



# City of Santee, California



## Comprehensive Annual Financial Report



For the  
Fiscal Year  
Ended  
June 30, 2012

This page has been left blank intentionally.

**CITY OF SANTEE, CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**



**MAYOR**

Randy Voepel

**VICE MAYOR**

Rob McNelis

**COUNCIL MEMBERS**

Jack E. Dale  
John Minto  
John Ryan

**CITY MANAGER**

Keith Till

*Prepared by the Finance Department  
Tim K. McDermott  
Director of Finance/Treasurer*

**City of Santee**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2012**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i
Government Finance Officers Association Award .....	vi
Directory of City Officials .....	vii
Organizational Chart .....	viii
 <b>II. FINANCIAL SECTION</b>	
<b>Independent Auditors' Report</b> .....	1-2
<b>Management's Discussion and Analysis</b> .....	3-11
 <b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets .....	14
Statement of Activities .....	15
 Fund Financial Statements	
Balance Sheet – Governmental Funds .....	16-17
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 .....	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Statement of Fiduciary Net Assets: Fiduciary Funds .....	23
Statement of Changes in Fiduciary net Assets: Fiduciary Funds .....	24
 Notes to the Basic Financial Statements.....	 25-58
 <b>Required Supplementary Information</b>	
Schedule of Funding Progress .....	59
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	60-61
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Housing Set Aside Special Revenue Fund .....	62
Notes to Required Supplementary Information.....	63
 <b>Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Redevelopment Debt Service Fund .....	65
Non-Major Governmental Funds	
Combining Balance Sheet .....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	67

**City of Santee  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

**TABLE OF CONTENTS (continued)**

	<b>PAGE</b>
<b>Supplementary Information – Continued</b>	
Non-Major Special Revenue Funds.....	68
Combining Balance Sheet .....	69-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	72-74
Schedules of Revenue, Expenditures and Change in Fund Balances – Budget and Actual:	
Supplemental Law Enforcement Special Revenue Fund .....	76
Asset Seizure Special Revenue Fund.....	77
Gas Tax Special Revenue Fund .....	78
HOME Investment Partnership Special Fund .....	79
Energy Efficiency Block Grant Special Revenue Fund .....	80
Zone 2 Flood Control District Special Revenue Fund .....	81
Community Development Block Grant Special Revenue Fund .....	82
CDBG Section 108 Loan Special Revenue Fund .....	83
Town Center Landscape Maintenance Special Revenue Fund .....	84
Santee Landscape Maintenance Special Revenue Fund .....	85
Mobile Home Park Assessment Special Revenue Fund .....	86
Special Street Lighting Tax Special Revenue Fund .....	87
Roadway Lighting District Special Revenue Fund .....	88
Non-Major Capital Projects Funds .....	89
Combining Balance Sheet .....	90-92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	94-96

**III. STATISTICAL SECTION**

Description of Statistical Section Contents .....	97
Net Assets by Component.....	98-99
Changes in Net Assets .....	100-101
Fund Balances of Governmental Funds.....	102-103
Changes in Fund Balances of Governmental Funds .....	104-105
Tax Revenues by Source.....	106
Assessed Value of Taxable Property .....	107
Direct and Overlapping Property Tax Rates .....	108
Principal Property Tax Payers .....	109
Property Tax Levies and Collections.....	110
Ratios of Outstanding Debt by Type .....	111
Ratios of General Bonded Debt Outstanding.....	112
Direct and Overlapping Debt.....	113
Legal Debt Margin Information.....	114-115
Pledged-Revenue Coverage .....	116
Top 25 Principal Sales Tax Producers .....	117
Demographic and Economic Statistics .....	118

**City of Santee**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2012**

**TABLE OF CONTENTS (continued)**

	<b>PAGE</b>
Full-time City Employees by Function.....	119
Principal Employers.....	120
Operating Indicators by Department.....	121
Capital Asset Statistics by Function .....	122



# CITY OF SANTEE

**MAYOR**  
Randy Voepel

**CITY COUNCIL**  
Jack E. Dale  
Rob McNelis  
John W. Minto  
John Ryan

**CITY MANAGER**  
Keith Till

December 28, 2012

Honorable Mayor, Members of the City Council, and  
Citizens of the City of Santee, California

We are pleased to submit to you the Comprehensive Annual Financial Report of the City of Santee, California (“City”) for the fiscal year ended June 30, 2012. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed independent certified public accountants.

This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by Teaman, Ramirez & Smith, Inc., a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City’s financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited governments’ internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City**

The City of Santee is located eighteen miles east of downtown San Diego and is nestled in the rolling hills of the San Diego River Valley. The City occupies a land area of 16.6 square miles and is a dynamic community of 54,643 residents. Santee's 2009 median household income of \$71,464 is the highest of all east San Diego County cities. Santee is best described as having family based neighborhoods, award winning schools and parks, and one of the lowest crime rates in the region.

The City of Santee was incorporated in 1980 as a general law city. On November 4, 2008 the voters in Santee approved Proposition P which adopted a city charter. Santee operates under the Council-Manager form of government. Policy-making and legislative authority are vested in the governing City Council consisting of the Mayor, Vice Mayor, and three other council members. The City Council, among other things, is responsible for passing ordinances, adopting the budget, appointing committees, and appointing the City Manager, City Attorney, City Clerk, and City Treasurer. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the city, and for hiring the heads of various departments. The four council members are elected at-large to serve a four-year term. The Mayor is directly elected to a four-year term, and serves as the presiding officer of the City Council. The position of Vice Mayor is filled by one of the four council members for a one-year term on a rotating basis.

The City is responsible for providing a range of municipal services that includes law enforcement, fire & life safety, street maintenance, traffic circulation, planning and community development, park and landscape maintenance, code enforcement, building inspection and recreation programs for all ages. Water and sewer service is provided by Padre Dam Municipal Water District. Refuse collection and recycling services are provided through a franchise agreement with Waste Management.

The City is financially accountable for two legally separate entities: the Community Development Commission of the City of Santee ("Commission") and the Santee Public Financing Authority, each of which is reported within the City's financial statements. Additional information on these legally separate entities can be found in Note IA in the Notes to the Basic Financial Statements. As further discussed in Note 3G in the Notes to the Basic Financial Statements, in accordance with State law the Commission was dissolved and ceased to exist as a legal entity as of February 1, 2012.

The annual budget serves as the foundation for the City's financial planning and control. The appropriated budget is prepared by fund, program and department. The City Manager may authorize transfers of appropriations within a department. Transfers of appropriations between departments, or any increase in fund appropriations require the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented in the Required Supplementary Information section of the report.

### **Local Economy**

Santee, like virtually every city in California and across the nation has been adversely affected by the slow pace of economic recovery on the heels of the "Great Recession". Retail sales, new development and general economic activity, while showing signs of recovery, continue to remain sluggish. In response to these challenges the City continues to exercise caution during this period of uncertain economic

conditions. However, with available land for development, a skilled labor force, transit linkage to downtown San Diego and San Diego State University by trolley and direct access to three regional freeways, Santee is well positioned with opportunities for economic growth and expansion.

Recent enhancements to the local economy include the March 2011 completion of the final segment of State Route 52, which now links all three freeways serving Santee and which provides direct freeway access into Santee Town Center and to the eastern and western ends of the City. The State Route 52 link gives people living or doing business in Santee a direct connection to most of the major freeway corridors in the region. Santee is now connected to all parts of the region within a 20-25 minute reverse commute.

Another important recent addition to the local economy is the Sportsplex USA complex which opened in mid-2010 on 15 acres within the 55-acre Town Center Community Park. This site includes a new themed sports complex, top quality athletic fields for soccer and football, an entertainment venue, multi-use trails and playgrounds. The sports complex within the park has three lighted softball/baseball fields with artificial turf outfields, two arena soccer fields, four batting cages and a restaurant with indoor and outdoor seating. It accommodates local and regional sports leagues, tournaments, sports camps, corporate events and other special events, drawing close to 350,000 visitors annually. The sports complex is operated by Sportsplex USA under a public-private partnership with the City. This \$29 million project was funded with a combination of redevelopment funds, developer impact fees and various grants.

Another major attraction is the Santee Lakes Recreation Preserve and Regional Campground, owned and operated by Padre Dam Municipal Water District, which generates approximately 650,000 visitors annually.

Santee Town Center, located in the heart of the City, includes more than 1.1 million square ft. of retail and commercial space covering 706 acres and provides a strong contribution to the City's tax base. Major components of Santee Town Center include: a) Santee Trolley Square shopping center which includes over 450,000 square ft. of specialty retail, restaurants, and high volume retail stores, and b) the Santee Plaza/Promenade power center anchored by Costco, Wal-Mart and Home Depot. Just west of Santee Town Center is a 250,000 square ft. shopping center featuring Lowe's Home Improvement Center and Kohl's Department Store. Hartford Insurance Company occupies a state of the art 77,000 square ft. regional office facility adjacent to Santee Trolley Square, providing 520 jobs.

San Diego Christian College, an accredited 500-enrollment private college, recently announced the relocation of its campus to the RiverView Professional Center adjacent to Santee Trolley Square, with expansion plans to accommodate up to 1,200 students. Parc One, a 172-unit apartment project, was also recently approved for a site adjacent to Santee Trolley Square and the future college campus, with 150 additional units planned as well.

### **Long Term Financial Planning**

The City utilizes a five year financial plan which is updated throughout the year as conditions change. The purpose of this plan is to provide a longer-range view of the impact of budgetary decisions and economic conditions affecting the City and to help ensure that the City's balanced budget and reserve policies continue to be met into the future.

In December, 2011 the City Council took several pension cost reform actions that will help protect the long-term fiscal health of the City. These actions included the adoption of a second tier of retirement benefits for all future employees, and the acceleration of payments to be made against a portion of the City's pension liability. Both of these actions will result in a reduction in future pension costs for the City.

State action that dissolved the Santee Community Development Commission and the related loss of redevelopment revenues required the City to take action to reduce expenditures across the organization and to consider other measures to protect the long-term fiscal health of the City. A comprehensive cost allocation plan and cost of services study was completed and in June 2012 a consolidated fee schedule was adopted that enhances the City's cost recovery for most services provided. In July 2012 the City Council authorized a ballot measure to increase the Transient Occupancy Tax, which was approved by the voters in November 2012.

