,889	1,010,583	-	4,112,442
-	-	801,800	-	801,800
-	-	3,193,445		7,129,909
-	-	1,437,861	-	1,437,861
$ -	$ 8,599,415	$ 8,532,284	$ 2,425,388	$ 58,251,425
$ -	$ 1,482,630	$ -	$ 82	$ 3,193,356
-	40,791	-	-	40,791
-	58,758	-	-	249,374
-	4,442,090	-	52,427	4,497,139
-	11,349	-	-	1,156,221
-	747,599	-	-	2,202,679
-	1,544,500	-	762,335	3,396,960
-	-	-	-	1,437,861
-	8,327,717	-	814,844	16,174,381
-	1,892,889	5,741,309	-	13,681,851
-	-	2,790,975	1,610,544	4,583,051
-	-	-	-	1,455,318
-	(1,621,191)	-	-	22,356,824
-	271,698	8,532,284	1,610,544	42,077,044
$ -	$ 8,599,415	$ 8,532,284	$ 2,425,388	$ 58,251,425

CITY OF SANTA FE SPRINGS
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

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

Total fund balances, governmental funds	$ 42,077,044
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	142,737,956
Pension contributions in excess of actuarial required contributions are reported as expenditures in the funds but are deferred and reported as a net pension asset in the government-wide statements.	7,027,007
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(17,198,294)
Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements.	714,342
Net assets of governmental activities	$ 175,358,055

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CITY OF SANTA FE SPRINGS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

		Debt Service Funds	
	General Fund	**Consolidated Redevelopment Project**	**Washington Boulevard Redevelopment Project**
Revenues:			
Taxes	$ 32,696,347	$ 7,678,558	$ -
Licenses and permits	2,102,755	-	-
Fines, forfeitures and seizures	422,228	-	-
Interest and rentals	1,849,786	46,729	2,427
From other agencies	3,908,812	-	-
Charges for current services	5,031,896	-	-
Other	3,974,548	-	-
Total revenues	49,986,372	7,725,287	2,427
Expenditures:			
Current:			
General government	3,780,669	-	-
Public safety	32,879,923	-	-
Community development	5,539,283	2,738,935	-
Transportation	3,458,021	-	-
Culture and leisure	6,445,393	-	-
Human services	2,790,524	-	-
Capital outlay:			
Public safety	131,062	-	-
Transportation	91,096	-	-
Culture and leisure	-	-	-
Debt service:			
Interest	90,206	2,705,503	14,125
Principal retirement	343,486	6,949,735	2,766
Bond issuance cost	119,993	-	-
Total expenditures	55,669,656	12,394,173	16,891
Excess (deficiency) of revenues over expenditures	(5,683,284)	(4,668,886)	(14,464)
Other financing sources (uses):			
Proceeds from sale of assets	23,496	-	-
Debt issuance	7,759,094	-	-
Transfers from private-purpose trust fund	-	-	-
Transfers in	4,564,647	995,263	-
Transfers out	(250,539)	(11,389,951)	(266,398)
Total other financing sources and (uses)	12,096,698	(10,394,688)	(266,398)
Extraordinary gain (loss)	-	(18,398,132)	2,001,695
Net change in fund balances	6,413,414	(33,461,706)	1,720,833
Fund balances (deficits), beginning of year	25,249,104	33,461,706	(1,720,833)
Fund balances, end of year	$ 31,662,518	$ -	$ -

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

Capital Project Funds		Special Revenue Fund		
Consolidated Redevelopment Project	**Capital Improvement**	**Low and Moderate Income Housing Assets Fund**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
$ -	$ -	$ -	$ 1,919,639	$ 42,294,544
-	-	-	-	2,102,755
-	-	-	6,244	428,472
87,089	-	700	8,775	1,995,506
194,288	6,712,584	-	1,533,975	12,349,659
-	-	-	-	5,031,896
1,714	29,746	-	526,489	4,532,497
283,091	6,742,330	700	3,995,122	68,735,329
8,738	36,748	-	-	3,826,155
57,269	12,974	-	249,374	33,199,540
3,229,342	791,000	159	1,135,926	13,434,645
-	1,339,414	-	1,169,054	5,966,489
470,896	441,548	-	246,214	7,604,051
-	-	-	-	2,790,524
13,095	-	-	-	144,157
-	4,150,583	-	-	4,241,679
58,201	54,735	-	-	112,936
-	-	232,631	-	3,042,465
-	-	-	-	7,295,987
-	-	-	-	119,993
3,837,541	6,827,002	232,790	2,800,568	81,778,621
(3,554,450)	(84,672)	(232,090)	1,194,554	(13,043,292)
-	-	-	-	23,496
-	-	-	-	7,759,094
-	-	995,421	-	995,421
8,654,737	334,699	7,768,953	259,323	22,577,622
(640,986)	-	-	(8,447,173)	(20,995,047)
8,013,751	334,699	8,764,374	(8,187,850)	10,360,586
(33,301,368)	-	-	(2,803,076)	(52,500,881)
(28,842,067)	250,027	8,532,284	(9,796,372)	(55,183,587)
28,842,067	21,671	-	11,406,916	97,260,631
$ -	$ 271,698	$ 8,532,284	$ 1,610,544	$ 42,077,044

CITY OF SANTA FE SPRINGS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	$ (55,183,587)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and extraordinary loss from transfer of Redevelopment Agency capital assets to the Successor Agency exceeded capital outlays in the current period.	(1,639,790)
Contributions to pension plans use current financial resources from governmetal funds, but created a net pension asset.	7,027,007
The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. In addition, there was an extraordinary gain from the transfer of long-term debt of the Redevelopment Agency to the the Successor Agency. This amount is the net effect of these differences in the treatment of long-term liabilities and related items.	130,277,801
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In addition, some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(1,797,245)
Some revenues recognized in governmetal funds in current year that were already recognized in governmental activities in prior year.	(239,500)
Change in net assets of governmental activities	$ 78,444,686

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

CITY OF SANTA FE SPRINGS
Statement of Net Assets - Enterprise Fund (Water Utility)
June 30, 2012

Assets:	
Current assets:	
Cash and cash equivalents	$ 715,434
Cash and investments with fiscal agent	1,689,962
Accounts receivable	1,948,540
Notes receivable	83,000
Accrued interest receivable	7,346
Due from other governments	9,826
Inventory	178,981
Deferred charges	204,452
Total current assets	4,837,541
Noncurrent assets:	
Capital assets:	
Source of supply plant	3,032,091
Transmission and distribution plant	28,042,945
Pumping and treatment plant	83,216
General plant	1,057,112
Land and water rights	3,384,974
Construction in progress	1,956,757
	37,557,095
Less allowance for depreciation	(19,975,876)
Net capital assets	17,581,219
Total assets	22,418,760
Liabilities:	
Current liabilities:	
Accounts payable	57,101
Interest payable	58,682
Other accrued liabilities	1,023,927
Deposits	420,451
Current portion of bonds payable	200,000
Total current liabilities	1,760,161
Noncurrent liabilities:	
Other postemployment benefits obligation	527,162
Bonds payable, net	6,717,664
Total liabilities	9,004,987
Net assets:	
Invested in capital assets, net of related debt	12,353,517
Unrestricted	1,060,256
Total net assets	$ 13,413,773

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

CITY OF SANTA FE SPRINGS
Statement of Revenues, Expenses and Changes in Net Assets - Enterprise Fund
(Water Utility)
For the Fiscal Year Ended June 30, 2012

Operating revenues:	
Sale of water	$ 11,470,781
Other	277,610
Total operating revenues	11,748,391
Operating expenses:	
Water purchase	4,401,626
System maintenance and operation	2,279,731
Billing and collection	772,094
Administration	1,395,356
Amortization	16,777
Depreciation	807,057
Total operating expenses	9,672,641
Operating income	2,075,750
Nonoperating revenues (expenses):	
Interest revenue	4,830
Interest expense	(356,307)
Total nonoperating revenues (expenses)	(351,477)
Income before capital contributions and transfers	1,724,273
Capital contributions	914,585
Transfers out	(1,582,575)
Change in net assets	1,056,283
Total net assets, beginning of year	12,357,490
Total net assets, end of year	$ 13,413,773

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

CITY OF SANTA FE SPRINGS
Statement of Cash Flows - Enterprise Fund
(Water Utility)
For the Fiscal Year Ended June 30, 2012

Cash flows from operating activities:	
Receipts from water sales	$ 11,216,708
Receipts from other operating activities	273,325
Payments to vendors	(4,400,948)
Payments for salaries	(2,519,079)
Payments for interfund services used	(1,370,925)
Net cash provided by operating activities	3,199,081
Cash flows from noncapital financing activities:	
Transfers out	(1,582,575)
Payments for interfund borrowing	(127,477)
Net cash used for noncapital financing activities	(1,710,052)
Cash flows from capital and related financing activities:	
Acquisition and construction of water plant	(1,140,148)
Contributed capital	914,585
Principal payments on long-term debt	(195,000)
Interest payments on long-term debt	(353,002)
Net cash used for capital and related financing activities	(773,565)
Net increase in cash and cash equivalents	715,464
Cash and cash equivalents, beginning of year	1,689,932
Cash and cash equivalents, end of year	$ 2,405,396
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	$ 2,075,750
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	807,057
Amortization	16,777
Changes in assets and liabilities:	
Increase in accounts receivable	(249,924)
Increase in inventory	(8,726)
Increase in notes receivable	(83,000)
Decrease in accounts payable	(394,599)
Increase in accrued expenses	855,660
Increase in deposits	74,566
Increase in other postemployment benefits obligation	105,520
Net cash provided by operating activities	$ 3,199,081
Noncash investing, capital, and financing activities:	
Amortization of bond discount, premium, refunding, and deferred charges	$ 22,558

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

CITY OF SANTA FE SPRINGS
Statement of Fiduciary Net Assets
June 30, 2012

	Private-Purpose Trust Fund	Agency Funds
Assets:		
Cash and investments	$ 36,605,295	$ 911,889
Cash and investments with fiscal agent	21,858,676	267,035
Accounts receivable	287,295	31,227
Loans and notes receivable	637,444	-
Accrued interest receivable	16,496	-
Due from other governments	103,973	75,851
Deposits and other assets	3,258,753	-
Land and buildings held for resale	10,550,120	-
Capital assets not being depreciated	1,811,846	-
Total assets	75,129,898	$ 1,286,002
Liabilities:		
Current liabilities:		
Accounts payable	682,587	$ 1,428
Contracts payable	313,659	-
Due to other governments	14,350,636	380,345
Due to City of Santa Fe Springs	40,776	-
Interest payable	1,560,695	-
Other accrued liabilities	20,065	-
Deposits	106,826	904,229
Current portion of long-term liabilities	7,465,000	-
Total current liabilities	24,540,244	1,286,002
Noncurrent liabilities:		
Loans and notes payable	7,378,880	-
Loans due to City of Santa Fe Springs	7,129,909	-
Bonds payable, net	117,354,979	-
Total noncurrent liabilities	131,863,768	-
Total liabilities	156,404,012	$ 1,286,002
Net Assets (Deficit):		
Held in trust for redevelopment dissolution and other purposes	$ (81,274,114)	

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

CITY OF SANTA FE SPRINGS
Statement of Changes in Fiduciary Net Assets
For the Five-Month Period Ended June 30, 2012

	Private-Purpose Trust Fund
Additions:	
Taxes	$ 9,765,390
Interest and rentals	52,966
Total additions	9,818,356
Deductions:	
Program expenses	2,968,205
Administrative expenses	258,438
Interest and fiscal agency expenses	2,406,458
Intergovernmental charges	2,414,334
Remittance to County for disbursement to taxing entities	6,199,673
Total deductions	14,247,108
Extraordinary loss from dissolution of the Redevelopment Agency	(76,845,362)
Change in net assets	(81,274,114)
Net assets (deficit) held in trust:	
Beginning of year	-
End of year	$ (81,274,114)

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

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

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Units

a. The Community Development Commission of the City of Santa Fe Springs (Commission) was established on November 7, 1992, pursuant to the State of California Health and Safety Code, Section 34114 entitled "Community Redevelopment Law." The City Council members are designated as Commissioners of the Commission. The purpose of the Commission is to coordinate the administration of the Redevelopment Agency of the City of Santa Fe Springs and the Housing Authority of the City of Santa Fe Springs. Both the Redevelopment Agency and the Housing Authority are separate legal entities and component units of the Commission. The Commission's financial data and transactions are reported in the debt service and capital projects funds.

   However, on June 28, 2011, Assembly Bill X1 26 ("AB X1 26") was enacted and on December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012 (the "Dissolution Act"). The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and the wind down of redevelopment activity. By operation of law, the City Council serves as the Successor Agency to the Community Development Commission for the City of Santa Fe Springs ("Successor Agency"), effective February 1, 2012. The Commission is a blended component unit of the City. Also, upon dissolution, the Santa Fe Springs Housing Authority elected to retain the housing assets, functions and powers previously performed by the former Agency (Housing Successor). See Note 22 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.

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 Commission, 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, 2012, were based on the following percentages:

Downey	35.41%
Santa Fe Springs	14.92%
Compton	40.01%
Vernon	9.66%

During the fiscal year ended June 30, 2012, the City contributed $221,476 for the operation of the Center. Condensed, unaudited financial information (in thousands) as of and for the fiscal year ended June 30, 2012, is as follows:

Total Assets	$ 69
Total Liabilities	-
Total Fund Balance	69
Total Revenue	1,530
Total Expenditures	1,461
Net change in fund balance	69

Financial information can be obtained from the City of Downey. City Hall is located 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 2012 was $10,000.

Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the primary government and component units as a whole, except for its fiduciary activities. These statements report separately for governmental and business-type activities of the primary government (including its blended component units). Governmental activities are normally financed primarily by taxes and intergovernmental revenues. Business-type activities are financed primarily by fees charged for goods or services.

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 assets. The statement of activities presents changes in net assets. Using the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been satisfied. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services

include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Funds Financial Statements

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

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

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. *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 180 days, except for property taxes, which is 60 days. Sales taxes, property taxes, franchise fees, gas taxes, motor vehicle in lieu fees, highway user's taxes, transient occupancy taxes, grants and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

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 Consolidated Redevelopment Project Debt Service Fund is used to account for the resources

accumulated and payments made for principal and interest on long-term liabilities of the Consolidated Redevelopment Project Area of the Commission. This fund was dissolved as of February 1, 2012. See Note 22 for further detail regarding the dissolution.

The Washington Boulevard Redevelopment Project Debt Service Fund is used to account for the accumulation of resources and payment of principal and interest on all Commission debt within the Washington Boulevard Redevelopment Project Area. This fund was dissolved as of February 1, 2012. See Note 22 for further detail regarding the dissolution.

The Consolidated Redevelopment Project Capital Projects Fund is used for the acquisition of and rehabilitation of capital facilities within the Consolidated Redevelopment Project Area of the Commission. This fund was dissolved as of February 1, 2012. See Note 22 for further detail regarding the dissolution.

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

Proprietary Fund Financial Statements

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

The City reports the following major proprietary fund:

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

Fiduciary Fund Financial Statements

Fiduciary 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 assets and liabilities. The City's Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The City reports the following agency funds:

The Section 8 Rental Assistance Program Fund is used to account for the deposit of monies from the federal Department of Housing and Urban Development for the City's Housing Assistance Payment Program. The Program is administered by the Housing Authority of the County of Los Angeles, California.

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

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

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

For its governmental activities, business-type activities and proprietary fund, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989. FASB pronouncements issued after November 30, 1989 are not followed in the business-type activities and proprietary fund financial statements.

Use of Restricted Resources

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

Functional Classifications

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

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

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

Transportation - includes those activities, which have a primary objective of enhancing the movement of people and goods to, from, and within the City.

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

Unallocated depreciation expense - includes a portion of infrastructure depreciation expense, which was not allocable to any of the other activities.

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

Inventory and Prepaid Items

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

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

Property Taxes

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

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

Cash and Cash Equivalents

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

Investments

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

Capital Assets

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

To meet the criteria for capitalization, an asset must have a useful life in excess of one year, and in the case of buildings, building improvements, and improvements other than buildings, equal or exceed a capitalization threshold of $20,000. The capitalization threshold for equipment is $5,000. Land, except for land held for resale as discussed below, is capitalized regardless of cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide and enterprise fund financial statements on a straight-line basis over the useful life of the assets as follows:

Assets	Years
Computers	3
Furniture	10
Machinery and equipment	7
Vehicles	8
Water service meters and hydrants	25
Water transmission and distribution mains	50
Infrastructure	20-75
Buildings and improvements	20-75

Land and Buildings Held for Resale

Land and related buildings acquired by the 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.

Compensated Absences

The City Manager and department heads employed in that capacity as of March 9, 2000, with five years of full-time service to the City in any capacity will be paid 100% of unused sick leave upon termination of employment with the City for any reason. Department heads not meeting the criteria above will be paid 50% of unused sick leave. The cost of earned but unused vacation and sick leave, for which the City has a future obligation to pay, is recognized in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have become due and payable as a result of employee resignations or retirements.

Net Assets

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted, and unrestricted.

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of theses assets reduce the balance in this category.

- Restricted Net Assets – This category represents net assets that have external restrictions 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 assets 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, 2012, fund balances for government funds are made up of the following:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventory, prepaid amounts, and long-term notes receivable.

- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a resolution of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City adopting a resolution.

- Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the City Council has delegated the authority to assign amounts to be used for specific purposes.

- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

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

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

Use of Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balances - all governmental funds and net assets as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds." The details of the $17,198,294 difference are as follows:

Pension obligation bonds	$	(7,091,000)
Deferred charge for issuance costs (to be amortized over life of debt)		119,993
Accrued interest payable		(42,715)
Compensated absences		(2,713,424)
Loans payable		(1,414,310)
Other postemployment benefit obligation		(6,056,838)
Net adjustment	$	(17,198,294)

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

Accounts receivable	$	649,262
Accrued interest receivable		65,080
Net adjustment	$	714,342

Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities Differences

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the decrease in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,639,790 difference are as follows:

Capital outlay	$	4,498,772
Depreciation expense		(4,326,716)
Extraordinary loss from transfer of capital assets to Successor Agency		(1,811,846)
Net adjustment	$	(1,639,790)

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

From other agencies	$	(119,589)
Charges for current services		(83,000)
Other revenue		(36,911)
Net adjustment	$	(239,500)

Another element of that reconciliation explains that "the issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of the $130,277,800 difference are as follows:

Debt issued or incurred:		
Pension obligation bonds	$	(7,147,000)
Osh Kosh loan		(612,094)
Accreted interest on capital appreciation bonds		(769,202)
Principal repayments:		
Tax allocation bonds		6,755,000
Pension obligation bonds		56,000
ERAF loan		197,500
Loans payable		287,487
Extraordinary gain from transfer of debt to Successor Agency		131,510,110
Net adjustment	$	130,277,801

Another element of that reconciliation states that "governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In addition, some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $582,720 difference are as follows:

Accrued interest	$	(366,718)
Deferred bond issuance costs		119,993
Amortization of deferred charge on refunding		(152,188)
Amortization of issuance costs		(114,119)
Amortization of net bond premiums/discounts		139,121
Compensated absences		143,211
OPEB liability		(1,214,524)
Net extraordinary loss from transfer of debt and amortized issuance costs to Successor Agency		(352,021)
Net adjustment	$	(1,797,245)

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	$ 24,904,900
Cash and investments with fiscal agent	2,871,487
Fiduciary funds:	
Cash and investments	37,517,184
Cash and investments with fiscal agent	22,125,711
Total	$ 87,419,282

Cash and investments were comprised of the following as of June 30, 2012:

Cash on hand	$ 7,475
Deposits with financial institutions	7,329,174
Investments	80,082,633
Total	$ 87,419,282

Investments Authorized by the City's Investment Policy

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

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

* Excluding amounts held by bond trustee that are subject to California Government Code restrictions.
** Represents where the City's investment policy is more restrictive than the California Government Code.

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentages of Portfolio	Maximum Investment In One Investor
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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Weighted Average Maturity (in days)	
Local Agency Investment Fund	268 *	$ 55,085,434
Held by Bond Trustee:		
Money market funds	52	14,761,710
Local Agency Investment Fund	268 *	10,235,489
Total		$ 80,082,633

* Represents the weighted average maturity of the Local Agency Investment Fund; however, the City and/or bond trustee may liquidate the investment at any time.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The fiscal agent funds held in money market funds are rated AAA at June 30, 2012.

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, 2012.

Custodial Credit Risk

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

Investment in State Investment Pool

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

The total amount invested by all public agencies in LAIF as of June 30, 2012, was $22.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2012, had a balance of $60.5 billion, of that amount, 3.5% was invested in medium-term and short-term structured notes and asset-backed securities.

NOTE 4 - LOANS AND NOTES RECEIVABLE

The loans and notes receivable balance in the General Fund consists of the following:

- Notes receivable in the amount of $46,864 represent monies advanced to City employees for home computer purchases. These loans are required to be repaid within 2 years and bear no interest.
- Note receivable in the amount of $149,262 represents unpaid building permit fees owed to the City

by Villages at Heritage Springs, LLC. This loan is required to be repaid at the earlier of the time of issuance of the Mello-Roos bonds or June 30, 2014. This loan bears a simple interest at 4.5% per annum.

The Low and Moderate Income Housing Assets Special Revenue fund has five notes receivable in the amount of $80,000 each that is due from the sale of properties. The remaining amount of total loans is $99,420. These loans bear an interest rate of 6% per annum.

The Art in Public Places Special Revenue fund has note receivable in the amount of $500,000. It represents unpaid building permit fees owed to the City by Villages at Heritage Springs, LLC. This loan is required to be repaid at the earlier of the time of issuance of the Mello-Roos bonds or June 30, 2014. This loan bears a simple interest at 4.5% per annum.

The Water Enterprise fund has note receivable in the amount of $83,000. It represents unpaid building permit fees owed to the City by Villages at Heritage Springs, LLC. This loan is required to be repaid at the earlier of the time of issuance of the Mello-Roos bonds or June 30, 2014. This loan bears a simple interest at 4.5% per annum.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists primarily of sales and use taxes due from the State of California, $3,987,178; property taxes due from the County of Los Angeles, $20,180; grant monies due from the Federal government, $1,096,779; grant monies due from the State of California, $5,252,447; grant monies due from the County of Los Angeles $7,595; utility users tax from various taxpayers, $339,890; and monies due from other cities and districts for facilities and property maintenance, $1,137,757.

NOTE 6 - INTERFUND ACTIVITY

The following is a summary of interfund transfers for the fiscal year ended June 30, 2012:

	Transfers In						
		Consolidated Redevelopment Project					
Transfers Out:	General Fund	Debt Service Fund	Capital Projects Fund	Capital Improvements Capital Projects Fund	Low and Moderate Income Housing Assets Speical Revenue Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$ 8,737	$ 241,802	$ -	$ -	$ 250,539
Consolidated Redevelopment Project:							
Debt Service Fund	732,327	-	8,646,000	-	2,011,624	-	11,389,951
Capital Projects Fund	611,582	-	-	26,081	-	3,323	640,986
Washington Boulevard Redevelopment Project Debt Service Fund	10,398	-	-	-	-	256,000	266,398
Nonmajor Governmental Funds	1,630,522	995,263	-	64,059	5,757,329	-	8,447,173
Water Utility Enterprise fund	1,579,818	-	-	2,757	-	-	1,582,575
Total	$ 4,564,647	$ 995,263	$ 8,654,737	$ 334,699	$ 7,768,953	$ 259,323	$ 22,577,622

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

The Washington Boulevard Redevelopment Project Debt Service Fund made transfers to fund expenditures

incurred in the Washington Boulevard Redevelopment Project Capital Projects Fund and to fund housing activities within the General Fund.

Water Utility Enterprise Fund made transfers to General Fund to fund certain indirect costs of the water utility including use of the City's rights of way and maintenance of the City's infrastructure used.

Upon the dissolution of the former redevelopment agency at February 1, 2012, $5,757,329 and $2,011,624 of assets were transferred from the Low and Moderate Income Housing Special Revenue Fund and Consolidated Redevelopment Project Debt Service Fund, respectively, to the Low and Moderate Income Housing Assets Special Revenue Fund for retaining the housing assets and functions previously performed by the redevelopment agency pursuant to Health and Safety Code section 34176(a)(1).

Due to/from other funds at June 30, 2012 were as follows:

	Due From Other Funds	Due to Other Funds	Due From Successor Agency	Due to City of Santa Fe Springs
General Fund	$ 4,494,517	$ 2,622	$ 40,776	$ -
Low and Moderate Income Housing Assets Special Revenue Fund	2,622	-	-	-
Capital Improvement Capital Projects Fund	-	4,442,090	-	-
Nonmajor Governmental Funds	-	52,427	-	-
Private-Purpose Trust Fund	-	-	-	40,776
	$ 4,497,139	$ 4,497,139	$ 40,776	$ 40,776

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

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

	Advances to Other Funds	Advances from Other Funds
General Fund	$ -	$ 1,437,861
Low and Moderate Income Housing Assets Special Revenue Fund	1,437,861	-
	$ 1,437,861	$ 1,437,861

A loan from the Low and Moderate Income Housing Assets Special Revenue Fund was made to the General Fund in the amount of $1,437,861 to cover certain costs. There is no set repayment schedule.

Interfund loans consist of loans as follows:

Loans to Successor Agency Private-Purpose Trust Fund	Loans due to the City of Santa Fe Springs Private-Purpose Trust Fund
General fund	$ 3,936,464
Low and Moderate Income Housing Assets Fund	3,193,445
Total	$ 7,129,909

A loan was made from the General Fund to the Washington Boulevard Redevelopment Project Debt Service Fund, $3,936,464 at a zero interest rate. Per terms of an agreement with the County of Los Angeles, principal repayment is deferred until, at a minimum the Washington Boulevard Project has received $10,750,000 in total funds from this loan and the loan of property tax increment from Los Angeles County as described in Note 14. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding loan was transferred to the Successor Agency Private-Purpose Trust Fund.

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

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

Pursuant to AB 1484, each of these loans are considered “interagency loans” and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2014, subject to annual limitations, once the California Department of Finance issues a “finding of completion”. A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the Commission during the fiscal year ended June 30, 2012, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission’s non-housing funds. The City anticipates making all required payments during fiscal year ending June 30, 2013. See Note 22 for further details regarding interagency loans.

NOTE 7 - DEPOSITS AND OTHER ASSETS

Deposits and other assets consist of $4,112,442 for prepaid and deposit items.