The City Council adopts a five-year Capital Improvement Program (CIP) budget which serves as a planning tool for identifying the infrastructure and other capital needs of the community, and to coordinate the financing and scheduling of projects. The CIP is important in ensuring that limited resources are allocated in a prudent manner, and that under-funded projects are identified to assist in developing financial strategies for the future. The CIP is revised periodically in response to continually evolving needs, priorities and financial conditions.

### **Relevant Financial Policies**

The City's General Fund Reserve Policy states that a reserve of either 20% of annual General Fund operating expenditures or \$7 million be maintained by the end of the five-year financial planning time frame as a contingency for economic uncertainties. The City's Balanced General Fund Budget Policy states that ongoing revenues shall cover ongoing operating expenditures, allowing for the use of General Fund reserves if the General Fund Reserve Policy is met. The City continues its efforts to ensure these policies will be met into the future and that necessary investments are made in infrastructure in order to protect the long-term fiscal health of the City.

### **Major Initiatives**

In March 2011 the Santee Community Development Commission issued \$26.8 million in tax allocation bonds to finance major street improvements and streetscape enhancements along one-mile stretch of the Prospect Avenue industrial corridor. This \$25 million project will expand future development opportunities along Prospect Avenue as well as create collaborative opportunities adjacent to the Gillespie Field Airport which is owned by the County of San Diego. Construction is expected to begin in early 2014.

In March 2011 the Santee Community Development Commission issued \$4.7 million in tax allocation bonds to assist in the development of the 44-unit Forester Square Apartments affordable housing development. A total of \$5.5 million in financial assistance was provided by the Commission. Construction is expected to be completed by February 2013.

In November 2011 the City received a \$1.4 million loan from the U.S. Department of Housing and Urban Development to provide much needed street reconstruction, sidewalks and drainage improvements in the Buena Vista Avenue and Railroad Avenue neighborhood. Construction on this \$3.7 million project will begin in 2013.

The City has committed to an effort to promote energy efficiency and reduce the reliance on costly business practices through energy and water conservation, reduced demand and use of sustainable workplace practices. Following the launch of this effort (known as "The Sustainability Project"), 22 specific goals were identified including the completion of an Energy Roadmap for Santee, and the comprehensive energy assessment of all City facilities. All 1,783 city-owned street lights have been replaced with lower-wattage induction lights, reducing energy use by 30% and saving the City over \$110,000 annually. This project was funded by a federal energy efficiency grant and interest-free loans from San Diego Gas and Electric, with no impact to the General Fund. The City also upgraded 1,600

office lights with more energy efficient ones and installed motion-sensor devices to further reduce power usage, reducing energy use by 25% and saving \$19,000 annually. The City's first photovoltaic energy system was recently installed as part of the Town Center Community Park project. The City is the first in the region to receive County and State regulatory approval to use recycled water for street sweeping and will be implementing this cost-saving measure in 2013.

The retention and expansion of retail, commercial, and industrial businesses within Santee, as well as the development of both affordable and move-up housing are critical to the long-term financial stability of the City. RiverView at Santee will ultimately be one of the most significant developments in the City's history. RiverView is a 1.9 million square ft. master planned mixed-use project on 104 acres adjacent to Trolley Square designed for high technology, research & development and office uses along with residential units and retail space. The initial completed phases of RiverView include the Hartford Insurance Company facility and the RiverView Professional Center. Development of future phases of this project slowed as a result of the economic downturn. However, the planned relocation of San Diego Christian College and the approval of the Parc One apartment project, both within RiverView, are positive indicators of future economic growth for Santee.

Another project which will play an integral part in the future of Santee is Fanita Ranch. Approved by the City Council in December 2007, Fanita will be a 2,600 acre master planned community with much desired move up housing. This project is currently on hold as a result of the economic recession and downturn in the housing market.

#### **Awards and Acknowledgements**

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 Santee for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the eighth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report reflects the combined efforts and year-round dedication of the entire Finance Department staff. We would like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



Keith Till  
City Manager



Tim K. McDermott  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Santee  
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.



*Christopher P. Morrill*

President

*Jeffrey R. Egan*

Executive Director

**CITY OF SANTEE**  
**LIST OF CITY OFFICIALS**

---

**CITY COUNCIL**

Randy Voepel, Mayor  
Rob McNelis, Vice Mayor  
Jack E. Dale, Council Member  
John Minto, Council Member  
John Ryan, Council Member

**EXECUTIVE MANAGEMENT**

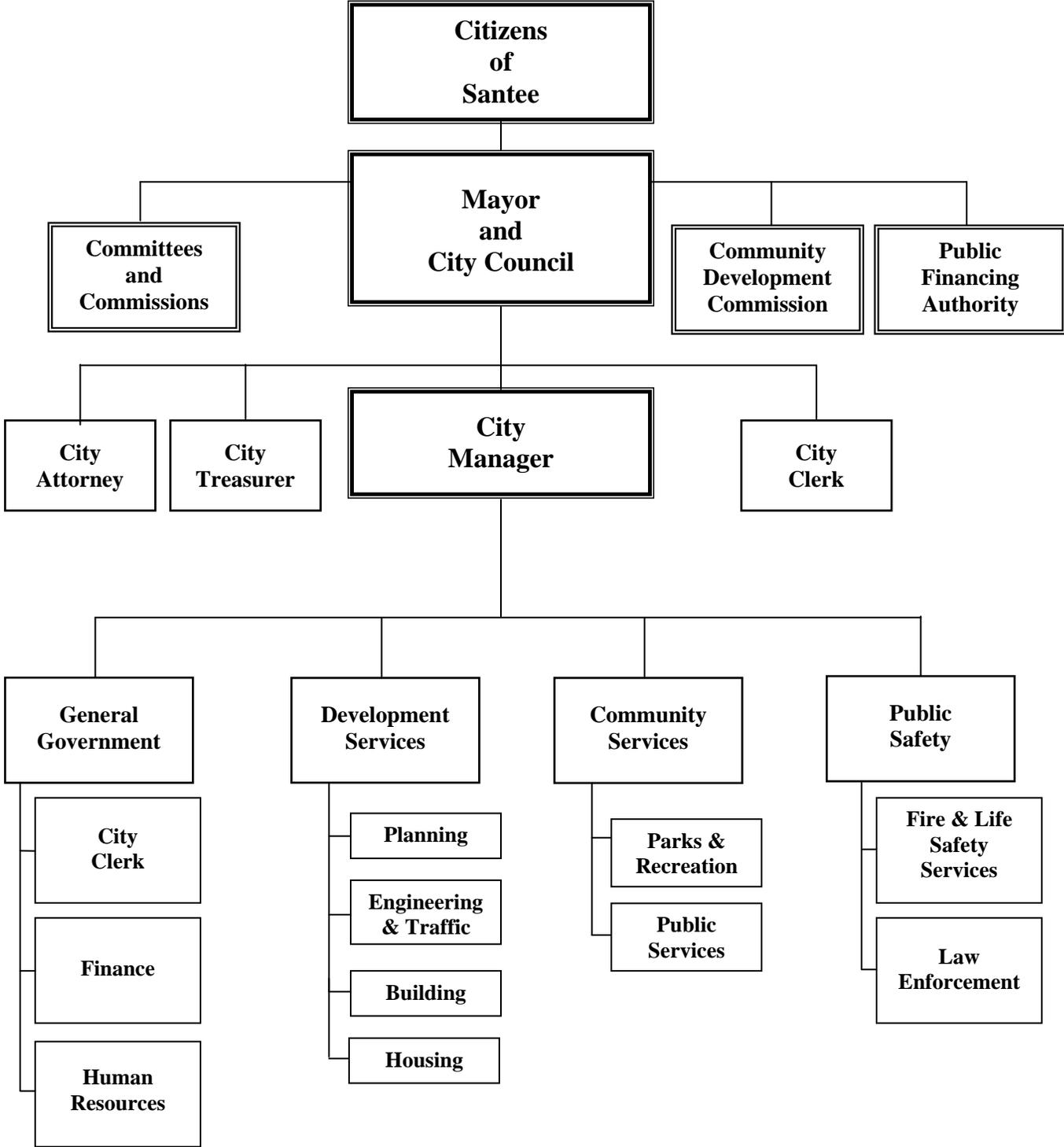
City Manager .....Keith Till  
City Attorney ..... Shawn Hagerty  
City Clerk.....Patsy Bell  
Deputy City Manager/Director of Development Services ..... Pedro Orso-Delgado  
Assistant to the City Manager.....Kathy Valverde  
Senior Management Analyst..... Pamela A. White  
Director of Community Services ..... Bill Maertz  
Director of Finance/Treasurer..... Tim K. McDermott  
Director of Fire and Life Safety ..... Robert Leigh  
Director of Human Resources..... Jodene Dunphy  
Director of Planning.....Melanie Kush  
Sheriff Captain ..... Lisa Miller

**FINANCE DEPARTMENT**

Director of Finance ..... Tim K. McDermott  
Finance Manager.....Donna Goldsmith  
Senior Buyer ..... Linda Christensen  
Accountant .....Christina Miller  
Confidential Senior Account Clerk..... Karen Ashwill  
Senior Account Clerk..... Tammy Jackson  
Administrative Secretary ..... Jan Sherar  
Account Clerk ..... Tanya Espinola  
Finance Intern ..... Janet Fernandez

**CITY OF SANTEE  
ORGANIZATIONAL CHART**

---



Independent Auditors' Report

City Council  
City of Santee, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Santee, California (City), as of and for the 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. The prior year comparative information has been derived from the City's June 30, 2011 financial statements and, in our report dated February 24, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 above present fairly, in all material respects, the respective financial position of the governmental 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 thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 G to the financial statements, there have been recent changes in legislation affecting redevelopment agencies in the State of California which required the dissolution of redevelopment agencies as of February 1, 2012, including the Santee Community Development Commission.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012 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 required supplementary information as listed in the 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 of Santee's financial statements as a whole. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The statements and schedules listed in the "Supplementary Information" section in the table of contents are the responsibility of management and were derived from and relate 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 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Teaman Ramirez & Smith, Llc.*

December 28, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Santee we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at June 30, 2012 by \$184.0 million (*net assets*). Of this amount, \$5.2 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$575,798 during the fiscal year. In addition a \$3.6 million reduction is reflected from the amount reported at June 30, 2011 from a prior period adjustment to correct the value of capital assets previously reported.
- At June 30, 2012 the City's governmental funds reported combined fund balances of \$28.2 million, a decrease of \$47.1 million from the prior year. This decrease is primarily the result of a \$45.6 million extraordinary loss recorded from the dissolution of the Santee Community Development Commission on February 1, 2012. See Note 3G in the Notes to the Financial Statements for more information regarding the dissolution.
- The City's long-term liabilities decreased by \$49.6 million during the fiscal year. A \$51.1 million reduction in long-term liabilities occurred as a result of the dissolution of the Santee Community Development Commission on February 1, 2012.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all the City's assets and liabilities, with the difference between the two reported as *net assets*. Over 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 showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to

recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Santee include general government, public safety, public works, community development, and parks and recreation. The City does not have business-type activities.