NOTE 8 - CHANGES IN CAPITAL ASSETS

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

	Balance June 30, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 56,265,492	$ -	$ -	$ 1,811,846	$ 54,453,646
Construction in progress	8,907,133	4,579,107	1,067,345	-	12,418,895
Total capital assets, not being depreciated	65,172,625	4,579,107	1,067,345	1,811,846	66,872,541
Capital assets, being depreciated:					
Buildings	24,347,225	135,738	-	-	24,482,963
Improvements other than buildings	21,456,169	266,671	-	-	21,722,840
Equipment	13,080,635	222,158	189,090	-	13,113,703
Infrastructure	103,181,956	362,443	-	-	103,544,399
Total capital assets, being depreciated	162,065,985	987,010	189,090	-	162,863,905
Less accumulated depreciation:					
Buildings	9,031,713	379,791	-	-	9,411,504
Improvements other than buildings	12,943,860	666,706	-	-	13,610,566
Equipment	9,141,504	727,348	189,090	-	9,679,762
Infrastructure	51,743,787	2,552,871	-	-	54,296,658
Total accumulated depreciation	82,860,864	4,326,716	189,090	-	86,998,490
Total capital assets, being depreciated, net	79,205,121	(3,339,706)	-	-	75,865,415
Government activities capital assets, net	$ 144,377,746	$ 1,239,401	$ 1,067,345	$ 1,811,846	$ 142,737,956

Upon the dissolution of the former redevelopment agency at February 1, 2012, the capital assets in the amount of $1,811,846 previously recorded in the former redevelopment agency's records were transferred to the Successor Agency.

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Business-type activities				
Capital assets, not being depreciated:				
Land and water rights	$ 3,384,974	$ -	$ -	$ 3,384,974
Construction in progress	939,510	1,109,030	91,783	1,956,757
Total capital assets, not being depreciated	4,324,484	1,109,030	91,783	5,341,731
Capital assets, being depreciated:				
Source of supply plant	3,032,091	-	-	3,032,091
Transmission and distribution plant	27,920,044	122,901	-	28,042,945
Pumping and treatment plant	83,216	-	-	83,216
General plant	1,057,112	-	-	1,057,112
Total capital assets, being depreciated	32,092,463	122,901	-	32,215,364
Less accumulated depreciation:				
Source of supply plant	1,739,618	79,407	-	1,819,025
Transmission and distribution plant	16,430,598	670,960	-	17,101,558
Pumping and treatment plant	83,216	-	-	83,216
General plant	915,387	56,690	-	972,077
Total accumulated depreciation	19,168,819	807,057	-	19,975,876
Total capital assets, being depreciated, net	12,923,644	(684,156)	-	12,239,488
Water utility capital assets, net	$ 17,248,128	$ 424,874	$ 91,783	$ 17,581,219

Depreciation expense of $5,133,773 was charged to the following functions:

	Governmental Activities	Business-type Activities
General government	$ 127,392	$ -
Public safety	472,876	-
Community development	48,378	-
Transportation	2,798,615	-
Culture and leisure	728,854	-
Human services	88,235	-
Unallocated	62,366	-
Water utility	-	807,057
Total depreciation expense	$ 4,326,716	$ 807,057

At June 30, 2012, the City had construction commitments of approximately $40 million, consisting primarily of the Valley View Grade Separation Project related contracts.

NOTE 9 - CONTRACTS PAYABLE

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

NOTE 10 - DUE TO OTHER GOVERNMENTS

Due to other governments balances in General Fund consist of $49,380 of Certified Unified Program Agency (CUPA) surcharge fees due to the State of California, $114,452 of property taxes refund due to the County of Los Angeles, and $26,784 of fees due to rubbish haulers.

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

Due to other governments balance in Private-Purpose Trust Fund consists of $14,350,636 of Department of Finance demand payment and cash available to disburse to taxiing entities in accordance with AB 1484.

NOTE 11 - OTHER ACCRUED LIABILITIES

Other accrued liabilities consists of accrued payroll costs, $1,207,626; accrued water purchase and pump tax costs, $892,876 and accrued building inspection costs, $79,646.

NOTE 12 - DEPOSITS

Deposits consist primarily of money advanced by property owners for various improvements including street lights, traffic signals, and water system improvements; and money held for a public benefit group providing scholarships for local students.

NOTE 13 – DEFERRED REVENUE

Deferred revenue consists of monies being held as collateral or interest subsidy for low interest home improvement loans, $208,113; uncollected building permits and interest, $714,342; and taxes, fees and other revenues collected in advance of the 2012/2013 fiscal year, $2,474,505.

NOTE 14 - LONG-TERM LIABILITIES

Summary

The following is a summary of long-term liabilities as of June 30, 2012:

	Governmental Activities	Business-type Activities	Private-purpose Trust Fund
Long-term debt:			
Revenue bonds	$ -	$ 6,917,664	$ -
Tax allocation bonds	-	-	124,404,979
Pension obligation bonds	7,091,000	-	-
	7,091,000	6,917,664	124,404,979
Other long-term liabilities:			
Compensated absences	2,713,424	-	-
OPEB obligation	6,056,838	527,162	-
ERAF loan	-	-	1,555,000
Tax increment loan - L.A. County	-	-	6,238,880
Lease payable Oshkosh Capital	612,094	-	-
Loan payable JP Morgan Chase	63,356	-	-
Loan payable SunTrust	738,860	-	-
Total long-term liabilities	$ 17,275,572	$ 7,444,826	$ 132,198,859

Activity

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Transfers	Balance June 30, 2012	Due Within One Year
Governmental activities:						
Consolidated Redevelopment Project tax allocation bonds:						
2001 refunding issue	$ 20,475,000	$ -	$ 1,095,000	$ 19,380,000	$ -	$ -
2002 refunding issue	17,540,000	-	3,310,000	14,230,000	-	-
2003 refunding taxable issue	4,555,000	-	420,000	4,135,000	-	-
2006 issue	40,858,493	-	1,450,000	39,408,493	-	-
2007 refunding issue	41,685,000	-	480,000	41,205,000	-	-
Accreted interest on capital appreciation bonds	5,169,125	769,202	-	5,938,327	-	-
Issuance discounts/premiums	2,394,564	-	139,121	2,255,443	-	-
Deferred amount on refunding	(2,817,706)	-	(152,188)	(2,665,518)	-	-
Pension obligation bonds	-	7,147,000	56,000	-	7,091,000	490,000
Compensated absences	2,856,635	406,350	549,561	-	2,713,424	550,000
Other postemployment benefits obligation (Note 18)	4,842,314	3,905,400	2,690,876	-	6,056,838	-
Tax increment loan from Los Angeles County	5,870,865	-	-	5,870,865	-	-
ERAF loan	1,950,000	-	197,500	1,752,500	-	-
JP Morgan Chase loan payable	125,124	-	61,768	-	63,356	63,356
Sun Trust loan payable	964,579	-	225,719	-	738,860	235,704
Oshkosh loan payable	-	612,094	-	-	612,094	-
	$ 146,468,993	$ 12,840,046	$ 10,523,357	$ 131,510,110	$ 17,275,572	$ 1,339,060

Upon the dissolution of the former redevelopment agency at February 1, 2012, the long-term liabilities in the amount of $131,510,110 previously recorded in the former redevelopment agency's records were transferred to the Successor Agency.

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Business-type activities:					
Water revenue bonds:					
2003 Series A	$ 4,325,000	$ -	$ 55,000	$ 4,270,000	$ 50,000
2005 Series A	2,920,000	-	140,000	2,780,000	150,000
Issuance discount/premiums	43,116	-	3,117	39,999	-
Deferred amount on refunding	(185,764)	-	(13,429)	(172,335)	-
Other postemployment benefits obligation (Note 18)	421,642	339,600	234,080	527,162	-
	$ 7,523,994	$ 339,600	$ 418,768	$ 7,444,826	$ 200,000

	Balance June 30, 2011	Transfers	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Private-purpose trust activities:						
Consolidated Redevelopment Project tax allocation bonds:						
2001 refunding issue	$ -	$ 19,380,000	$ -	$ -	$ 19,380,000	$ 1,140,000
2002 refunding issue	-	14,230,000	-	-	14,230,000	3,445,000
2003 refunding taxable issue	-	4,135,000	-	-	4,135,000	445,000
2006 issue	-	39,408,493	-	-	39,408,493	1,515,000
2007 refunding issue	-	41,205,000	-	-	41,205,000	505,000
Accreted interest on capital appreciation bonds	-	5,938,327	508,916	-	6,447,243	-
Issuance discounts/premiums	-	2,255,443	-	99,373	2,156,070	-
Deferred amount on refunding	-	(2,665,518)	-	(108,691)	(2,556,827)	-
Tax increment loan from Los	-	-	-	-	-	-
Angeles County	-	5,870,865	368,015	-	6,238,880	-
ERAF loan	-	1,752,500	-	197,500	1,555,000	415,000
	$ -	$ 131,510,110	$ 876,931	$ 188,182	$ 132,198,859	$ 7,465,000

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	Pension Obligation Bonds Interest
2013	$ 490,000	$ 259,265
2014	657,000	239,512
2015	706,000	214,607
2016	904,000	186,521
2017	972,000	152,260
2018-2020	3,362,000	224,930
Totals	$ 7,091,000	$ 1,277,095

Year Ending June 30	JP Morgan Chase Loan Payable Principal	JP Morgan Chase Loan Payable Interest
2013	$ 63,356	$ 1,628

Year Ending June 30	SunTrust Loan Payable Principal	SunTrust Loan Payable Interest
2013	$ 235,704	$ 32,693
2014	246,133	22,265
2015	257,023	11,374
Totals	$ 738,860	$ 66,332

Year Ending June 30	Oshkosh Loan Payable Principal	Oshkosh Loan Payable Interest
2013	$ -	$ 17,077
2014	80,391	17,077
2015	82,634	14,834
2016	84,940	12,529
2017	87,310	10,159
2018-2020	276,819	15,588
Totals	$ 612,094	$ 87,264

Business-Type Activities

Year Ending June 30	Revenue Bonds Principal	Revenue Bonds Interest
2013	$ 200,000	$ 338,298
2014	210,000	331,048
2015	220,000	322,980
2016	230,000	312,420
2017	240,000	301,340
2018-2022	1,380,000	1,320,711
2023-2027	1,745,000	967,680
2028-2032	2,295,000	488,000
2032-2033	530,000	26,500
Totals	$ 7,050,000	$ 4,408,977

Private-Purpose Trust Activities

Year Ending June 30	Tax Allocation Bonds Principal	Tax Allocation Bonds Interest	Tax Allocation Bonds Capital Appreciation
2013	$ 7,050,000	$ 4,452,384	$ -
2014	7,360,000	4,121,059	-
2015	7,690,000	3,761,365	-
2016	8,065,000	3,367,120	-
2017	8,765,000	2,946,943	-
2018-2022	50,185,522	7,779,764	3,574,478
2023-2027	28,204,205	392,181	21,305,795
2028-2029	1,038,766	-	1,686,234
Totals	118,358,493	$ 26,820,816	$ 26,566,507
Cumulative accretion interest on capital appreciation bonds	6,447,243 *		
Total Principal, June 30, 2012	$ 124,805,736		

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

Year Ending June 30	ERAF Loan Principal	ERAF Loan Interest
2013	$ 415,000	$ 85,682
2014	435,000	63,914
2015	460,000	40,876
2016	245,000	15,076
Totals	$ 1,555,000	$ 205,548

Governmental Activities:

Taxable Pension Obligation Bond

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

The bond is secured by the sales and use tax revenues generated by the City. These revenues have been pledged until the year 2022. The City 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 $20.3, 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 $8.4 million. The total outstanding principal as of June 30, 2012 is $7,091,000.

JP Morgan Chance Loan Payable

In June 2011, the City entered into a loan agreement for $190,108 with JP Morgan Chase Bank, N.A. to purchase police interceptors. Payments are due annually in the amount of $64,984 on June 24 each year at an annual interest rate of 2.57%; with the loan expiring on June 24, 2013. The current balance outstanding for theses loans is $63,356.

SunTrust Loan Payable

In May 2007, the City entered into a loan agreement for $974,850 with SunTrust Leasing Corporation for a fire truck. Payments are due annually in the amount of $165,013 on July 15 each year at an annual interest rate of 4.25%; with the loan expiring on July 15, 2014. In July 2007, the agreement was amended for an additional $605,000 for the purchase of three additional fire trucks. Payments are due annually in the amount of $103,384 on July 16 of each year at an annual interest rate of 4.69% with the loan expiring on July 16, 2014.

In November 2008, the agreement was amended for an additional $280,000 for the purchase of police vehicles and equipment. Payments are due annually in the amount of $98,373 on October 31 of each year at an annual interest rate of 5.50% with the loan expiring on October 31, 2010. The current balance outstanding for these loans is $738,860.

Oshkosh Loan Payable

In October 2011, the City entered into a loan agreement for $612,094 with Oshkosh Capital to loan money to purchase 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 loan expiring on October 3, 2019. The payment due on October 3, 2012 is an interest only payment. The current balance outstanding for this loan is $612,094.

Compensated Absences

Compensated absences consist of amounts due to employees for earned but unused vacation and sick leave

balances. Compensated absences are primarily liquidated from the General Fund.

Other Postemployment Benefits Obligation

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

Business-Type Activities:

Water Revenue Bonds, 2003 Series A

In October 2003, the PFA issued revenue bonds in the amount of $4,625,000. Serial bonds totaling $825,000 are payable annually on May 1 in amounts ranging from $45,000 to $85,000 through May 1, 2023. Term bonds totaling $1,140,000 and $2,410,000 are due on May 1, 2028, and 2033, respectively. Interest is payable semiannually on May 1 and November 1 in each year at rates of 3.0% to 4.9%. Series A bonds maturing on or before May 1, 2014 are subject to redemption, in whole, or in part by lot, at the option of the PFA prior to their stated maturities, on any date commencing on or after May 1, 2013 at a redemption price equal to the principal amount thereof together with accrued interest thereon to the date fixed for redemption, without premium. The total amount outstanding as of June 30, 2012 is $4,270,000.

The Bonds are payable from and secured by a pledge of revenues of the PFA, consisting primarily of amounts to be paid by the City to the PFA for the repurchase of the certain improvements to the water system pursuant to a 2003 Installment Sale Agreement. These payments consist primarily of net revenues of the City's water system and facilities. The City has covenanted in the Installment Sale Agreement to set rates and charges for water services for its customers sufficient to provide net revenues each fiscal year equal to at least 120% of the debt service due in such fiscal year. Net revenue is determined by the gross revenues received during such period minus the amount required to pay all operation and maintenance costs becoming payable during such period. Net revenue for the current year was $1,855,819 against debt service payments of $267,155. Total principal and interest outstanding is $7,635,818.

Water Refunding Revenue Bonds, 2005 Series A

Revenue Bonds in the amount of $3,705,000 were issued on May 1, 2005. The Revenue Bonds were issued to (1) provide funds for the refinancing of the 1996 Installment Sale Agreement and the defeasance of $3,585,000 of the City’s 1996 Water Revenue Bond Series A; (2) establish a reserve account for the Bonds; and (3) pay the costs of issuance associated with the issuance and sale of the Bonds. The Bonds are due in annual principal installments of $130,000 to $205,000 through 2026. Interest rates range from 3.25% to 4.625% and interest is payable semiannually on November 1 and May 1. The total amount outstanding as of June 30, 2012 is $2,780,000.

The Bonds are payable from and secured by a pledge of revenues of the PFA, consisting primarily of amounts to be paid by the City to the PFA for the repurchase of the certain improvements to the water system pursuant to a 2005 Installment Sale Agreement. These payments consist primarily of net revenues of the City's water system and facilities. The City has covenanted in the Installment Sale Agreement to set rates and charges for water services for its customers sufficient to provide net revenues each fiscal year equal to at least 120% of the debt service due in such fiscal year. Net revenue is determined by the gross revenues received during such period minus the amount required to pay all operation and maintenance costs becoming payable during such period. Net revenue for the current year was $929,186 against debt service payments of $273,105. Total principal and interest outstanding is $3,823,159.

Private-Purpose Trust Activities:

Tax Allocation Bonds:

Consolidated Redevelopment Project 2001 Tax Allocation Refunding Bonds

In September 2001, the Commission issued serial bonds in the amount of $28,845,000. The principal on the bonds is payable annually on September 1 ranging from $840,000 to $1,870,000 through September 1, 2019. Term bonds totaling $5,850,000 and $1,100,000 are due on September 1, 2022 and 2024, respectively. Interest is payable on September 1 and March 1 in each year at rates of 3.5% to 5.0% per annum. Bonds due on or after September 1, 2012 are subject to redemption in whole or part, at the option of the Commission upon a redemption price equal to the principal amount plus a premium as follows:

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

The bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. Housing tax increment revenues secure a portion of the debt service on the bonds as a result of the refunding of a portion off the Series 1993 bonds with proceeds of the 2001 bonds. The 1993 bonds are no longer outstanding. The bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the 2006 bonds and the 2007 bonds. These revenues have been pledged until the year 2024. Pledged tax increment revenue for the year was $17.5 million against total debt service payments of $2 million on this bond. The bonds are further secured by a debt service reserve fund sized in the amount of the aggregate maximum annual debt service on the bonds, which was $2.3 million at June 30, 2012. Payment of debt service on the bonds is further secured by a bond insurance policy issued by MBIA. Revenues are pledged against the debt service outstanding on the bonds of $25.1 million.

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

Consolidated Redevelopment Project 2002 Tax Allocation Refunding Bonds

In June 2002, the Commission issued serial bonds in the amount of $50,915,000. The principal on the Bonds is payable annually on September 1 ranging from $595,000 to $3,595,000 through September 1, 2022. Interest is payable on September 1 and March 1 in each year at rates of 3.5% to 5.5% per annum. Bonds due on or after September 1, 2011 are subject to redemption in whole or part, at the option of the Commission upon a redemption price equal to the principal amount plus a premium as follows:

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

The 2002 bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The 2002 Bonds share a parity claim on these revenues with the outstanding non-housing portion of the 2001 bonds, the 2006 bonds and the 2007 bonds. These revenues have been pledged until the year 2022. Pledged tax increment revenue for the year was $17.5 million against total debt service payments of $4.1 million on this bond. Payment of debt service on the bonds is further secured by a bond insurance policy issued by MBIA. Revenues are pledged against the debt service outstanding on the bonds of $16.9 million.

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

Consolidated Redevelopment Project 2003 Taxable Tax Allocation Refunding Bonds

In September 2003, the Commission issued term bonds in the amount of $6,530,000. The principal on the Bonds is payable annually on September 1 ranging from $220,000 to $465,000. The bonds are due on September 1, 2008, 2013 and 2024. Interest is payable on September 1 and March 1 in each year at rates of 3.5% to 5.75% per annum. Bonds due on or after September 1, 2014 are subject to redemption in whole or part, on any date on or after September 1, 2013, at the option of the Commission upon a redemption price equal to the principal amount plus accrued interest to the redemption date, without premium. The bonds are subject to mandatory sinking fund redemption annually in amounts ranging from $95,000 to $465,000.

The bonds are secured by a pledge of the tax increment revenues deposited in the low and moderate income set-aside fund for the Commission's project area. These revenues have been pledged until the year 2024. Pledged tax increment revenue for the year was $1.9 million against total debt service payments of $0.7 million on this bond. Revenues are pledged against the debt service outstanding on the bonds of $5.7 million.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. Upon dissolution, former tax increment revenues are deposited into the Los Angeles County Redevelopment Property Tax Trust Fund (RPTTF) and are distributed to Successor Agencies based on approved enforceable obligations. The City does not believe the dissolution

bill changes the pledged nature of the former tax increment and considers all deposits to the RPTTF pledge for debt service until the full debt service obligation for the fiscal year is reached.

Consolidated Redevelopment Project 2006 Tax Allocation Bonds

In December 2006, the Commission issued serial bonds (Series A) in the amount of $27,658,493. Series A bonds are structured with a mix of current interest bonds and accreted interest on capital appreciation bonds. Serial bonds totaling $3,025,000 are payable annually on each September 1 ranging from $10,000 to $2,195,000 through September 1, 2019. Interest is payable on September 1 and March 1 in each year at rates of 3.75% to 5.0% per annum. Capital appreciation bonds have serial maturities in 2019 through 2028 payable annually on September 1 each year with a value at maturity ranging from $920,000 to $11,805,000. The current interest bonds are optionally callable at par on September 1, 2016. The capital appreciation bonds are non-callable.

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

The Series A and Series B bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The Series A and Series B Bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the non-housing portion of the 2001 bonds, and the 2007 bonds. These revenues have been pledged until the year 2028. Pledged tax increment revenue for the year was $17.5 million against total debt service payments of $2.4 million on this bond. The bonds are further secured by a debt service reserve fund sized in the amount of the aggregate maximum annual debt service on the bonds which was $1.0 million at June 30, 2012. Revenues are pledged against the debt service outstanding on the bonds of $76.3 million. Payment of debt service on the bonds is further secured by a bond insurance policy issued by MBIA.

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

Consolidated Redevelopment Project 2007 Tax Allocation Refunding Bonds

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

The 2007 bonds are secured by the non-housing portion of tax increment revenues generated in the Commission's project area. The 2007 bonds share a parity claim on these revenues with the outstanding unrefunded 2002 bonds, the Commission's 2006 Tax Allocation Bonds Series A and B and the non-housing

portion of the 2001 Tax Allocation Bonds. These revenues have been pledged until the year 2022. Pledged tax increment revenue for the year was $17.5 million against total debt service payments of $2.5 million on this bond. Payment of debt service on the 2007 bonds is further secured by a bond insurance policy issued by MBIA. Revenues are pledged against the debt service outstanding on the bonds of $54.2 million.

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

Tax Increment Loan Payable

A loan of property tax increment was issued by the County of Los Angeles, California, to the Washington Boulevard Redevelopment Project Debt Service Fund, with an outstanding balance of $5,870,865, at a variable interest rate equivalent to the Los Angeles County Annual Treasury Pool rate as calculated annually by the County Auditor-Controller. Principal and interest payments on this loan are deferred until such time as the Washington Boulevard Project has received a combined total of $10,750,000 in monies from sales tax increment, as described in Note 6, and property tax increment. At that time, the Commission will pay annually the sum of: 1) the full amount due, and 2) no less than fifty percent (50%) of the tax increments remaining after paying such amounts, exclusive of tax increments designated for the Housing Fund.

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

ERAF Loan

The Commission received a loan with an outstanding balance of $1,950,000 from the California Statewide Communities Development Authority for the purpose of making the ERAF payment to the County of Los Angeles and covering the loan administration expense. Principal and interest are payable in installments each March 1 and November 1 commencing November 1, 2005, and ending March 1, 2015, from any available monies of the Commission not obligated for other uses. Interest on each installment has been calculated at an annual interest rate varying from 3.87% - 5.01% depending on the average interest rates of the underlying debt issued by the California Statewide Communities Development Authority to fund the loans. The loan is not subject to early prepayment.

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

Prior Year Defeasance of Debt

In prior years, the City defeased certain other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on all old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. All of the defeased debt outstanding was called during fiscal year 2012. The outstanding balance of these bonds was zero at June 30, 2012.

NOTE 15 - FUND BALANCES

Fund balances for all the major and nonmajor governmental funds as of June 30, 2012, were distributed as follows:

	General Fund	Capital Improvements Capital Projects Fund	Low and Moderate Income Housing Assets Special Revenue Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Loans receivable	$ 196,126	$ -	$ 99,420	$ -	$ 295,546
Inventory	706,093	-	-	-	706,093
Deposits	1,208,970	1,892,889	1,010,583	-	4,112,442
Interfund receivables	3,936,464	-	3,193,445	-	7,129,909
Advances	-	-	1,437,861	-	1,437,861
Subtotal	6,047,653	1,892,889	5,741,309	-	13,681,851
Restricted for:					
Low and Moderate	-	-	-	-	
Income Housing	-	-	2,790,975	-	2,790,975
Waste management	59,167	-	-	-	59,167
Community Facilities District	-	-	-	116,611	116,611
Environmental compliance	122,365	-	-	-	122,365
Art in public places	-	-	-	948,683	948,683
Public safety	-	-	-	20,979	20,979
Public works	-	-	-	524,271	524,271
Subtotal	181,532	-	2,790,975	1,610,544	4,583,051
Committed to:					
Capital projects	1,115,048	-	-	-	1,115,048
Equipment replacement	340,270	-	-	-	340,270
Subtotal	1,455,318	-	-	-	1,455,318
Unassigned	23,978,015	(1,621,191)	-		22,356,824
Total	$ 31,662,518	$ 271,698	$ 8,532,284	$ 1,610,544	$ 42,077,044

NOTE 16 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Fund	Amount over Budget
General Fund	$ 1,589,656
Low and Moderate Income Housing Assets Special Revenue Fund	90

Expenditures in the General Fund exceeded the budget amount because in April 2012, the City issued taxable pension obligation bonds in the amount of $7,147,000 for the purpose of paying off the side fund obligation in existence for the City's Safety Plan with the California Public Employees Retirement System. In accordance with GASB Statement No. 27, the one-time payoff amount of $7,027,007 is included as a functional expenditure within the public safety category.

NOTE 17 - CALIFORNIA JOINT POWERS INSURANCE AUTHORITY INSURANCE PROGRAM

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

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

(b) Self-Insurance Programs of the Authority

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: (1) the first $30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from $30,000 to $750,000 and the loss development reserves associated with losses up to $750,000 are pooled based on the member's share of losses under $30,000; (3) losses from $750,000 to $2,000,000 are pooled based on payroll; (4) costs of covered claims from $2,000,000 to $50,000,000 are paid under reinsurance and excess insurance policies subject to a $3,000,000 annual aggregate deductible and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the $2,000,000 to $10,000,000 layer. The costs associated with the above are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

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

Workers' Compensation

The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claim year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first $50,000 of each loss is charged directly to the member's primary deposit; (2) losses from $50,000 to $100,000 and the loss development reserve associated with losses up to $100,000 are pooled based on the member's share of losses under $50,000; (3) losses from $100,000 to $2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from $2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

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

(c) Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability and remediation legal liability insurance, which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a $50,000 deductible. The Authority has a limit of $50,000,000 for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a $10,000,000 limit during the 3-year term of the policy.