The government-wide financial statements include not only the City of Santee itself (known as the primary government), but also blended component units. Blended component units, although legally separate entities are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Santee Community Development Commission and the Santee Public Financing Authority are reported as part of the City. As discussed in Notes 1A and 3G in the Notes to the Financial Statements, in accordance with State law the Santee Community Development Commission was dissolved and ceased to exist as a legal entity as of February 1, 2012.

The government-wide financial statements can be found in the financial section of this report immediately following this Management's Discussion and Analysis.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 31 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Housing Set Aside Fund, Redevelopment Debt Service Fund, Redevelopment Projects Fund and the Traffic Mitigation Fund, which are considered to be major funds. Data from the other 26 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The City adopts a two year appropriated budget for its General Fund, Special Revenue and Debt Service Funds. Budgetary comparison statements have been provided for the General Fund and Housing Set Aside Fund (a major Special Revenue Fund) to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found in the financial section of this report, following the government-wide financial statements.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The economic resources measurement focus and the accrual basis of accounting are used to account for fiduciary funds.

The City maintains one type of fiduciary fund. The *Private-purpose Trust Fund* is used to report resources held in trust for the Santee Community Development Commission Successor Agency to wind-down the affairs of the former Santee Community Development Commission and to satisfy related enforceable obligations.

The fiduciary fund financial statements can be found in the financial section of this report, following the basic governmental funds financial statements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section of this report, following the fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information and compliance. Required supplementary information can be found in the financial section of this report, following the notes to the financial statements.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. At June 30, 2012 assets exceeded liabilities by \$184.0 million, a decrease of \$4.2 million from the prior year.

**City of Santee  
 Summary of Net Assets  
 June 30, 2012 and 2011**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 35,403,281	\$ 84,653,318
Capital assets	167,612,937	173,671,054
Total assets	203,016,218	258,324,372
Long-term liabilities	12,439,898	62,054,755
Other liabilities	6,614,155	8,138,398
Total liabilities	19,054,053	70,193,153
Net assets:		
Invested in capital assets – net of related debt	159,204,589	147,929,745
Restricted	19,562,861	33,791,161
Unrestricted	5,194,715	6,410,313
Total net assets	\$183,962,165	\$188,131,219

**CITY OF SANTEE**

Management's Discussion and Analysis, continued  
June 30, 2012

---

The largest portion of the City's net assets (\$159.2 million or 86%) reflects the investment in capital assets, less any related debt outstanding that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$19.6 million or 11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5.2 million or 3%) can be used for ongoing operations without constraints established by debt covenants, enabling legislation or other legal requirements.

**Governmental Activities**

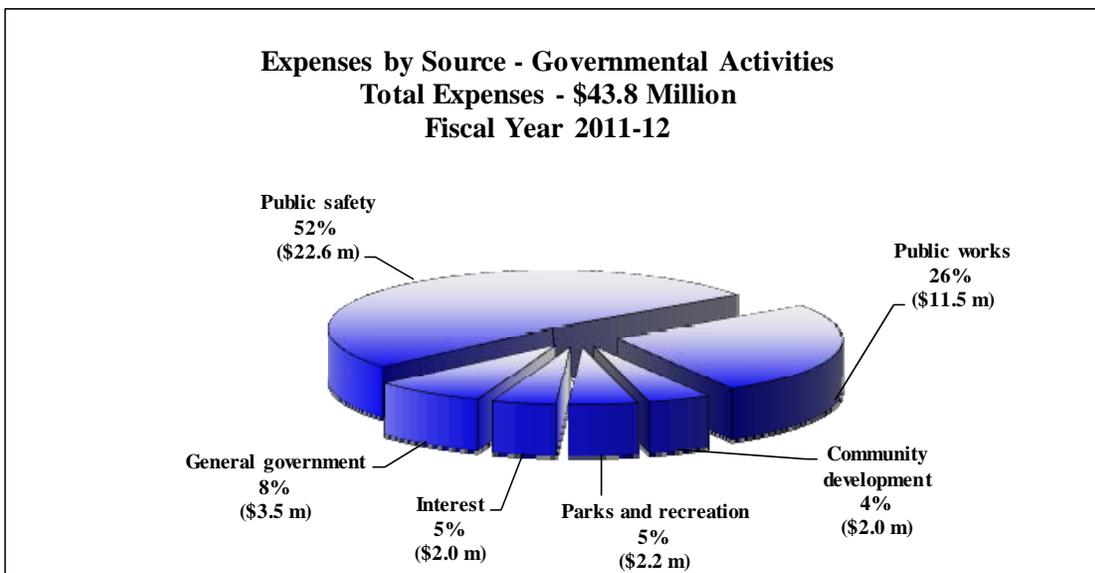
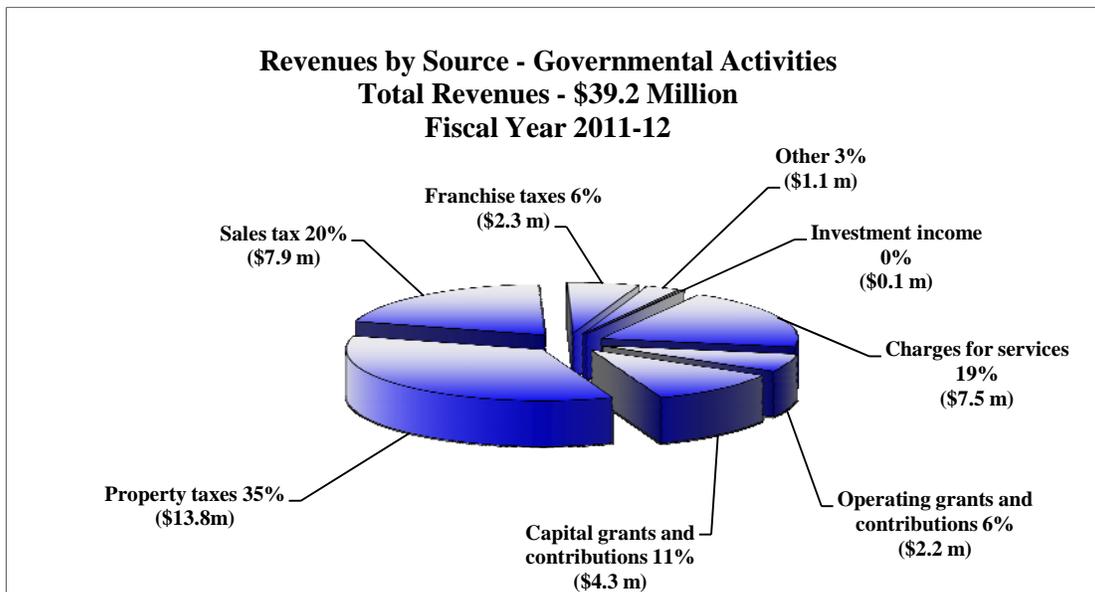
Net assets decreased by \$575,798 during the fiscal year as a result of the City's governmental activities. Key elements of this decrease are as follows:

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 7,559,589	\$ 7,010,688
Operating grants and contributions	2,241,007	2,390,589
Capital grants and contributions	4,288,068	4,026,070
General revenues:		
Taxes:		
Property taxes	13,766,317	21,610,723
Sales tax	7,898,623	7,984,974
Franchise taxes	2,289,425	2,681,909
Other taxes	114,423	106,357
Motor vehicle in lieu, unrestricted	28,716	262,529
Investment income	80,480	417,358
Miscellaneous	946,398	280,286
Total revenues	<u>39,213,046</u>	<u>46,771,483</u>
<b>Expenses:</b>		
General government	3,526,811	4,682,937
Public safety	22,637,123	21,861,690
Public works	11,444,433	13,079,415
Community development	1,966,844	3,770,231
Parks and recreation	2,177,699	2,343,298
Interest and fiscal charges	2,018,935	1,775,353
Total expenses	<u>43,771,845</u>	<u>47,512,924</u>
Extraordinary item	<u>3,983,001</u>	<u>-</u>
Increase (decrease) in net assets	(575,798)	(741,441)
Net assets, beginning of year	188,131,219	149,863,230
Prior period adjustments	<u>(3,593,256)</u>	<u>39,009,430</u>
Net assets, end of year	<u>\$183,962,165</u>	<u>\$188,131,219</u>

**CITY OF SANTEE**

Management's Discussion and Analysis, continued  
 June 30, 2012

- Property taxes, the City's largest revenue source, decreased by \$7.8 million or 36% from the prior fiscal year, a direct result of the dissolution of the Santee Community Development Commission and resulting loss of property tax increment revenues. The net taxable assessed value change for the City increased by 1.2% from the prior year.
- General government expenses decreased by \$1.2 million or 25% from the prior fiscal year, a direct result of the dissolution of the Santee Community Development Commission. Tax sharing payments are no longer required to be made, which amounted to \$1.3 million in the prior fiscal year.
- Community development expenses decreased by \$1.8 million or 48%, a direct result of the dissolution of the Santee Community Development Commission.
- An extraordinary gain of nearly \$4.0 million is reflected as a result of the transfer of all Santee Community Development Commission assets and liabilities at February 1, 2012 from the government-wide financial statements to the Successor Agency Private-purpose Trust Fund (fiduciary fund).



**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At June 30, 2012, the City's governmental funds reported combined fund balances of \$28.2 million, a decrease of \$47.1 million from the prior year. Approximately 16% of this amount (\$4.7 million) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$18,518), 2) restricted for particular purposes (\$19.5 million), 3) committed for particular purposes (\$304,408), or 4) assigned for particular purposes (\$3.7 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5.0 million, while the total fund balance was \$9.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 16% of total General Fund expenditures for the year, while total fund balance represents approximately 31% of the total General Fund expenditures for the year.

The General Fund balance decreased by \$45,305 during the past fiscal year. General Fund expenditures were \$1.2 million more than in the previous fiscal year, the result of increased public safety expenditures and the shift of expenditures to the General Fund that were previously funded by the Santee Community Development Commission prior to its dissolution on February 1, 2012. These increased expenditures were offset by a \$2.1 million increase in revenues from the previous fiscal year. General Fund property tax revenues increased by \$1.6 million from the previous fiscal year, including \$1.5 million that was received as a result of the dissolution of the Santee Community Development Commission.

With the dissolution of the Santee Community Development Commission on February 1, 2012, all assets and liabilities of the Housing Set Aside Fund, Redevelopment Debt Service Fund and Redevelopment Projects Fund (all major funds) were transferred from the City governmental funds to the Successor Agency Private-purpose Trust Fund (fiduciary fund), resulting in an extraordinary loss of \$45,600,103 that was reported in the governmental funds.

The Traffic Mitigation Fund, a major fund, experienced a \$339,437 increase in fund balance during the past fiscal year, bringing the fund's total fund balance to \$5.4 million, all of which is legally restricted for capital projects.

The Non-Major Governmental Funds balance increased by a combined \$5.1 million during the past year. Primary factors leading to this increase include 1) the accumulation of resources in various Special Revenue and Capital Project Funds for future capital project (\$2.0 million), 2) the establishment of a new fund to account for City grant funds previously reported in the Housing Set Aside Fund (\$2.1 million), and 3) the proceeds of a loan that was received from the U.S. Department of Housing and Urban Development (\$1.4 million).

**General Fund Budgetary Highlights**

Over the course of the year the budget is revised to reflect encumbrances and appropriations approved for carryover from the prior year, and to address unforeseen events and changes in conditions that occur after the budget is adopted.

General Fund appropriations were increased by \$573,532 during the year. Supplemental appropriations approved during the year include prior year encumbrances and appropriations that were carried forward and funded from the prior fiscal year's budget. Other supplemental appropriations include the appropriation of various federal, state and local grants received during the year.

Actual General Fund revenues were \$747,089 more than budgeted. Property taxes were \$1,447,317 more than budgeted, due to revenues received as a result of the dissolution of the Santee Community Development Commission. Intergovernmental revenues were \$149,494 less than budgeted. Licenses and permits revenues were \$111,747 less than budgeted. Other revenues were \$265,427 less than budgeted. Various other revenue categories experienced minor variances.

Actual General Fund expenditures were \$26,972 less than budgeted. Community Services expenditures were \$286,447 less than budgeted and Fire expenditures were \$229,636 less than budgeted. Development Services and City Manager expenditures were \$334,156 and \$85,179 more than budgeted, respectively, the result of costs that were transferred to these departments upon the dissolution of the Santee Community Development Commission.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets as of June 30, 2012 was \$173.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, parks, infrastructure, equipment, vehicles, and construction in progress.

**City of Santee  
 Capital Assets (Net of Accumulated Depreciation)  
 June 30, 2012 and 2011**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011 (as restated)</b>
Land	\$ 9,651,906	\$ 9,781,806
Parks	4,858,872	4,858,872
Construction in progress	3,871,244	987,797
Buildings	14,621,085	15,230,939
Improvements other than buildings	5,154,714	5,509,666
Equipment	5,724,281	5,985,847
Vehicles	964,675	1,348,534
Infrastructure	122,766,160	126,374,337
Totals	\$167,612,937	\$170,077,798

**CITY OF SANTEE**

Management's Discussion and Analysis, continued  
June 30, 2012

---

Major capital asset activity during the year included the following:

- \$2.2 million was spent for the rehabilitation of numerous streets and related drainage facilities throughout the City.
- \$1.0 million in street, drainage and related infrastructure improvements were constructed by developers and accepted by the City.
- \$279,228 was spent for preliminary design work on the \$25 million Prospect Avenue Improvements project.
- \$259,814 was spent to complete the final phase of upgrading street lights throughout the City to energy efficient induction lights.

Additional information about the City's capital assets is presented in Note 2B of the Notes to the Financial Statements.

**Long-term Debt**

At June 30, 2012 the City had \$12.4 million in long-term debt outstanding. Of this amount, \$1.2 million is comprised of lease revenue bonds payable from lease payments made by the City to the Santee Public Financing Authority.

**City of Santee  
Long-term Debt  
June 30, 2012 and 2011**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Bonds payable	\$ 1,210,000	\$ 53,011,445
Notes and loans payable	6,792,181	4,023,078
Capital lease payable	405,967	471,832
Claims and judgments	1,009,478	1,006,268
Compensated absences	1,076,487	1,199,630
Other post-employment benefits	98,592	115,166
Pension related debt	1,847,193	2,227,336
Totals	<u>\$ 12,439,898</u>	<u>\$ 62,054,755</u>

The City's outstanding debt decreased by \$49.6 million during the past fiscal year. \$51.1 million in outstanding debt from tax allocation bonds issued by the dissolved Santee Community Development Commission were transferred from the City's governmental activities to the Successor Agency Private-purpose Trust Fund (fiduciary fund). During the past fiscal year additional long-term debt totaling \$3.0 million was incurred by the City to finance certain street and related drainage improvements (\$1.4 million from the U.S. Department of Housing and Urban Development and \$1.6 million from the San Diego Association of Governments). Reductions in long-term debt occurred primarily as a result of principal payments made on tax allocation and lease revenue bonds and various notes, loans and capital leases payable. In addition the City made an accelerated payment to reduce its pension related debt. Additional information regarding long-term debt can be found at Note 2D in the Notes to the Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Following are some of the economic factors considered by management in the development of next year's budgets.

- The total assessed valuation of property in the City is projected to increase by just 0.1%. Weakness in the housing market and a sluggish economic recovery are expected to impact property tax revenues for several years.
- Retail sales activity is expected to increase by 3.5%, resulting in a corresponding increase in sales tax revenue.
- As a result of the adoption of a new consolidated fee schedule effective August 27, 2012 increases are expected to be realized in various charges for services and license and permit revenues.
- Voter approval of an increase in City's transient occupancy tax rate from 6% to 10% and the expansion of the application of this tax to include camp sites will become effective on January 1, 2013.
- A new refuse hauling franchise agreement will become effective on January 1, 2013, providing additional revenue to the City.
- Moderate to no growth is anticipated for most other revenue sources.
- Increases in contract law enforcement services costs are expected adversely impact the budget
- Expenditure reductions have been made in response to the dissolution of the Santee Community Development Commission effective February 1, 2012. However, the transfer of remaining costs previously carried by the Commission will continue to impact the City's budget.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the City of Santee Finance Department, 10601 Magnolia Avenue, Santee, CA 92071. Additional information is also available on the City's web site at [www.ci.santee.ca.us](http://www.ci.santee.ca.us).

This page has been left blank intentionally.

This page has been left blank intentionally.

**City of Santee**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	
	2012	2011
<b>ASSETS</b>		
Cash and Investments	\$ 27,504,898	\$ 34,240,126
Cash and Investments with Fiscal Agent	1,392,575	32,538,347
Accounts Receivable	673,592	716,839
Loans Receivable	2,079,800	12,629,754
Interest Receivable	74,489	224,643
Due From Other Governments	3,659,409	3,149,375
Inventory	3,685	4,839
Prepaid Items	14,833	80,813
Land Held for Resale	-	638,000
Deferred Charges	-	430,582
Capital Assets, Not Being Depreciated	18,382,022	19,161,731
Capital Assets, Being Depreciated, Net	<u>149,230,915</u>	<u>154,509,323</u>
Total Assets	<u>203,016,218</u>	<u>258,324,372</u>
<b>LIABILITIES</b>		
Accounts Payable	3,783,894	5,012,444
Accrued Salaries and Benefits	395,735	354,962
Interest Payable	18,039	1,088,503
Deposits Payable	1,990,531	885,881
Unearned Revenue	425,956	796,608
Noncurrent Liabilities:		
Due Within One Year	1,763,856	2,077,706
Due in More Than One Year	<u>10,676,042</u>	<u>59,977,049</u>
Total Liabilities	<u>19,054,053</u>	<u>70,193,153</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	159,204,589	147,929,745
Restricted for:		
Low and Moderate Income Housing	2,112,920	10,094,848
Public Safety	1,623	1,618
Public Works	14,403,126	11,187,190
Community Development	1,392,585	11,397,323
Parks and Recreation	1,652,607	1,110,182
Unrestricted	<u>5,194,715</u>	<u>6,410,313</u>
Total Net Assets	<u>\$ 183,962,165</u>	<u>\$ 188,131,219</u>

The accompanying notes are an integral part of this statement.

**City of Santee  
Statement of Activities  
Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2012	2011
General Government	\$ 3,526,811	\$ 507,618	\$ -	\$ -	\$ (3,019,193)	\$ (4,483,569)
Public Safety	22,637,123	4,065,732	266,944	85,142	(18,219,305)	(17,608,450)
Public Works	11,444,433	2,075,855	1,708,586	3,418,410	(4,241,582)	(5,972,574)
Community Development	1,966,844	501,688	221,788	-	(1,243,368)	(2,768,816)
Parks and Recreation	2,177,699	408,696	43,689	784,516	(940,798)	(1,476,815)
Interest and Fiscal Charges	2,018,935	-	-	-	(2,018,935)	(1,775,353)
<b>Total Governmental Activities</b>	<b>\$43,771,845</b>	<b>\$ 7,559,589</b>	<b>\$ 2,241,007</b>	<b>\$ 4,288,068</b>	<b>(29,683,181)</b>	<b>(34,085,577)</b>
General Revenues:						
Taxes:						
Property Taxes					13,766,317	21,610,723
Sales Taxes					7,898,623	7,984,974
Franchise Taxes					2,289,425	2,681,909
Other Taxes					114,423	106,357
Motor Vehicle in Lieu, Unrestricted					28,716	262,529
Investment Income					80,480	417,358
Miscellaneous					946,398	280,286
					<u>25,124,382</u>	<u>33,344,136</u>
Extraordinary Item					3,983,001	-
Change in Net Assets					(575,798)	(741,441)
Net Assets - Beginning					188,131,219	149,863,230
Prior Period Adjustments					(3,593,256)	39,009,430
Net Assets - Ending					<u>\$ 183,962,165</u>	<u>\$ 188,131,219</u>

The accompanying notes are an integral part of this statement.