Property Insurance

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

Crime Insurance

The City purchases crime insurance coverage in the amount of $1,000,000 with $2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

(d) Adequacy of Protection

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

NOTE 18 - RETIREMENT PLAN

Full-time Employees

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

Participants are required to contribute 9% for public safety employees and 8% for miscellaneous employees of their annual covered salary. The City contributes the required contributions of the miscellaneous and public safety employees on their behalf and for their account. The City is required to contribute the actuarially

determined remaining amount necessary to fund the benefits for its members, using the actuarial rates recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2012, was 23.422% for miscellaneous employees and 38.469% for safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS.

The funded status of the miscellaneous plan based on the June 30, 2011, actuarial valuation is as follows (in thousands):

Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability % of Payroll
$ 134,061	$ 97,015	$ 37,046	72.4%	$ 11,143	332.5%

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

As required by State law, effective July 1, 2005, the City's Safety Plan (agent-employer) was terminated, and the employees in this Plan were required by PERS to join a new State-wide cost-sharing pool. One of the conditions of entry to this pool was that the City true-up any unfunded actuarial liabilities of the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by PERS. The City satisfied its Plan's unfunded actuarial liabilities by contributing to the Side Fund through additions to its normal contribution rate. The Side Fund amortization rate for the year ended June 30, 2012 was 12.648%, and was included as part of the City's required employer contribution rate. In April 2012, the City issued taxable pension obligation bonds to payoff the Side Fund. At June 30, 2012, the Safety Plan's Side Fund's balance was $0.

For the fiscal year ended June 30, 2012, the City's annual pension cost of $5,047,199 was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45%; and (c) 3.25% cost of living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of PERS assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15 year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. The actuarial assumptions used for the funded status are different from those used to determine the annual required contribution. The actuarial assumptions used for the funded status included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20%; and (c) 3.00% cost of living adjustment. Both (a) and (b) include an inflation component of 2.75%.

The City's net pension asset as of June 30, 2012, was $7.0 million. The annual required contribution (ARC) as of June 30, 2012, was $5.0 million. The following table shows the components of the City's annual pension cost for the year, the amount actually contributed to the plan, and the City's net pension asset (dollar amounts are in thousands):

Annual required contribution	$ (5,047)
Interest on net pension asset	-
Adjustment to annual required contribution	-
Annual pension cost (expense)	(5,047)
Contributions made	12,074
Increase in net pension asset	7,027
Net pension asset, Beginning of Year	-
Net pension asset, End of Year	$ 7,027

The following is a summary of information for PERS for a three-year period ending each June 30:

Three-Year Trend Information for PERS (Dollar Amounts in Thousands)

Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2010	$4,676	100%	$ -
2011	4,047	100%	-
2012	5,047	239%	7,027

Part-time Employees

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan was created in accordance with Internal Revenue Code Section 457. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and the City Council resolved to match the employees' contributions of 3.75%. The City's contribution for each employee (and interest earned by the accounts) is fully vested immediately.

For the fiscal year ended June 30, 2012, the City's covered payroll for part-time employees was $2,049,386. The City made employer contributions of $76,852 (3.75% of covered payroll), and employees contributed $79,561. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and are not included in the financial statements in accordance with GASB Statement No. 32.

NOTE 19 - POSTEMPLOYMENT HEALTH CARE BENEFITS

(a) Plan Description

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

(b) Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) with 5 years or service and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at June 30, 2011, the date of the most recent actuarial valuation:

	Management	Miscellaneous	Fire	Total
Retirees and beneficiaries receiving benefits	51	91	63	205
Active plan members	34	117	52	203
Total	85	208	115	408

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

(c) Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The contribution is based on projected pay-as-you-go financing requirements. The City's contribution rate was $1,332 per month per retiree toward all premiums in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. For the fiscal year ended June 30, 2012, the City contributed $1,943,999 to the plan. Plan members receiving benefits contributed $29,099 (approximately 1% of total premiums) through their required contribution.

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

The City's Net OPEB obligation as of June 30, 2012, was $6.6 million The Annual Required Contribution (ARC) as of June 30, 2012, was $4.42 million. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (dollar amounts are in thousands):

Annual required contribution	$ 4,422
Interest on net OPEB obligation	296
Adjustment to annual required contribution	(472)
Annual OPEB cost (expense)	4,246
Contributions made	(2,926)
Increase in net OPEB obligation	1,320
Net OPEB Obligation, Beginning of Year	5,264
Net OPEB Obligation, End of Year	$ 6,584

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows (dollar amounts are in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	$ 3,643	39.9%	$ 3,899
6/30/2011	3,895	65.0%	5,264
6/30/2012	4,246	68.9%	6,584

(d) Funding Status and Progress

The City has elected to join the California Employers' Retiree Benefit Trust (CERBT), which provides a means to pre-fund OPEB obligations. The City makes an annual contribution to the CERBT, pays benefits either directly to retirees or through PEMHCA during the year, and then seeks reimbursement for these pay-as-you-go expenses from the CERBT. The City's funding policy is to contribute consistently an amount at least equal to the pay-as-you-go-costs plus a percent of the difference between the ARC and pay-as-you-go. This percent is 10% for the 2008/09 fiscal year, increasing by 10% each year to 100% of the ARC for fiscal year 2017/18 and thereafter. For the fiscal year ended June 30, 2012, the City made a contribution of $982,000 to the CERBT.

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

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

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

(e) Actuarial Methods and Assumptions

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

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

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

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

	Pre-Medicare Eligible		Post-Medicare Eligible	
Year	**HMO**	**PPO**	**HMO**	**PPO**
2012/13	7.1%	7.5%	7.3%	7.7%
2013/14	8.5%	8.5%	8.9%	8.9%
2014/15	8.0%	8.0%	8.3%	8.3%
2015/16	7.5%	7.5%	7.8%	7.8%
2016/17	7.5%	7.5%	7.8%	7.8%

NOTE 20 – COMMITMENTS AND CONTINGENCIES

(a) Claims

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

(b) Disposition and Development Agreement

On November 17, 2005, the Commission entered into a disposition and development agreement (DDA) with Villages at Heritage Springs, LLC (Developer) to remediate property and develop housing units and related infrastructure and amenities. The Developer agreed to make an interest-free loan of $2,690,000 to the Commission to assist in financing the cost of acquisition of the third parties' properties.

On November 21, 2006, the Commission and the Developer entered into the first amendment to the DDA to increase the interest-free loan of $2,690,000 to $3,152,000 due to additional costs pertaining to the acquisition of third parties' properties.

On March 26, 2009, the Commission entered into an agreement separate from the DDA to give a loan in the amount of $1,800,000 to the Developer at 5% interest rate in order to secure the construction financing for the development project.

On July 9, 2009, the Commission and the Developer entered into the third amendment to the DDA agreement on the following terms:

1. Added the Purchase and Sale Agreement to the DDA due to the current economic uncertainty and lack of

available financing for new residential construction. The Developer agreed to sell certain real property within the City's boundaries (Property) to the Commission. The purchase price for the Property was approximately $17 million. The Commission made a $2 million cash down payment at the execution of this agreement. $1 million of the down payment derived from the Low and Moderate Income Housing Fund and utilized to provide credits to the sale price for moderate income purchasers equal to the difference between the market rate price and the affordable price for that qualified buyer. Transfer of title to the Commission will not occur until the full purchase price has been paid. The Developer has option to repurchase the Property at any time prior to the completion of the project, or up to 1 year after the completion of the project, or as extended by approval of the City to accommodate agreed upon and approved project changes.

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

2. The Developer loan to the Commission for property acquisition in the amount of $3,152,000 shall be repaid in part with a credit of payment on the $1,800,000 loan from the Commission to the Developer. As of June 30, 2010, the Commission had repaid the remaining balance of $1,352,000.

3. The Developer agreed to pay building permit fees of $732,262 to the City at the earlier of the time of issuance of the Mello-Roos bonds or June 30, 2014. The fee amounts bear simple interest at 4.5%.

NOTE 21 - NON-CITY OBLIGATION DEBT

The City issued $2,315,000 of Heritage Springs Assessment District Improvement Bonds on August 9, 2001. The bonds are not included in the accompanying financial statements as neither the faith and credit nor the taxing powers of the City or the Commission have been pledged to the payment of the obligations. The outstanding balance at June 30, 2012, is $1,920,000.

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

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

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

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

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City of $7,129,909 are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

Pursuant to AB 1484, each of these loans are considered "interagency loans" and will only be considered eligible for repayment beginning in fiscal year ending June 30, 2014, subject to annual limitations, once the California Department of Finance issues a "finding of completion". A finding of completion is issued once the Successor Agency has paid all required available balances to the Los Angeles County Auditor-Controller for distribution to various other taxing entities. The available balances consist of three components, including (1) the overpayment of tax increment revenue to the Commission during the fiscal year ended June 30, 2012, (2) the available balance of unrestricted liquid funds in the former low-moderate income housing fund, and (3) the available balance of unrestricted liquid funds in the former Commission's non-housing funds. The Successor Agency anticipates making all required payments during fiscal year ending June 30, 2013.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012, from governmental funds of the City to the private-purpose trust fiduciary fund was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The transfer of these assets and liabilities as of February 1, 2012, was reported in the private-purpose trust fund as a net extraordinary or loss and as a net extraordinary gain for governmental activities in the government-wide statement of activities.

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust fund (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary loss that was recognized in the fiduciary fund financial statements.

The difference between the net extraordinary loss recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

Net extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund	$ 52,500,881
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	1,811,846
Long-term debt reported in the governmental-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	(131,510,110)
Interest payable reported in the governmental-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	(1,963,663)
Unamortized bond issuance costs recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	2,315,684
Total extraodinary loss reported in the Successor Agency Trust Fund	$ (76,845,362)

NOTE 23 – SUBSEQUENT EVENTS

California Public Employees' Pension Reform Act

After spending close to a year exploring and debating reforms to public pension systems in California, lawmakers in Sacramento passed Assembly Bill 340 (AB 340) on August 31, 2012. AB 340 known as the California Public Employees' Pension Reform Act of 2013 (PEPRA) which amends various provisions of the Public Employees' Retirement Law (PERL) and County Employee's Retirement Law of 1937 (CERL), was signed into law by the Governor on September 12, 2012. PEPRA will take effect on January 1, 2013. Management asserts that PEPRA will not have a significant impact on the City's June 30, 2012 financial statements.

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

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Normal Accrued Liability	(b-a) Unfunded Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a % of Covered Payroll
6/30/09	$91,351	$121,214	$29,863	75.4%	$13,076	228.4%
6/30/10	$94,443	$127,068	$32,625	74.3%	$11,621	280.7%
6/30/11	$97,015	$134,061	$37,046	72.4%	$11,143	332.5%

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

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

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 28,688,700	$ 31,139,000	$ 32,696,347	$ 1,557,347
Licenses and permits	1,749,600	1,874,000	2,102,755	228,755
Fines, forfeitures and seizures	423,000	400,000	422,228	22,228
Interest and rentals	2,226,700	1,758,900	1,849,786	90,886
From other agencies	3,366,900	3,542,900	3,908,812	365,912
Charges for current services	3,944,400	3,681,400	5,031,896	1,350,496
Other	1,153,200	4,107,800	3,974,548	(133,252)
Total revenues	41,552,500	46,504,000	49,986,372	3,482,372
Expenditures:				
Current:				
General government	1,793,500	6,443,700	3,780,669	2,663,031
Public safety	26,928,100	27,087,800	32,879,923	(5,792,123)
Community development	5,840,200	5,450,600	5,539,283	(88,683)
Transportation	4,536,300	4,761,600	3,458,021	1,303,579
Culture and leisure	7,047,000	6,885,700	6,445,393	440,307
Human services	2,904,500	2,878,500	2,790,524	87,976
Capital outlay:				
General government	420,000	191,400	-	191,400
Public safety	11,000	11,000	131,062	(120,062)
Community development	5,500	5,100	-	5,100
Transportation	1,500	-	91,096	(91,096)
Debt service:				
Interest	77,700	63,300	90,206	(26,906)
Principal retirement	331,400	301,300	343,486	(42,186)
Bond issuance cost	-	-	119,993	(119,993)
Total expenditures	49,896,700	54,080,000	55,669,656	(1,589,656)
Excess (deficiency) of revenues over expenditures	(8,344,200)	(7,576,000)	(5,683,284)	1,892,716
Other financing sources (uses):				
Proceeds from sale of assets	2,000	19,300	23,496	4,196
Loan issuance	-	-	7,759,094	7,759,094
Transfers in	8,491,200	7,786,800	4,564,647	(3,222,153)
Transfers out	-	(278,400)	(250,539)	27,861
Net change in fund balance	149,000	(48,300)	6,413,414	6,461,714
Fund balance, beginning of year	25,249,104	25,249,104	25,249,104	-
Fund balance, end of year	$ 25,398,104	$ 25,200,804	$ 31,662,518	$ 6,461,714

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

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Low and Moderate Income Housing Assets Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest and rentals	$ -	$ -	$ 700	$ 700
Total revenues	-	-	700	700
Expenditures:				
Current:				
Community development	-	-	159	(159)
Debt Service:				
Interest	-	232,700	232,631	69
Total expenditures	-	232,700	232,790	(90)
Excess (deficiency) of revenues over expenditures	-	(232,700)	(232,090)	610
Other financing sources (uses):				
Transfers from private-purpose trust funds			995,421	(995,421)
Transfers in	-	232,700	7,768,953	7,536,253
Net change in fund balance	-	-	8,532,284	6,541,442
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 8,532,284	$ 6,541,442

City of Santa Fe Springs
Note to Required Supplementary Information
June 30, 2012

NOTE 1 - SUMMARY OF BUDGETARY POLICIES

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

- General Fund
- Consolidated Redevelopment Project Debt Service Fund
- Washington Boulevard Redevelopment Debt Service Fund
- Consolidated Redevelopment Project Capital Projects Fund
- Low and Moderated Income Housing Assets Special Revenue Fund
- Community Development Block Grant Special Revenue Fund
- Low and Moderated Income Housing Special Revenue Fund

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

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

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

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Fund	Amount over Budget
General Fund	$ 1,589,656
Low and Moderate Income Housing Assets Special Revenue Fund	90

Expenditures in the General Fund exceeded the budget amount because in April 2012, the City issued taxable pension obligation bonds in the amount of $7,147,000 for the purpose of paying off the side fund obligation in existence for the City's Safety Plan with the California Public Employees Retirement System. In accordance with GASB Statement No. 27, the one-time payoff amount of $7,027,007 is included as a functional expenditure within the public safety category.

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Consolidated Redevelopment Project Debt Service Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 25,808,000	$ 25,808,000	$ 7,678,558	$ (18,129,442)
Interest and rentals	100,000	100,000	46,729	(53,271)
Total revenues	25,908,000	25,908,000	7,725,287	(18,182,713)
Expenditures:				
Current:				
Community development	6,076,200	6,071,200	2,738,935	3,332,265
Debt service:				
Interest	4,685,200	4,685,200	2,705,503	1,979,697
Principal retirement	12,301,500	12,301,500	6,949,735	5,351,765
Total expenditures	23,062,900	23,057,900	12,394,173	10,663,727
Excess (deficiency) of revenues over expenditures	2,845,100	2,850,100	(4,668,886)	(7,518,986)
Other financing sources (uses):				
Transfers in	976,700	976,700	995,263	18,563
Transfers out	(8,646,000)	(8,646,000)	(11,389,951)	(2,743,951)
Extraordinary gain (loss)	-	-	(18,398,132)	(18,398,132)
Net change in fund balance	(4,824,200)	(4,819,200)	(33,461,706)	(28,642,506)
Fund balance, beginning of year	33,461,706	33,461,706	33,461,706	-
Fund balance, end of year	$ 28,637,506	$ 28,642,506	$ -	$ (28,642,506)

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Washington Boulevard Redevelopment Project Debt Service Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 435,000	$ 435,000	$ -	$ (435,000)
Interest and rentals	7,000	7,000	2,427	(4,573)
Total revenues	442,000	442,000	2,427	(439,573)
Expenditures:				
Current:				
Community development	460,600	460,600	-	460,600
Debt service:				
Interest	182,400	182,400	14,125	168,275
Principal retirement	263,000	263,000	2,766	260,234
Total expenditures	906,000	906,000	16,891	889,109
Excess (deficiency) of revenues over expenditures	(464,000)	(464,000)	(14,464)	449,536
Other financing source:				
Loan issuance	352,800	352,800	-	352,800
Transfer out	(253,400)	(253,400)	(266,398)	(519,798)
Extraordinary gain (loss)	-	-	2,001,695	2,001,695
Net change in fund balance	(364,600)	(364,600)	1,720,833	2,085,433
Fund balance (deficit), beginning of year	(1,720,833)	(1,720,833)	(1,720,833)	-
Fund balance (deficit), end of year	$ (2,085,433)	$ (2,085,433)	$ -	$ 2,085,433

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NONMAJOR GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS

State Gasoline Tax

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

Traffic Congestion Relief

This fund is used to account for traffic congestion relief funds received under State Assembly Bill 2928. These funds are utilized solely for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair that provides traffic congestion relief.

County Transit Tax

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

Narcotics Forfeitures/Seizures

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

Art In Public Places

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

Air Quality Improvement

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Street Lighting Maintenance District

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

Heritage Springs Street Maintenance District

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

Public Safety Augmentation

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

Supplemental Law Enforcement Services

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

Community Development Block Grant

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

Community Development Block Grant Program Income

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

Villages Service District

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Low and Moderate Income Housing

The Low and Moderate Income Housing Special Revenue Fund is used for providing safe and sanitary dwelling accommodations in the City available to persons of low and moderate income.

CAPITAL PROJECTS FUND

Washington Boulevard Redevelopment Project

This fund is used to account for financial resources segregated for the acquisition of and rehabilitation of capital facilities within the Washington Boulevard Redevelopment Project Area.

CITY OF SANTA FE SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds			
	State Gasoline Tax	**Traffic Congestion Relief**	**County Transit Tax**	**Narcotics Forfeitures/ Seizures**
Assets:				
Cash and investments	$ 245,635	$ -	$ 11,418	$ 13,719
Loans and notes receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	52,474	-	31,737	-
Total assets	$ 298,109	$ -	$ 43,155	$ 13,719
Liabilities and fund balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Restricted	298,109	-	43,155	13,719
Total fund balances	298,109	-	43,155	13,719
Total liabilities and fund balances	$ 298,109	$ -	$ 43,155	$ 13,719

Special Revenue Funds					
Art In Public Places	Air Quality Improve-ment	Street Lighting Maintenance District	Heritage Springs Street Maintenance District	Public Safety Augmen-tation	Supplemental Law Enforcement Services
$ 948,683	$ -	$ -	$ 183,007	$ -	$ 7,260
500,000	-	-	-	-	-
44,438	-	-	-	-	-
-	5,094	19,945	-	26,823	-
$ 1,493,121	$ 5,094	$ 19,945	$ 183,007	$ 26,823	$ 7,260
$ -	$ -	$ -	$ -	$ -	$ -
-	5,094	19,945	-	26,823	-
544,438	-	-	-	-	-
544,438	5,094	19,945	-	26,823	-
948,683	-	-	183,007	-	7,260
948,683	-	-	183,007	-	7,260
$ 1,493,121	$ 5,094	$ 19,945	$ 183,007	$ 26,823	$ 7,260

CITY OF SANTA FE SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2012

	Special Revenue Funds			
	Community Development Block Grant	**Community Development Block Grant Program Income**	**Villages Service District**	**Low and Moderate Income Housing**
Assets:				
Cash and investments	$ -	$ 208,113	$ 124,427	$ -
Loans and notes receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	565	-	2,050	-
Total assets	$ 565	$ 208,113	$ 126,477	$ -
Liabilities and fund balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ 82	$ -
Due to other funds	565	-	-	-
Deferred revenue	-	208,113	9,784	-
Total liabilities	565	208,113	9,866	-
Fund Balances:				
Restricted	-	-	116,611	-
Total fund balances	-	-	116,611	-
Total liabilities and fund balances	$ 565	$ 208,113	$ 126,477	$ -

Washington Boulevard Redevelopment Project Capital Project Fund	Total
$ -	$ 1,742,262
-	500,000
-	44,438
-	138,688
$ -	$ 2,425,388
$ -	$ 82
-	52,427
-	762,335
-	814,844
-	1,610,544
-	1,610,544
$ -	$ 2,425,388

CITY OF SANTA FE SPRINGS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds			
	State Gasoline Tax	**Traffic Congestion Relief**	**County Transit Tax**	**Narcotics Forfeitures/ Seizures**
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Fines, forfeitures and penalties	-	-	-	6,244
Interest and rentals	633	-	266	34
From other agencies	503,257	-	641,246	-
Other	-	-	15,838	-
Total revenues	503,890	-	657,350	6,278
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	354,733	44,900	594,001	-
Culture and leisure	-	-	-	-
Total expenditures	354,733	44,900	594,001	-
Excess (deficiency) of revenues over expenditures	149,157	(44,900)	63,349	6,278
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	-	-	-	-
Extraordinary gain (loss)	-	-	-	-
Net change in fund balances	149,157	(44,900)	63,349	6,278
Fund balances (deficits), beginning of year	148,952	44,900	(20,194)	7,441
Fund balances, end of year	$ 298,109	$ -	$ 43,155	$ 13,719

Special Revenue Funds					
Art In Public Places	Air Quality Improve-ment	Street Lighting Maintenance District	Heritage Springs Street Maintenance District	Public Safety Augmen-tation	Supplemental Law Enforcement Services
-	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
3,626	-	-	-	-	157
-	20,636	-	-	149,374	100,000
137,480	-	185,814	-	-	-
141,106	20,636	185,814	-	149,374	100,157
-	-	-	-	149,374	100,000
-	-	-	-	-	-
-	20,636	151,984	2,800	-	-
212,384	-	33,830	-	-	-
212,384	20,636	185,814	2,800	149,374	100,000
(71,278)	-	-	(2,800)	-	157
-	-	-	-	-	-
(60,736)	-	-	-	-	-
(60,736)	-	-	-	-	-
-	-	-	-	-	-
(132,014)	-	-	(2,800)	-	157
1,080,697	-	-	185,807	-	7,103
$ 948,683	$ -	$ -	$ 183,007	$ -	$ 7,260

CITY OF SANTA FE SPRINGS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds			
	Community Development Block Grant	Community Development Block Grant Program Income	Villages Service District	Low and Moderate Income Housing
Revenues:				
Taxes	$ -	$ -	$ -	$ 1,919,639
Fines, forfeitures and penalties	-	-	-	-
Interest and rentals	-	-	176	3,770
From other agencies	27,036	-	92,426	-
Other	-	-	-	187,357
Total revenues	27,036	-	92,602	2,110,766
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	27,036	-	10,117	904,529
Transportation	-	-	-	-
Culture and leisure	-	-	-	-
Total expenditures	27,036	-	10,117	904,529
Excess (deficiency) of revenues over expenditures	-	-	82,485	1,206,237
Other financing sources (uses):				
Transfers in	-	-	-	3,323
Transfers out	-	-	-	(8,386,437)
Total other financing sources and (uses)	-	-	-	(8,383,114)
Extraordinary gain (loss)	-	-	-	(2,843,257)
Net change in fund balances	-	-	82,485	(10,020,134)
Fund balances (deficits), beginning of year	-	-	34,126	10,020,134
Fund balances, end of year	$ -	$ -	$ 116,611	$ -

Washington Boulevard Redevelopment Project Capital Project Fund	Total
$ -	$ 1,919,639
-	6,244
113	8,775
-	1,533,975
-	526,489
113	3,995,122
-	249,374
194,244	1,135,926
-	1,169,054
-	246,214
194,244	2,800,568
(194,131)	1,194,554
256,000	259,323
-	(8,447,173)
256,000	(8,187,850)
40,181	(2,803,076)
102,050	(9,796,372)
(102,050)	11,406,916
$ -	$ 1,610,544

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Community Development Block Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
From other agencies	$ 2,500	$ 31,100	$ 27,036	$ (4,064)
Expenditures:				
Community development	2,500	31,100	27,036	4,064
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

CITY OF SANTA FE SPRINGS
Budgetary Comparison Schedule
Low and Moderate Income Housing Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 6,452,000	$ 6,452,000	$ 1,919,639	$ (4,532,361)
Interest and rentals	12,000	12,000	3,770	(8,230)
Other	-	-	187,357	187,357
Total revenues	6,464,000	6,464,000	2,110,766	(4,353,234)
Expenditures:				
Current:				
Community development	1,148,900	1,148,900	904,529	244,371
Total expenditures	1,148,900	1,148,900	904,529	244,371
Excess (deficiency) of revenues over expenditures	5,315,100	5,315,100	1,206,237	(4,108,863)
Other financing sources (uses):				
Transfers in	-	-	3,323	3,323
Transfers out	(3,452,000)	(3,452,000)	(8,386,437)	(4,934,437)
Extraordinary loss	-	-	(2,843,257)	(2,843,257)
Net change in fund balance	1,863,100	1,863,100	(10,020,134)	(11,883,234)
Fund balance, beginning of year	10,020,134	10,020,134	10,020,134	-
Fund balance, end of year	$ 11,883,234	$ 11,883,234	$ -	$ (11,883,234)

FIDUCIARY FUNDS

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

AGENCY FUNDS

Section 8 Rental Assistance Program Fund

This fund is used to account for the deposit of monies from the Federal Department of Housing and Urban Development for the City's Housing Assistance Payment Program authorized under the United States Housing Act of 1937, with the objective of providing decent, safe, and sanitary housing for eligible families pursuant to Section 8 of the Act. The Program is administered by the Housing Authority of the County of Los Angeles, California.