**City of Santee  
Balance Sheet  
Governmental Funds  
June 30, 2012**

	General	Special Revenue	
		Housing Set Aside	Redevelopment Debt Service
<b>ASSETS</b>			
Cash and Investments	\$ 12,218,561	\$ -	\$ -
Cash and Investments with Fiscal Agents	-	-	-
Receivables:			
Accounts	664,204	-	-
Loans	-	-	-
Interest	30,787	-	-
Due From Other Funds	4,310	-	-
Due From Other Governments	3,025,200	-	-
Inventories	3,685	-	-
Prepaid Items	14,833	-	-
Land Held for Resale	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 15,961,580</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 3,287,383	\$ -	\$ -
Accrued Salaries and Benefits	394,960	-	-
Deposits Payable	1,990,531	-	-
Deferred Revenue	439,365	-	-
Due to Other Funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,112,239</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	18,518	-	-
Restricted	1,750,001	-	-
Committed	23,750	-	-
Assigned	3,048,930	-	-
Unassigned	5,008,142	-	-
	<u>9,849,341</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>9,849,341</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 15,961,580</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Capital Projects		Total Non-Major Governmental Funds	Total Governmental Funds	
Redevelopment Projects	Traffic Mitigation		2012	2011
\$ -	\$ 5,338,508	\$ 9,947,829	\$ 27,504,898	\$ 34,240,126
-	-	1,392,575	1,392,575	32,538,347
-	-	9,388	673,592	716,839
-	-	2,079,800	2,079,800	12,629,754
-	28,681	15,021	74,489	224,643
-	-	149,498	153,808	440,602
-	6,546	627,663	3,659,409	3,149,375
-	-	-	3,685	4,839
-	-	-	14,833	80,813
-	-	-	-	638,000
<u>\$ -</u>	<u>\$ 5,373,735</u>	<u>\$ 14,221,774</u>	<u>\$ 35,557,089</u>	<u>\$ 84,663,338</u>
\$ -	\$ -	\$ 496,511	\$ 3,783,894	\$ 5,012,444
-	-	775	395,735	354,962
-	-	-	1,990,531	885,881
-	6,546	541,213	987,124	2,574,053
-	-	153,808	153,808	440,602
-	6,546	1,192,307	7,311,092	9,267,942
-	-	-	18,518	85,652
-	5,367,189	12,388,934	19,506,124	64,671,526
-	-	280,658	304,408	406,326
-	-	674,637	3,723,567	3,682,976
-	-	(314,762)	4,693,380	6,548,916
-	5,367,189	13,029,467	28,245,997	75,395,396
<u>\$ -</u>	<u>\$ 5,373,735</u>	<u>\$ 14,221,774</u>	<u>\$ 35,557,089</u>	<u>\$ 84,663,338</u>

The accompanying notes are an integral part of this statement.

**City of Santee**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2012**

Fund Balances of Governmental Funds	\$	28,245,997
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets, net of \$109,062,483 accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.		167,612,937
Receivables which are not considered to be available to finance current expenditures are reported as deferred revenue in the governmental funds.		561,168
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds Payable	\$ (1,210,000)	
Notes and Loans Payable	(6,792,181)	
Capital Lease Payable	(405,967)	
Claims and Judgments Payable	(1,009,478)	
Compensated Absences	(1,076,487)	
OPEB Obligation	(98,592)	
Pension Related Debt	<u>(1,847,193)</u>	(12,439,898)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		<u>(18,039)</u>
Net Assets of Governmental Activities	\$	<u><u>183,962,165</u></u>

The accompanying notes are an integral part of this statement.

This page has been left blank intentionally.

**City of Santee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2012**

	General	Special Revenue	
		Housing Set Aside	Redevelopment Debt Service
<b>REVENUES</b>			
Taxes:			
Property	\$ 13,766,317	\$ -	\$ -
Sales	7,898,623	-	-
Other	2,403,848	-	-
Special Assessments	920,548	-	-
Intergovernmental	473,068	-	-
Licenses and Permits	799,553	-	-
Fines and Forfeitures	151,965	-	-
Developer Fees	-	-	-
Charges for Services	3,735,723	110,959	-
Investment Income	331,103	21,958	99,129
Other Revenue	911,573	-	-
Total Revenues	<u>31,392,321</u>	<u>132,917</u>	<u>99,129</u>
<b>EXPENDITURES</b>			
Current:			
General Government	2,992,577	8,221	2,000
Public Safety	22,396,875	-	-
Public Works	4,684,833	-	-
Community Development	-	711,507	-
Parks and Recreation	1,083,635	-	-
Capital Outlay:			
General Government	-	-	-
Public Safety	-	-	-
Public Works	-	-	-
Parks and Recreation	-	-	-
Debt Service:			
Principal	215,865	-	555,000
Interest and Fiscal Charges	63,841	-	2,388,063
Bond Issuance Costs	-	-	-
Total Expenditures	<u>31,437,626</u>	<u>719,728</u>	<u>2,945,063</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,305)</u>	<u>(586,811)</u>	<u>(2,845,934)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	3,881,805	256,776
Transfers Out	-	(2,550,135)	(1,250,000)
Issuance of Long-term Debt	-	-	-
Discount on Bonds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,331,670</u>	<u>(993,224)</u>
Extraordinary Loss	-	(15,072,173)	(5,777,514)
Change in Fund Balances	(45,305)	(14,327,314)	(9,616,672)
Fund Balances - Beginning	9,894,646	14,327,314	9,616,672
Prior Period Adjustments	-	-	-
Fund Balances - Ending	<u>\$ 9,849,341</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Capital Projects		Total Non-Major Governmental Funds	Total Governmental Funds	
Redevelopment Projects	Traffic Mitigation		2012	2011
\$ -	\$ -	\$ 500,578	\$ 14,266,895	\$ 22,107,239
-	-	-	7,898,623	7,984,974
-	-	1,628,758	4,032,606	4,242,582
-	-	744,035	1,664,583	1,649,594
-	26,336	1,828,361	2,327,765	3,424,883
-	-	-	799,553	817,009
-	-	-	151,965	234,620
-	305,168	1,861,266	2,166,434	1,460,682
192,304	-	-	4,038,986	3,512,338
5,597	42,669	50,013	550,469	542,125
-	1,800	196,573	1,109,946	572,394
<u>197,901</u>	<u>375,973</u>	<u>6,809,584</u>	<u>39,007,825</u>	<u>46,548,440</u>
-	-	492,492	3,495,290	4,440,352
-	-	100,506	22,497,381	21,583,805
-	-	2,519,782	7,204,615	7,540,299
1,288,098	-	147,400	2,147,005	3,737,357
-	-	-	1,083,635	1,262,766
-	-	102,527	102,527	708,453
-	-	-	-	101,572
108,904	36,536	2,942,199	3,087,639	2,921,825
9,643	-	306,864	316,507	593,547
-	-	236,737	1,007,602	5,137,178
-	-	168,856	2,620,760	1,084,293
-	-	-	-	430,582
<u>1,406,645</u>	<u>36,536</u>	<u>7,017,363</u>	<u>43,562,961</u>	<u>49,542,029</u>
<u>(1,208,744)</u>	<u>339,437</u>	<u>(207,779)</u>	<u>(4,555,136)</u>	<u>(2,993,589)</u>
1,250,000	-	2,320,680	7,709,261	3,001,510
(3,881,805)	-	(27,321)	(7,709,261)	(3,001,510)
-	-	3,005,840	3,005,840	35,666,957
-	-	-	-	(618,555)
<u>(2,631,805)</u>	<u>-</u>	<u>5,299,199</u>	<u>3,005,840</u>	<u>35,048,402</u>
<u>(24,750,416)</u>	<u>-</u>	<u>-</u>	<u>(45,600,103)</u>	<u>-</u>
(28,590,965)	339,437	5,091,420	(47,149,399)	32,054,813
28,590,965	5,027,752	7,938,047	75,395,396	41,655,290
-	-	-	-	1,685,293
<u>\$ -</u>	<u>\$ 5,367,189</u>	<u>\$ 13,029,467</u>	<u>\$ 28,245,997</u>	<u>\$ 75,395,396</u>

The accompanying notes are an integral part of this statement.

**City of Santee**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ (47,149,399)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Additions	\$	4,477,072	
Loss on Disposal		(28,968)	
Depreciation Expense		<u>(6,783,065)</u>	(2,334,961)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal Payments	\$	1,007,602	
Payments on Pension Related Debt		380,143	
Issuance of Long-Term Debt		(3,005,840)	
Amortization of Bond Issuance Costs		(14,353)	
Amortization of Bond Discount		<u>(20,619)</u>	(1,653,067)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. 636,797

Revenues reported in the Statement of Activities which are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds. 205,221

Governmental funds do not report certain long-term assets and long-term liabilities that are reflected in the Statement of Net Assets. This amount represents the difference in the extraordinary loss reported in the governmental funds and the extraordinary gain in the Statement of Activities, due to the dissolution of the Redevelopment Agency. 49,583,104

Expenses were charged to the Statement of Activities for compensated absences, claims payable and OPEB payable. In the governmental funds, these do not require the use of current funds and accordingly are not included.

Claims and judgments	\$	(3,210)	
Compensated Absences		123,143	
OPEB Obligation		<u>16,574</u>	<u>136,507</u>

Change in Net Assets of Governmental Activities \$ (575,798)

The accompanying notes are an integral part of this statement.