Assessment Districts Fund

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

Community Facilities Assessment Districts Fund

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

Southeast Water Coalition Fund

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

CITY OF SANTA FE SPRINGS
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2012

	Section 8 Rental Assistance Program	Assessment District	Community Facilities Assessment District	Southeast Water Coalition	Total
Assets:					
Cash and investments	$ 363	$ 41,456	$ 656,538	$ 213,532	$ 911,889
Cash and investments with fiscal agent	-	267,035	-	-	267,035
Accounts receivable	-	-	31,227	-	31,227
Due from other governments	-	71,491	4,360	-	75,851
Total assets	$ 363	$ 379,982	$ 692,125	$ 213,532	$ 1,286,002
Liabilities:					
Due to other governments	$ 363	$ 379,982	$ -	$ -	$ 380,345
Accounts payable	-	-	308	1,120	1,428
Deposits	-	-	691,817	212,412	904,229
Total liabilities	$ 363	$ 379,982	$ 692,125	$ 213,532	$ 1,286,002

CITY OF SANTA FE SPRINGS
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2012

Section 8 Rental Assistance Program	Beginning Balance	Additions	Deletions	Ending Balance
Assets:				
Cash and investments	$ 222,785	$ 13	$ 222,435	$ 363
Liabilities:				
Due to other governments	$ 222,785	$ 13	$ 222,435	$ 363
Total liabilities	$ 222,785	$ 13	$ 222,435	$ 363
Assessment Districts				
Assets:				
Cash and investments	$ (41,700)	$ 201,683	$ 118,527	$ 41,456
Cash and investments with fiscal agent	317,620	118,527	169,112	267,035
Due from other governments	72,091	71,491	72,091	71,491
Total assets	$ 348,011	$ 391,701	$ 359,730	$ 379,982
Liabilities:				
Due to other governments	$ 348,011	$ 201,084	$ 169,113	$ 379,982
Total liabilities	$ 348,011	$ 201,084	$ 169,113	$ 379,982
Community Facilities Assessment Districts				
Assets:				
Cash and investments	$ 7,471	$ 673,295	$ 24,228	$ 656,538
Accounts receivable	35,687	-	4,460	31,227
Due from other governments	1,705	4,360	1,705	4,360
Total assets	$ 44,863	$ 677,655	$ 30,393	$ 692,125
Liabilities:				
Accounts payable	$ 1,185	$ 12,431	$ 13,308	$ 308
Deposits	43,678	664,600	16,461	691,817
Total liabilities	$ 44,863	$ 677,031	$ 29,769	$ 692,125

CITY OF SANTA FE SPRINGS
Combining Statement of Changes in Assets and Liabilities - Agency Funds (Continued)
For the Fiscal Year Ended June 30, 2012

Southeast Water Coalition	**Beginning Balance**	**Additions**	**Deletions**	**Ending Balance**
Assets:				
Cash and investments	$ 143,233	$ 111,549	$ 41,250	$ 213,532
Due from other governments	-	110,000	110,000	-
Total assets	$ 143,233	$ 221,549	$ 151,250	$ 213,532
Liabilities:				
Accounts payable	$ 3,367	$ 1,120	$ 3,367	$ 1,120
Deposits	139,866	72,546	-	212,412
Total liabilities	$ 143,233	$ 73,666	$ 3,367	$ 213,532

Total Agency Funds				
Assets:				
Cash and investments	$ 331,789	$ 986,540	$ 406,440	$ 911,889
Cash and investments with fiscal agent	317,620	118,527	169,112	267,035
Accounts receivable	35,687	-	4,460	31,227
Due from other governments	73,796	185,851	183,796	75,851
Total assets	$ 758,892	$ 1,290,918	$ 763,808	$ 1,286,002
Liabilities:				
Due to other governments	$ 570,796	$ 201,097	$ 391,548	$ 380,345
Accounts payable	4,552	13,551	16,675	1,428
Deposits	183,544	737,146	16,461	904,229
Total liabilities	$ 758,892	$ 951,794	$ 424,684	$ 1,286,002

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City of Santa Fe Springs

Statistical Section

(Not Covered by Auditor's Opinion)

CITY OF SANTA FE SPRINGS
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012

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.

Table of Contents

	Page(s)
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	100
Revenue Capacity	
These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.	110
Debt Capacity	
These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	114
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	122
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	125

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

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**2008**
Governmental activities:					
Invested in capital assets, net of related debt	$ 6,824,544	$ 34,923,891	$ 38,548,147	$ 16,802,657	$ 31,856,729
Restricted	6,141,808	6,790,590	9,519,258	11,122,372	5,501,527
Unrestricted	48,578,049	50,731,163	47,198,101	68,046,186	64,776,353
Total governmental activities net assets	$ 61,544,401	$ 92,445,644	$ 95,265,506	$ 95,971,215	$ 102,134,609
Business-type activities:					
Invested in capital assets, net of related debt	$ 14,284,285	$ 10,286,201	$ 10,315,423	$ 10,161,603	$ 10,160,632
Unrestricted	3,829,063	7,524,600	6,862,425	6,500,887	5,848,194
Total business-type activities net assets	$ 18,113,348	$ 17,810,801	$ 17,177,848	$ 16,662,490	$ 16,008,826
Primary government:					
Invested in capital assets, net of related debt	$ 21,108,829	$ 45,210,092	$ 48,863,570	$ 26,964,260	$ 42,017,361
Restricted	6,141,808	6,790,590	9,519,258	11,122,372	5,501,527
Unrestricted	52,407,112	58,255,763	54,060,526	74,547,073	70,624,547
Total primary government net assets	$ 79,657,749	$ 110,256,445	$ 112,443,354	$ 112,633,705	$ 118,143,435

The City of Santa Fe Springs was able to compile the data in the required format beginning with the fiscal year 2003-2004. Therefore, only nine years of data are reported.

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

2009	2010	2011	2012
$ 89,373,619	$ 80,697,495	$ 73,525,440	$ 141,935,739
7,643,082	8,867,118	10,414,337	9,077,534
6,730,597	2,627,357	12,973,592	24,344,782
$ 103,747,298	$ 92,191,970	$ 96,913,369	$ 175,358,055
$ 12,659,705	$ 13,780,267	$ 11,835,708	$ 12,353,517
2,074,635	(636,433)	521,782	1,060,256
$ 14,734,340	$ 13,143,834	$ 12,357,490	$ 13,413,773
$ 102,033,324	$ 94,477,762	$ 85,361,148	$ 154,289,256
7,643,082	8,867,118	10,414,337	9,077,534
8,805,232	1,990,924	13,495,374	25,405,038
$ 118,481,638	$ 105,335,804	$ 109,270,859	$ 188,771,828

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

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

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

(continued)

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

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**2008**
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Sales and use taxes	$ 21,590,153	$ 23,070,830	$ 25,592,900	$ 26,373,068	$ 25,716,341
Property taxes	22,812,759	24,425,264	26,896,587	29,796,606	30,792,418
Franchise taxes	2,351,329	2,404,968	2,776,978	3,090,282	2,902,765
Motor vehicle in lieu tax - general purpose	868,719	1,561,110	1,324,255	1,390,299	1,446,785
Business operations taxes	793,574	780,041	790,175	867,675	816,384
Utility users taxes	-	-	-	-	-
Other taxes	598,415	598,250	673,786	660,346	734,885
Investment income	705,996	1,648,633	2,696,536	4,946,163	4,845,514
Other	502,300	1,270,288	1,090,511	1,348,127	287,751
Loss on disposal of asset	(234,818)	(541,510)	(3,559,185)	-	(54,467)
Transfers	1,615,007	1,627,294	1,655,261	1,609,356	1,300,790
Extraordinary gain	-	-	-	-	-
Total governmental activities	51,603,434	56,845,168	59,937,804	70,081,922	68,789,166
Business-type activities:					
Investment income	56,843	153,675	292,821	324,780	225,296
Transfers	(1,615,007)	(1,627,294)	(1,655,261)	(1,609,356)	(1,300,790)
Total business-type activities	(1,558,164)	(1,473,619)	(1,362,440)	(1,284,576)	(1,075,494)
Total primary government	50,045,270	55,371,549	58,575,364	68,797,346	67,713,672
Special - donation of land and improvements	-	23,702,922	-	-	-
Changes in Net Assets:					
Governmental activities	5,551,419	5,679,070	2,819,862	2,421,687	6,163,394
Business-type activities	520,262	(302,547)	(632,953)	(515,358)	(653,664)
Total primary government	$ 6,071,681	$ 5,376,523	$ 2,186,909	$ 1,906,329	$ 5,509,730

The City of Santa Fe Springs was able to compile the data in the required format beginning with the fiscal year 2003-2004. Therefore, only nine years of data are reported.

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

2009	2010	2011	2012
$ 23,237,402	$ 19,214,299	$ 20,254,386	$ 22,868,333
33,478,543	34,470,314	33,167,105	11,386,328
2,857,707	2,524,816	2,553,493	2,499,668
1,505,277	1,569,001	1,574,226	1,519,877
805,857	783,107	775,506	771,766
-	-	1,023,863	4,342,780
723,819	576,767	570,792	518,095
3,006,525	1,699,361	2,380,810	1,988,650
391,132	356,634	236,254	3,425,588
-	-	-	-
1,297,241	1,712,319	1,131,284	1,582,575
-	-	-	76,845,362
67,303,503	62,906,618	63,667,719	127,749,022
79,642	7,322	5,892	4,830
(1,297,241)	(1,712,319)	(1,131,284)	(1,582,575)
(1,217,599)	(1,704,997)	(1,125,392)	(1,577,745)
66,085,904	61,201,621	62,542,327	126,171,277
-	-	-	-
1,612,689	(11,555,328)	4,721,399	78,444,686
(1,274,486)	(1,590,506)	(786,344)	1,056,283
$ 338,203	$ (13,145,834)	$ 3,935,055	$ 79,500,969

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

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**2008**
General fund:					
Reserved	$ 12,241,087	$ 14,032,267	$ 14,272,672	$ 14,388,788	$ 13,617,551
Unreserved	18,081,668	18,948,412	18,851,647	17,017,518	15,099,382
Total general fund	$ 30,322,755	$ 32,980,679	$ 33,124,319	$ 31,406,306	$ 28,716,933
All other governmental funds:					
Reserved	$ 26,318,775	$ 27,603,708	$ 31,370,232	$ 39,559,163	$ 42,709,013
Unreserved, reported in:					
Special revenue funds	2,969,295	1,989,508	2,666,450	2,640,445	2,158,778
Debt service funds	(2,342,282)	(2,640,256)	(2,355,832)	(2,040,292)	(1,679,421)
Capital project funds	21,659,330	23,479,870	21,234,317	56,216,049	47,613,794
Total all other governmental funds	$ 48,605,118	$ 50,432,830	$ 52,915,167	$ 96,375,365	$ 90,802,164

	2011*	**2012**
General fund:		
Nonspendable	$ 6,028,152	$ 6,047,653
Restricted	1,326,532	181,532
Committed	1,455,318	1,455,318
Unassigned	16,439,102	23,978,015
Total general fund	$ 25,249,104	$ 31,662,518
All other governmental funds:		
Nonspendable	$ 9,148,250	$ 7,634,198
Restricted	68,588,092	4,401,519
Unassigned	(5,724,815)	(1,621,191)
Total all other governmental funds	$ 72,011,527	$ 10,414,526

The City of Santa Fe Springs was able to compile the data in the required format beginning with the fiscal year 2003-2004. Therefore, only nine years of data are reported.

** The City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.*

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

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

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

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**2008**
Revenues:					
Taxes	$ 48,146,230	$ 51,279,875	$ 56,758,561	$ 60,787,976	$ 60,962,794
Licenses and permits	1,872,843	2,358,170	1,937,477	1,629,490	1,701,480
Fines, forfeitures and seizures	355,259	338,843	543,522	609,712	548,283
Interest and rentals	1,876,392	2,552,311	3,851,945	5,953,140	5,892,674
From other agencies	6,057,180	5,301,442	5,175,615	5,917,337	7,578,801
Charges for current services	4,439,811	4,178,852	4,897,205	4,739,147	5,305,063
Other	1,642,275	3,398,340	2,518,156	2,491,930	1,702,360
Total revenues	64,389,990	69,407,833	75,682,481	82,128,732	83,691,455
Expenditures:					
Current:					
General government	1,727,403	3,295,793	6,082,704	8,407,116	4,111,182
Public safety	19,517,165	20,881,213	23,632,838	25,077,753	25,824,532
Community development	11,834,822	17,149,044	16,709,315	16,535,419	19,500,243
Transportation	4,858,846	4,186,499	4,299,753	4,496,028	4,641,050
Culture and leisure	6,892,548	7,083,663	8,362,724	9,025,881	8,511,379
Human services	3,033,094	2,169,841	3,578,218	3,982,317	4,117,257
Capital outlay:					
General government	218,478	274,508	352,319	514,044	6,596,550
Public safety	174,057	4,198	65,961	374,023	188,100
Community development	1,542,804	1,077,781	555,209	966,204	2,919,363
Transportation	5,861,494	1,390,273	1,454,821	2,562,745	3,466,560
Culture and leisure	726,279	3,412,361	1,139,624	1,414,715	1,279,981
Human services	258,044	541,510	-	7,307	784,174
Loss on sale of property	234,818	-	3,250,937	2,394,149	-
Debt service:					
Interest	5,708,320	5,767,172	5,969,105	6,222,003	6,175,132
Principal retirement	3,467,251	4,181,415	4,303,173	4,814,783	6,309,031
Bond issuance costs	297,710	-	-	1,783,534	-
Total expenditures	66,353,133	71,415,271	79,756,701	88,578,021	94,424,534
Excess (deficiency) of revenues over (under) expenditures	(1,963,143)	(2,007,438)	(4,074,220)	(6,449,289)	(10,733,079)
Other financing sources (uses):					
Proceeds (loss) from sale of assets	-	-	-	-	-
Lease purchase agreements	305,739		82,690	108,986	107,588
Loan issuance	273,406	3,864,370	4,962,246	1,326,493	1,062,127
Bond issuance	6,530,000	-	-	91,911,529	-
Payment to refunded bond escrow agent	(6,693,972)	-	-	(45,656,679)	-
Transfer from private-purpose trust fund	-	-	-	-	-
Transfers in	18,767,279	25,411,810	17,712,793	23,177,837	15,611,252
Transfers out	(17,152,272)	(23,784,516)	(16,057,532)	(21,568,481)	(14,310,462)
Total other financing sources (uses)	2,030,180	5,491,664	6,700,197	49,299,685	2,470,505
Extraordinary loss	-	-	-	-	-
Net change in fund balances	$ 67,037	$ 3,484,226	$ 2,625,977	$ 42,850,396	$ (8,262,574)
Debt service as a percentage of noncapital expenditures	15.9%	15.4%	13.7%	15.4%	15.9%

The City of Santa Fe Springs was able to compile the data in the required format beginning with the fiscal year 2003-2004. Therefore, only nine years of data are reported.

** 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.*

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

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

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
2003	$3,202,358	$746,690	$20,584	$3,928,464	$16,005	$3,912,459	0.524%
2004	3,394,968	797,566	22,361	4,170,173	15,658	4,154,515	0.549%
2005	3,602,267	758,572	34,258	4,326,581	15,718	4,310,863	0.567%
2006	3,937,295	760,308	35,699	4,661,904	15,733	4,646,171	0.579%
2007	4,314,351	796,390	41,222	5,069,519	15,660	5,053,859	0.589%
2008	4,649,072	893,796	42,911	5,499,957	15,586	5,484,371	0.561%
2009	4,948,146	966,130	49,046	5,865,230	15,606	5,849,624	0.572%
2010	5,085,904	1,014,688	55,391	6,045,201	15,452	6,029,749	0.572%
2011	5,092,022	961,737	51,456	6,002,303	15,271	5,987,032	0.572%
2012	5,164,916	943,242	65,907	6,042,251	15,124	6,027,127	0.572%

NOTE:

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

Source: Muniservices LLC
Los Angeles County, Auditor-Controller

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

	Basic 1% Direct Tax Rate		Override Assessments						
Fiscal Year	**City of Santa Fe Springs**	**Los Angeles County**	**Elementary Schools**	**Los Angeles County**	**Rio Hondo Community College District**	**Whitter Union High School District**	**Los Angeles County Flood Control District**	**Metro. Water District**	**Total**
2003	0.077	0.923	0.000	0.001	0.000	0.026	0.001	0.007	1.035
2004	0.077	0.923	0.000	0.001	0.000	0.038	0.000	0.006	1.045
2005	0.077	0.923	0.000	0.001	0.022	0.031	0.000	0.006	1.060
2006	0.077	0.923	0.000	0.001	0.018	0.045	0.000	0.005	1.069
2007	0.077	0.923	0.035	0.001	0.015	0.044	0.000	0.004	1.099
2008	0.077	0.923	0.075	0.000	0.014	0.044	0.000	0.004	1.137
2009	0.077	0.923	0.074	0.000	0.023	0.037	0.000	0.004	1.138
2010	0.077	0.923	0.073	0.000	0.027	0.042	0.000	0.004	1.146
2011	0.077	0.923	0.076	0.000	0.034	0.042	0.000	0.004	1.156
2012	0.077	0.923	0.053	0.000	0.034	0.043	0.000	0.004	1.134

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is share taxing agencies for which the subject property resides within. In addition to the 1.00% general levy, Los Angeles County, Rio CollegeDisctrict, Whittier Union High School District, Los Angeles County Flood Control District, and Metropolitan Water Di levied direct assessments totaling an additional 14.6%.

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

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

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

	2011/2012		2002/2003	
Taxpayer	**Taxable Assessed Value**	**Percent of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Percent of Total City Taxable Assessed Value**
Golden Springs Development Company	$ 264,653,490	4.39%	$ 121,059,781	3.09%
Breitburn Operating LP	131,835,834	2.19%	17,858,822	0.46%
Legacy Partners II Santa Fe Springs	80,547,163	1.34%		
McMaster Carr Supply Company	74,497,928	1.24%	34,290,813	0.88%
AMB	72,323,674	1.20%	20,119,500	0.51%
Teachers Insurance & Annuity	69,087,778	1.15%		
Gateway Santa Fe Springs	64,000,000	1.06%		
Catellus Development Corp	55,169,874	0.92%	28,361,370	0.72%
Inland Paperboard and Packaging	48,375,561	0.80%	17,419,393	0.45%
Villages at Heritage Springs	45,894,463	0.76%		
Maruichi American Corp			41,297,956	1.06%
Vons Companies Inc.			38,176,304	0.98%
RREEF Amer Reit			35,328,588	0.90%
Town Center Assoc			34,400,000	0.88%
	$ 906,385,765	15.04%	$ 388,312,527	9.93%

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 Seven Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	$25,002,400	$25,379,360	101.51%	$3,139	$25,382,499	101.52%
2007	27,943,296	27,742,846	99.28%	3,167	27,746,013	99.29%
2008	30,606,477	29,968,507	97.92%	6,444	29,974,951	97.94%
2009	33,582,847	32,268,027	96.08%	2,576	32,270,603	96.09%
2010	35,553,303	33,444,853	94.07%	3,442	33,448,295	94.08%
2011	33,855,534	33,082,969	97.72%	2,344	33,085,313	97.72%
2012	30,577,401	29,841,895	97.59%		29,841,895	97.59%

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 Angelese County regarding the 2006 collections in excess of the levy amount

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

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 Eight Fiscal Years

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

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.

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

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

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

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

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

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.

[2]Tax Allocation Bonds related to the dissolved redevelopment agency were transferred to the Successor Agency and are reported in the private purpose trust fund.

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

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

City of Santa Fe Springs
Direct and Overlapping Debt
June 30, 2012

2011-12 Assessed Valuation:	$6,042,251,676
Redevelopment Incremental Valuation:	3,199,092,005
Adjusted Assessed Valuation:	$2,843,159,671

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/12	% Applicable (1)	City's Share of Debt 6/30/12	
Los Angeles County Flood Control District Limited Obligations	$ 37,195,000	0.282%	$ 104,890	
Metropolitan Water District	196,545,000	0.158	310,541	
Cerritos Community College District	189,248,420	4.226	7,997,638	
Rio Hondo Community College District	172,238,829	7.335	12,633,718	
Whittier Union High School District	117,956,948	11.621	13,707,777	
ABC Unified School District	46,319,966	5.310	2,459,590	
Norwalk-La Mirada Unified School District	146,062,323	10.877	15,887,199	
Little Lake City School District	33,299,901	35.443	11,802,484	
Los Nietos School District	14,580,132	47.706	6,955,598	
South Whittier School District	17,821,448	26.929	4,799,138	
Whittier City School District	25,895,000	0.113	29,261	
City of Santa Fe Springs Heritage Springs Assessment District	1,920,000	100.000	1,920,000	
Los Angeles County Regional Park and Open Space Assessment District	170,725,000	0.306	522,419	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$79,130,253	
Ratios to 2011-12 Assessed Valuation:				
Total Overlapping Tax and Assessment Debt.....1.31%				
DIRECT AND OVERLAPPING GENERAL FUND DEBT:				
Los Angeles County General Fund Obligations	$1,474,122,758	0.306%	$4,510,816	
Los Angeles County Superintendent of Schools Certificates of Participation	11,269,678	0.306	34,485	
Norwalk-La Mirada Unified School District Certificates of Participation	2,770,165	10.877	301,311	
Whittier City School District Certificates of Participation	8,215,000	0.113	9,283	
City of Santa Fe Springs Pension Obligations	**7,091,000**	**100.000**	**7,091,000**	
Los Angeles County Sanitation District No. 18 Authority	17,063,856	10.998	1,876,683	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			$13,823,578	
Less: Los Angeles County General Fund Obligations supported by landfill revenues			51,096	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			$13,772,482	
TOTAL DIRECT DEBT			**$7,091,000**	
GROSS TOTAL OVERLAPPING DEBT			$85,862,831	
NET TOTAL OVERLAPPING DEBT			$85,811,735	
GROSS COMBINED TOTAL DEBT			$92,953,831	(2)
NET COMBINED TOTAL DEBT			$92,902,735	

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuation:
Total Direct Debt ($7,091,000) 0.25%
Gross Combined Total Debt.....3.27%
Net Combined Total Debt.....3.27%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: $0

AB:($450)

Source: MuniServices LLC

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

	Fiscal Year Ended June 30			
	2005	**2006**	**2007**	**2008**
Assessed valuation	$ 4,326,579,975	$ 4,661,903,295	$ 5,069,519,480	$ 5,499,958,005
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,081,644,994	1,165,475,824	1,267,379,870	1,374,989,501
Debt limit percentage	15%	15%	15%	15%
Debt limit	162,246,749	174,821,374	190,106,981	206,248,425
Total net debt applicable to the limit:				
General obligation bonds[1]				
Legal Debt Margin	$ 162,246,749	$ 174,821,374	$ 190,106,981	$ 206,248,425
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 the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

[1]The City issued pension obligation bonds during fiscal year 2011/2012

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

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

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

	Fiscal Year Ended June 30			
	2009	**2010**	**2011**	**2012**
Assessed valuation	$ 5,865,229,569	$ 6,045,200,975	$ 6,002,303,665	$ 6,042,251,000
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,466,307,392	1,511,300,244	1,500,575,916	1,510,562,750
Debt limit percentage	15%	15%	15%	15%
Debt limit	219,946,109	226,695,037	225,086,387	226,584,413
Total net debt applicable to the limit:				
General obligation bonds[1]				7,091,000
Legal Debt Margin	$ 219,946,109	$ 226,695,037	$ 225,086,387	$ 219,493,413
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	3.1%

NOTE:

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

[1]The City issued pension obligation bonds during fiscal year 2011/2012

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

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

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

	Water Revenue Bonds					
		Less	Net	Debt Service		
Fiscal Year	Water Revenue	Operating Expenses	Available Revenue	Principal	Interest	Coverage
2003	$ 8,044,228	$ 5,598,419	$ 2,445,809	$ 85,000	$210,591	8.27
2004	8,825,139	5,763,724	3,061,415	130,000	427,229	5.49
2005	8,049,007	5,769,942	2,279,065	160,000	382,566	4.20
2006	8,300,098	6,180,382	2,119,716	160,000	391,207	3.85
2007	9,049,612	6,903,387	2,146,225	165,000	383,363	3.91
2008	9,233,319	7,585,307	1,648,012	170,000	378,588	3.00
2009	9,301,159	8,308,715	992,444	175,000	373,576	1.81
2010	9,176,041	7,916,630	1,259,411	185,000	367,928	2.28
2011	9,858,499	8,570,700	1,287,799	190,000	362,907	2.33
2012	11,753,221	9,672,641	2,080,580	195,000	356,307	3.77

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.

[1]The tax allocation bonds were transferred to the private purpose trust fund during fiscal year 2011/2012 as a result of the dissolution of redevelopment agencies

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

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

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

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

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.

[1]The tax allocation bonds were transferred to the private purpose trust fund during fiscal year 2011/2012 as a result of the dissolution of redevelopment agencies

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

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

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

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2002	17,107	$ 268,723	$ 15,708	7.2%
2003	17,743	285,065	16,066	8.1%
2004	17,867	294,702	16,494	4.7%
2005	17,780	303,203	17,053	4.4%
2006	17,849	314,198	17,603	3.9%
2007	17,790	322,079	18,104	4.3%
2008	17,784	334,332	18,800	6.2%
2009	17,721	342,015	19,300	9.7%
2010	16,450	335,251	20,380	10.6%
2011	16,516	320,960	19,433	9.2%

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

Sources: Population - State of California, Department of Finance
Per Capita Personal Income - U.S. Department of Commerce, Bureau of Economic Analysis
Unemployment Rate - State of California, Employment Development Department

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

	2011/2012		2002/2003	
Employer	**Number of Employees**	**Percent of Total Employment**	**Number of Employees ***	**Percent of Total Employment ***
The Vons Companies, Inc.	785	2.02%		
McMaster Carr Supply Company	706	1.82%		
Presto Food Products, Inc.	460	1.18%		
Southern Wine and Spirits	422	1.09%		
L. A. Specialty Produce Company	409	1.05%		
Shaw Diversified Services, Inc.	355	0.91%		
Vance and Hines, Inc.	320	0.82%		
Trojan Battery	305	0.79%		
Performance Team	302	0.78%		
Mike Thompson's Rec Veh	276	0.71%		
	4,340	11.18%	0	0.00%

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

* Data unavailable for 2002/2003.

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 Seven Fiscal Years

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

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

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

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

	Fiscal Year Ended June 30						
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Fire:							
Number of emergency calls	3,307	2,800	3,200	3,200	3,340	3,410	3,338
Inspections	2,874	2,459	2,540	2,519	2,573	2,645	2,255
Public works:							
Street resurfacing (miles)	0.4	1.5	1.5	1.5	2	2.5	2
Parks and recreation:							
Number of recreation classes	557	462	480	413	401	412	362
Number of facility rentals	1,157	1,501	2,105	1,302	1,196	1,208	1,126
Human services:							
Children served in the City's chilcare centers	509	500	500	489	463	426	371
Number of facility rentals	995	1,389	1,115	971	452	73 *	42 *
Water:							
Average daily consumption (thousands of gallons)[1]	6,169	7,547	6,089	5,873	5,526	5,593	5,743

NOTES:

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

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

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

Source: City of Santa Fe Springs

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

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

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

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

Source: City of Santa Fe Springs