**City of Santee**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	Successor Agency Private-purpose Trust Fund
<b>ASSETS</b>	
Pooled Cash and Investments	\$ 8,422,535
Receivables:	
Accounts	30,000
Loans	16,066,400
Interest	100,365
Deferred Charges	416,229
Land Held for Resale	439,000
Land	129,900
Restricted Assets:	
Cash and Investments with Fiscal Agents	27,844,527
Total Assets	53,448,956
<b>LIABILITIES</b>	
Accounts Payable	5,374,271
Interest Payable	1,253,764
Bonds Payable	51,117,064
Total Liabilities	57,745,099
<b>NET ASSETS</b>	
Net Assets (Deficit) Held in Trust for Successor Agency	\$ (4,296,143)

The accompanying notes are an integral part of this statement.

**City of Santee**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended June 30, 2012**

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 1,089,380
Interest Income	235,699
	1,325,079
<b>DEDUCTIONS</b>	
Administrative Costs	116,498
Projects	267,959
Interest on Bonds	1,253,764
	1,638,221
Change in Net Assets before Extraordinary Items	(313,142)
Extraordinary Loss	(3,983,001)
Change in Net Assets	(4,296,143)
Net Assets - Beginning of Year	-
Net Assets - End of Year	\$ (4,296,143)

The accompanying notes are an integral part of this statement.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The City of Santee (City) was incorporated on December 1, 1980 and became a Charter City on January 20, 2009. The City operates under the Council/Manager form of government. As required by generally accepted accounting principles, the financial statements of the City include the financial activities of the City (the primary government), the Santee Community Development Commission and the Santee Public Financing Authority. The component units discussed below are included in the reporting entity because of the significance of their operational and financial relationship with the City.

Blended Component Units

**Santee Community Development Commission** - The Santee Community Development Commission (Commission) was established pursuant to the State Health and Safety Code, Section 33000. The Commission is responsible for rehabilitation and economic revitalization of certain areas within the City. The Commission's Board of Directors is the Santee City Council. As described in Note 3 to the financial statements, the Santee Community Development Commission was dissolved as of February 1, 2012 in accordance with AB X1 26.

**Santee Public Financing Authority** - The purpose of the Santee Public Financing Authority (Authority) is to facilitate the financing of public improvements for the City and Community Development Commission. The Authority's Board of Directors is the Santee City Council.

Separate financial statements are not prepared for the Santee Public Financing Authority.

**B) Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

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 or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B) Government-wide and Fund Financial Statements - Continued**

The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds and fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

*General Fund* - Used to account for all financial resources except those required to be accounted for in another fund.

*Housing Set Aside Fund* - This special revenue fund accounts for 20% of Redevelopment Agency Tax allocations for the benefit of low to moderate income housing projects and programs.

*Redevelopment Debt Service Fund* - The purpose of this fund is to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs for debt issued by the Santee Community Development Commission.

*Redevelopment Projects Fund* - This capital projects fund is used to account for the tax increment resources used to redevelop areas of the City. Redevelopment is accomplished through the reconstruction and rehabilitation of residential, commercial, industrial or rental property.

*Traffic Mitigation Fund* - This capital projects fund is used to account for developer fees collected for the provision of traffic related capital facilities.

Additionally, the City reports the following fund type:

The *Fiduciary Fund* - is used to account for the balances and transactions of the Successor Agency to the Santee Community Development Commission.

**C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

Governmental Accounting Standards Board Statement No. 61

In November of 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local*

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued**

*Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. Currently, this statement has no effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 63

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The City has elected not to early implement GASB No. 63 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 65

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in the financial statements. Statement No. 65 is effective for periods beginning after December 15, 2012. The City has elected not to early implement GASB No. 65 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The City has elected not to early implement GASB No. 68 and has not determined its effect on the City's financial statements.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year for which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. One exception to the 60 day test is reimbursement from the County of San Diego for emergency medical services provided to County Service Area 69 which is considered available if collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within 60 days of the end of the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

Amounts reported as program revenues include 1) charges to members, customers, or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**E) Assets, Liabilities, and Net Assets or Equity**

Cash and Investments

The City pools cash resources from all funds in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

Investments are stated at fair value, the value at which a financial instrument could be exchanged in a current transaction between willing parties, except for investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

Receivables and Payables - Continued

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of San Diego, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year-end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes as revenues at June 30 available taxes or those collected within 60 days.

The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax no more than 2% per year. The City receives a share of this basic levy based on complex formulas.

Inventories and Prepaid Items

Inventory consisting of office supplies, is stated at cost on an average cost basis and is adjusted to reflect periodic physical counts. These inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items under the consumption method in both government-wide and fund financial statements.

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value. Fund balances are reported as nonspendable or restricted in amounts equal to the carrying value of land held for resale because such assets are not available to finance the City's current operations.

Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$25,000 in the case of infrastructure) and an estimated useful life in excess of 3 years. Such assets are recorded at the lower of actual historical cost or fair value. Donated capital assets are recorded at estimated fair value at the date of donation.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

Capital Assets - Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
System Infrastructure	25 to 50 years
Building Improvements	5 to 25 years
Vehicles	3 to 15 years
Computer Equipment	3 to 10 years
Office Equipment	3 to 7 years

Long-Term Obligations

Long-term obligations reported in the government-wide statements include revenue bonds, loans payable, claims payable, compensated absences and other post employment benefits.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation and compensatory time at June 30, 2012 is recorded as a long-term liability.

Vacation pay is payable to employees at the time used or upon termination of employment. Sick leave accrued but unused is cumulative from year to year and is payable to employees at the time used, or to a maximum amount of \$6,000 upon non-disability retirement for safety employees only.

The maximum compensation for accumulated vacation and sick leave is as follows:

	<u>Vacation</u>	<u>Sick Leave</u>
General and Management Employees	600 hours	\$ -
Safety Employees	768 hours	\$ 6,000

Claims and Judgments

The City accounts for material claims and judgments outstanding at year-end. When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss net of any insurance coverage under its self-insurance program.

**City of Santee  
Notes to Financial Statements  
June 30, 2012**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

Summarized Prior Year Data

Summarized prior year data has been presented for comparative purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles.

**F) Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the government-wide financial statements is reconciled as follows:

Deferred charges reported in government-wide financial statements	\$ (416,229)
Capital assets reported in the government-wide financial statements	(129,900)
Deferred revenue recorded in the governmental funds	(1,421,498)
Accrued bond interest reported in the government-wide financial statements	433,667
Long-term debt reported in the government-wide financial statements	<u>51,117,064</u>
Net increase to net assets of the government-wide financial statements	<u>\$ 49,583,104</u>

**2) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

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

Governmental Activities:	
Cash and Investments	\$ 27,504,898
Cash and Investments with Fiscal Agent	1,392,575
Fiduciary Funds:	
Cash and Investments	8,422,535
Cash and Investments with Fiscal Agent	<u>27,844,527</u>
Total Cash and Investments	<u>\$ 65,164,535</u>

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

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

Cash on Hand	\$ 6,100
Deposits with Financial Institutions	1,260,252
Investments	<u>63,898,183</u>
Total Cash and Investments	<u>\$ 65,164,535</u>

**Investments Authorized by the California Government Code and the City's Investment Policy**

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage Of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	Yes	5 years	30%	None
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	90 days	10%	None
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	15%	10%
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-through securities	No	N/A	N/A	N/A
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
California Asset Management Program	Yes	N/A	None	None
JPA Pools (Other Investment Pools)	No	N/A	N/A	N/A

\*Based on state law requirements or investment policy requirements, whichever is more restrictive.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

**Investments Authorized by Debt Agreements**

Investments of debt proceeds held by bond trustees 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 investment held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage Of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
Federal Agency Securities	N/A	None	None
Banker's Acceptances	365 days	None	None
Commercial Paper	270 days	None	None
Certificates of Deposit	365 days	None	None
Repurchase Agreements	365 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program	N/A	None	None
Investment Agreements	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's investments (including investments held by bond trustee) to market interest rate fluctuation is provided by the following table that shows the distribution of the City's investments by maturity:

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

**Disclosures Relating to Interest Rate Risk - Continued**

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 1,035,859	\$ 508,515	\$ -	\$ 527,344	\$ -
Federal Agency Securities	9,795,329	3,051,094	3,082,366	3,661,869	-
Medium Term Notes	3,214,030	512,922	-	2,701,108	-
Local Agency Investment Fund	20,880,586	20,880,586	-	-	-
Money Market Funds	237,486	237,486	-	-	-
Held By Fiscal Agent:					
Federal Agency Securities	2,586,260	-	2,083,140	503,120	-
Money Market Fund	24,674,439	24,674,439	-	-	-
Investments Contracts	1,474,194	-	-	-	1,474,194
<b>Total</b>	<b>\$ 63,898,183</b>	<b>\$ 49,865,042</b>	<b>\$ 5,165,506</b>	<b>\$ 7,393,441</b>	<b>\$ 1,474,194</b>

**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. The City manages its exposure to credit risk by monitoring the credit rating of its investments. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End		
			AAA	AA	Not Rated
U.S. Treasury Notes	\$ 1,035,859	N/A	\$ -	\$ 1,035,859	\$ -
Federal Agency Security	9,795,329	N/A	-	9,795,329	-
Medium Term Notes	3,214,030	AA	-	3,214,030	-
Local Agency Investment Fund	20,880,586	N/A	-	-	20,880,586
Money Market Funds	237,486	N/A	237,486	-	-
Held by Fiscal Agent:					
Federal Agency Securities	2,586,260			2,586,260	
Money Market Funds	24,674,439	AAA	24,674,439	-	-
Investment Contracts	1,474,194	N/A	-	-	1,474,194
<b>Total</b>	<b>\$ 63,898,183</b>		<b>\$24,911,925</b>	<b>\$16,631,478</b>	<b>\$22,354,780</b>

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

**Concentration of Credit Risk**

The City's investment policy limits the percentage holdings with any single issuer to a maximum of 10% of the City's surplus funds, except for investments in U.S. Treasury Securities, Federal Agency Securities, California Assets Management Program and LAIF. Investments in any one issuer (other than external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>% of Total Investments</u>
Federal Home Loan Mortgage Corp	Federal Agency Securities	\$ 7,241,057	11.3%

**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 government 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. The City generally manages its exposure to custodial credit risk by collateralizing deposits and by using an investment custodian other than the broker-dealer.

**Investment in Investment Pools**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code 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 on 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.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

**Investment in Investment Pools - Continued**

The City is a voluntary participant in the California Asset Management Program (CAMP), an investment pool managed by Public Financial Management, Inc. CAMP was established under provisions of the California Joint Exercise of Powers Act. 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 CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

**B) Capital Assets**

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation has been recorded. The following table presents summary information on the changes in governmental funds capital assets for the year ended June 30, 2012.

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 9,781,806	\$ -	\$ (129,900)	\$ -	\$ 9,651,906
Parks	4,858,872	-	-	-	4,858,872
Construction in Progress	987,797	3,013,320	(28,968)	(100,905)	3,871,244
Total Capital Assets, Not Being Depreciated	<u>15,628,475</u>	<u>3,013,320</u>	<u>(158,868)</u>	<u>(100,905)</u>	<u>18,382,022</u>
Capital Assets, Being Depreciated					
Buildings	20,157,522	8,715	(42,069)	67,409	20,191,577
Improvements Other Than Buildings	5,887,390	3,839	-	17,129	5,908,358
Equipment	8,445,922	121,854	(7,066)	15,643	8,576,353
Vehicles	5,036,492	-	(341,186)	-	4,695,306
Infrastructure	217,661,956	1,329,344	(70,220)	724	218,921,804
Total Capital Assets Being Depreciated	<u>257,189,282</u>	<u>1,463,752</u>	<u>(460,541)</u>	<u>100,905</u>	<u>258,293,398</u>

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**B) Capital Assets - Continued**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities - Continued</b>					
Less Accumulated Depreciated for:					
Buildings	\$ (4,926,583)	\$ (685,978)	\$ 42,069	\$ -	\$ (5,570,492)
Improvements Other Than Buildings	(377,724)	(375,920)	-	-	(753,644)
Equipment	(2,460,075)	(399,063)	7,066	-	(2,852,072)
Vehicles	(3,687,958)	(383,859)	341,186	-	(3,730,631)
Infrastructure	(91,287,619)	(4,938,245)	70,220	-	(96,155,644)
Total Accumulated Depreciation	<u>(102,739,959)</u>	<u>(6,783,065)</u>	<u>460,541</u>	<u>-</u>	<u>(109,062,483)</u>
Total Capital Assets Being Depreciated, Net	<u>154,449,323</u>	<u>(5,319,313)</u>	<u>-</u>	<u>100,905</u>	<u>149,230,915</u>
Governmental Activities Capital Assets, Net	<u>\$ 170,077,798 *</u>	<u>\$ (2,305,993)</u>	<u>\$ (158,868)</u>	<u>\$ -</u>	<u>\$ 167,612,937</u>

\*Beginning balances were restated from the prior year. See explanation of prior period adjustment in Note 3H.

Depreciation expense was charged to the governmental activities as follows:

General Government	\$ 120,036
Public Safety	458,176
Public Works	5,110,647
Park and Recreation	<u>1,094,206</u>
Total Governmental Activities Depreciation Expense	<u>\$ 6,783,065</u>

**C) Interfund Receivables, Payables and Transfers**

The composition of interfund balances at June 30, 2012 is as follows

Due From/Due To

<u>Due From</u>	<u>Due To</u>	
Nonmajor Governmental Funds	General Fund	\$ 4,310
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>149,498</u>
	<b>TOTAL</b>	<u>\$ 153,808</u>

**City of Santee  
Notes to Financial Statements  
June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**C) Interfund Receivables, Payables and Transfers - Continued**

These balances resulted from short-term loans between funds to meet temporary cash flow requirements during the fiscal year.

Transfers In/Out

Transfers In	Transfers Out	
Redevelopment Debt Service Fund	Housing Set Aside Fund	\$ 256,776
Redevelopment Capital Projects	Redevelopment Debt Service Fund	1,250,000
Housing Set Aside Fund	Redevelopment Capital Projects Fund	3,881,805
Nonmajor Governmental Funds	Nonmajor Governmental Funds	27,321
Nonmajor Governmental Funds	Housing Set Aside Fund	2,293,359
	TOTAL	\$ 7,709,261

The Housing Set Aside Fund made a transfer to the Redevelopment Debt Service Fund for the Housing Set Aside Fund's share of debt service payments made on outstanding tax allocation bonds. The Redevelopment Debt Service Fund made a transfer to the Redevelopment Capital Projects Fund to provide resources for the redevelopment projects. The Redevelopment Capital Projects Fund made a transfer to the Housing Set Aside Fund to provide resources for low income housing projects. The Nonmajor Governmental Funds made a transfer to the Nonmajor Governmental Funds to provide resources for landscape projects.

**D) Long-term Liabilities**

Lease Revenue Bonds

On January 25, 2005, the Santee Public Financing Authority issued 2005 Lease Revenue Bonds (Bonds) in the amount of \$2,180,000. The Bonds are capital-related debt, and were issued for the purpose of refunding \$2,065,000 of outstanding 1993 Revenue Bonds issued by the Santee Public Financing Authority and to finance improvements to City Hall.

The Bonds are special obligations of the Authority payable from revenues consisting primarily of lease payments to be made by the City to the Authority pursuant to a lease agreement for the right to use and occupy City Hall facilities.

The Lease Revenue Bonds consist of \$2,180,000 of serial bonds that accrue interest at rates between 3.000% and 3.875% and mature between February 1, 2006 and February 1, 2019. The City has purchased a surety bond to satisfy the reserve requirements.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**D) Long-term Liabilities - Continued**

Lease Revenue Bonds outstanding at June 30, 2012 were \$1,210,000.

Annual debt service requirements to maturity for the Lease Revenue Bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2013	\$ 155,000	\$ 43,293
2014	160,000	38,255
2015	165,000	32,855
2016	175,000	27,080
2017	180,000	20,780
2018	185,000	14,300
2019	190,000	7,363
Total	<u>\$ 1,210,000</u>	<u>\$ 183,926</u>

Capital Lease Payable

On June 10, 2010, the City entered into a Purchase Agreement with Pierce Manufacturing Incorporated in the amount of \$500,998 for the purchase of a 2010 1500 GPM Triple Combination Pumper. The capital asset has been recorded as of June 30, 2012. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with Oshkosh Capital dated June 18, 2010.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

Year Ending June 30,	Governmental Activities
2013	\$ 81,763
2014	81,763
2015	81,763
2016	81,763
2017	81,763
2018	40,881
Total Minimum Lease Payments	449,696
Less: Amount Representing Interest	<u>(43,729)</u>
Present Value of Minimum Lease Payments	<u>\$ 405,967</u>

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**D) Long-term Liabilities - Continued**

Notes and Loans Payable

On November 17, 2010, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City will borrow up to \$8,450,000 through the TransNet debt financing program. Under the agreement, the City is responsible for its proportionate share of SANDAG's bond issuance costs, annual debt service and administrative costs through the maturity date of the note in fiscal year ending 2030. Interest on the note is 3.116%. The repayment of debt will be the first priority on the use of the City's annual TransNet revenues. As of June 30, 2012, the City's total debt outstanding on this note was \$5,299,156.

Annual debt service requirements to maturity on this debt at June 30, 2012 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2013	\$ 227,159	\$ 161,896
2014	234,339	154,715
2015	241,746	147,308
2016	249,388	139,667
2017	257,271	131,784
2018-2022	1,413,598	531,676
2023-2027	1,651,586	293,687
2028-2030	1,024,069	45,831
Total	<u>\$ 5,299,156</u>	<u>\$ 1,606,564</u>

On November 17, 2011 the City received a \$1,400,000 Section 108 loan from the U.S. Department of Housing and Urban Development. The loan is secured by a pledge of future Community Development Block Grant revenues. The City has also established a debt service reserve fund that is required to be maintained at a minimum amount of 125% of the outstanding principal balance of the loan. The loan will be repaid over a 10 year period with level principal payments plus interest at varying amounts.

Annual debt service requirements to maturity on this debt at June 30, 2012 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2013	\$ 140,000	\$ 19,285
2014	140,000	18,767
2015	140,000	17,997
2016	140,000	16,877
2017	140,000	15,372
2018-2022	700,000	40,103
Total	<u>\$ 1,400,000</u>	<u>\$ 128,401</u>

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**D) Long-term Liabilities - Continued**

Notes and Loans Payable - Continued

In August 2010, the City entered into an “On-Bill Financing Loan agreement” with the San Diego Gas & Electric Company (SDG&E) whereby SDG&E will provide no interest loan funding to the City to facilitate the purchase and installation of energy efficiency and demand reduction measures. The loan term to maturity is 53 months and will be paid back on a monthly basis on the City’s SDG&E utility bills.

The monthly savings from the energy efficiency upgrades is estimated to be approximately \$2,196 and the monthly loan payment to maturity is \$2,067. Imputed interest on the loan is immaterial and has not been included in these financial statements. The total loan balance outstanding at June 30, 2012 is \$93,025.

Annual loan payments to maturity are as follows:

Year Ending June 30,	Principal
2013	\$ 24,807
2014	24,807
2015	24,807
2016	18,604
Total	<u>\$ 93,025</u>

Claims and Judgments

The outstanding liability for claims payable at June 30, 2012 was \$1,009,478 (see Note 3A). This liability is primarily liquidated from the General Fund.

Compensated Absences

The outstanding liability for compensated absences earned at June 30, 2012 was \$1,076,487. Compensated absences relate to accrued vacation and sick pay for City employees. This liability is primarily liquidated from the General Fund. There is no fixed payment schedule for compensated absences.

Other Post-Employment Benefits (OPEB)

The outstanding liability for other post-employment benefits payable at June 30, 2012 was \$98,592 (see Note 3 D).

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**D) Long-term Liabilities - Continued**

Pension-Related Debt

As of June 30, 2003, CalPERS implemented risk pooling for the City’s multiple-employer public employee defined benefit pension plan. At that point, in accordance with generally accepted accounting principles, the City’s Miscellaneous and Safety Plans converted from an “agent” multiple-employer plan to a “cost-sharing” multiple-employer plan. Although a portion of the City’s annual required contributions are actuarially determined and shared by all employers of the risk pool, the City is also required to make annual payments on a “Side Fund” which was created when the City entered the risk pool. The responsibility for funding the Side Fund is specific to the City and is not shared by all employers in the plan. Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27. The annual payments on the Side Fund represent principal and interest payments on the pension-related debt. Principal and interest are included in the retirement expenditures in the various functions of the governmental funds.

The future debt service requirements on the Miscellaneous Plan’s and Safety Plan’s Side Fund are as follows:

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
2013	\$ 271,377	\$ 123,982	\$ 395,359
2014	288,205	104,088	392,293
2015	23,976	92,290	116,266
2016	29,692	90,352	120,044
2017	35,964	87,982	123,946
2018-2022	296,777	386,058	682,835
2023-2027	568,025	233,222	801,247
2028-2029	333,177	24,961	358,138
Total	\$ 1,847,193	\$ 1,142,935	\$ 2,990,128

**City of Santee  
Notes to Financial Statements  
June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**D) Long-term Liabilities - Continued**

Changes in Long-term Liabilities

Long-term liability activity for the governmental activities for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>						
Bonds Payable	\$ 53,630,000	\$ -	\$ 705,000	\$ (51,715,000)	\$ 1,210,000	\$ 155,000
Discount on Bonds	(618,555)	-	(20,619)	597,936	-	-
Notes and Loans Payable	4,023,078	3,005,840	236,737	-	6,792,181	391,966
Capital Lease Payable	471,832	-	65,865	-	405,967	68,184
Claims and Judgments	1,006,268	398,523	395,313	-	1,009,478	339,060
Compensated Absences	1,199,630	954,722	1,077,865	-	1,076,487	538,269
OPEB Obligation	115,166	240,997	257,571	-	98,592	-
Pension Related Debt	2,227,336	-	380,143	-	1,847,193	271,377
<b>Total</b>	<u>\$ 62,054,755</u>	<u>\$ 4,600,082</u>	<u>\$ 3,097,875</u>	<u>\$ (51,117,064)</u>	<u>\$ 12,439,898</u>	<u>\$ 1,763,856</u>

**E) Fiduciary Fund Long-term Liabilities**

As of June 30, 2012, the following long-term debt is reported in a private-purpose trust fund due to the dissolution of redevelopment agencies by the State:

Tax Allocation Bonds

**2005 Tax Allocation Bonds**

On January 25, 2005, the Santee Community Development Commission issued 2005 Tax Allocation Bonds (2005 Bonds) in the amount of \$23,100,000. The 2005 Bonds were issued for the purpose of refunding \$9,320,000 of outstanding 1993 Tax Allocation Bonds and to finance a portion of the Commission's Santee Community Redevelopment Project. The 2005 Bonds are limited obligations of the Commission and are secured by tax revenues consisting of a portion of all taxes levied upon all taxable property within the Santee Community Redevelopment Project Area.

The 2005 Bonds consist of \$13,450,000 of serial bonds and \$9,650,000 of term bonds. The serial bonds accrue interest at rates between 2.125% and 4.400% and, mature between August 1, 2006 and August 1, 2025. The term bonds accrue interest at rates between 4.500% and 4.650% and mature between August 1, 2027 and August 1, 2033. The reserve requirement at June 30, 2012 of \$1,474,194 was fully satisfied.

**City of Santee  
Notes to Financial Statements  
June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Fiduciary Fund Long-term Liabilities - Continued**

Tax Allocation Bonds - Continued

**2005 Tax Allocation Bonds - Continued**

The 2005 Bonds outstanding at June 30, 2012 were \$20,160,000. Annual debt service requirements to maturity for the 2005 Bonds are as follows:

Year Ending June 30,	Principal	Interest
2013	\$ 575,000	\$ 857,990
2014	595,000	837,862
2015	615,000	815,931
2016	640,000	793,183
2017	660,000	768,796
2018-2022	3,780,000	3,411,163
2023-2027	4,665,000	2,523,455
2028-2032	5,880,000	1,342,402
2033-2034	2,750,000	129,270
Total	\$ 20,160,000	\$ 11,480,052

**2011 Tax Allocation Bonds Series A and Series B**

On March 4, 2011 the Santee Community Development Commission issued 2011 Tax Allocation Bonds Series A in the amount of \$26,845,000 and 2011 Tax Allocation Bonds Series B in the amount of \$4,710,000 respectively. Proceeds from the 2011 Bonds Series A will be used to finance redevelopment activities within or of benefit to the Redevelopment Project such as the Prospect Avenue Improvements Project. Proceeds from the 2011 Bonds Series B will be used to finance low and moderate income housing activities within or of benefit to the Redevelopment Project such as the Forester Square Apartments affordable housing project. The 2011 Bonds are limited obligations of the Commission and are secured by tax revenues consisting of a portion of all taxes levied upon all taxable property within the Santee Community Redevelopment Project Area.

The 2011 Bonds Series A consist of \$5,611,000 of serial bonds and \$21,234,000 of term bonds. The serial bonds accrue interest at rates between 3.000% and 5.750% and mature between August 1, 2012 and August 1, 2021. The term bonds accrue interest at rates between 6.500% and 7.000% and mature between August 1, 2026 and August 1, 2041. The reserve requirement at June 30, 2012 of \$2,200,925 was fully funded.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Fiduciary Fund Long-term Liabilities - Continued**

Tax Allocation Bonds - Continued

**2011 Tax Allocation Bonds Series A and Series B**

The 2011 Bonds Series B consist of \$660,000 of serial bonds and \$4,050,000 of term bonds. The serial bonds accrue interest at rates between 3.250% and 7.500% and mature between August 1, 2012 and August 1, 2019. The term bonds accrue interest at rates between 9.000% and 9.500% and mature between August 1, 2026 and August 1, 2041. The reserve requirement at June 30, 2012 of \$471,000 was fully funded.

The 2011 Bonds Series A and Series B outstanding at June 30, 2012 were \$31,555,000. Annual debt service requirements to maturity for the 2011 Bonds are as follows:

Year Ending June 30,	2011A		2011B	
	Principal	Interest	Principal	Interest
2013	\$ 470,000	\$ 1,717,525	\$ 70,000	\$ 415,988
2014	485,000	1,703,200	70,000	413,450
2015	505,000	1,686,456	75,000	410,175
2016	520,000	1,665,938	80,000	405,900
2017	545,000	1,642,625	80,000	401,000
2018-2022	3,085,000	7,774,106	510,000	1,903,113
2023-2027	4,085,000	6,697,513	775,000	1,628,350
2028-2032	5,580,000	5,077,450	1,180,000	1,184,499
2033-2037	5,560,000	2,984,800	1,000,000	597,075
2038-2042	6,010,000	1,108,450	870,000	221,350
<b>Total</b>	<b>\$ 26,845,000</b>	<b>\$ 32,058,063</b>	<b>\$ 4,710,000</b>	<b>\$ 7,580,900</b>

Changes in Long-term Liabilities

Long-term liability activity for the fiduciary fund for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance	Due Within One Year
<b>Fiduciary Fund:</b>						
Bonds Payable	\$ -	\$ -	\$ -	\$ 51,715,000	\$ 51,715,000	\$ 1,115,000
Discount on Bonds	-	-	-	(597,936)	(597,936)	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,117,064</b>	<b>\$ 51,117,064</b>	<b>\$ 1,115,000</b>

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**F) Stewardship, Compliance and Accountability**

The following non-major funds had deficit fund balances at June 30, 2012:

**Deficit Fund Equity**

Capital Projects Funds:		
Transportation Improvements Prop A	\$	(167,199)
Town Center Community Park	\$	(147,563)

These deficits will be eliminated when future revenues are received and from contributions from other funds.

**3) OTHER INFORMATION**

**A) Risk Management**

The City is a member of the San Diego Pooled Insurance Program Authority (SANDPIPA) which provides general liability insurance. As a member, the City carries a self-insured retention of \$150,000 and is insured through SANDPIPA from \$150,000 to \$2,000,000. In addition, SANDPIPA has purchased excess insurance coverage from \$2,000,000 to \$47,000,000 for all of its members, including the City. For workers' compensation claims, the City carries a self-insured retention of \$350,000 per claim. The City participates in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for coverage up to \$2,000,000 per claim, and purchases insurance for claims in excess of \$2,000,000 up to the California statutory limits.

SANDPIPA is a joint venture of twelve cities located within San Diego County. Each city has equal representation on the Board of Directors, which consists of a city staff member (and an alternate). The Board of Directors has total responsibility for all actions of SANDPIPA.

The Board of Directors elects four members to the Executive Committee, which has the responsibility for overseeing all operations of SANDPIPA, including preparation and submission of the annual operating budget to the Board of Directors for its approval and modification, if deemed necessary.

Annual premiums and assessments are approved by the Board of Directors and are adjusted each year based on the following criteria:

- Each city's incurred losses;
- Each city's share of such losses and other expenses as a proportion of all such losses;

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**A) Risk Management - Continued**

Each city's contribution to reserves, including reserves for incurred-but-not-reported losses;  
Each city's share of costs to purchase excess insurance; and  
Each city's share of costs to purchase any additional coverage.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The ultimate amount of losses incurred is dependent on future developments. The amounts reported in the accompanying financial statements have been determined based upon actuarial analysis and information from the City's legal counsel and claims administrators.

The changes in the claims liability for the years ended June 30, 2012 and 2011 were as follows:

	2012	2011
Claims payable, beginning of year	\$ 1,006,268	\$ 956,593
Current year claims and changes in estimates	398,523	322,366
Current year claims payments	(395,313)	(272,691)
Claims payable, end of year	\$ 1,009,478	\$ 1,006,268

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2010-11 to fiscal year 2011-12. Furthermore, there was no settlement which exceeded the insurance coverage for the past three years.

**B) Loans Receivable**

The City has made various First Time Home Buyer Loans to individuals with Federal HOME and CalHome Program funding to assist them in acquiring a single family residence within the City. These loans are at various low simple interest rates. Assuming all conditions of the loans are met, accrued and unpaid interest is forgiven by the City after ten years of owner occupancy. The principal amounts of the loans are due and payable thirty years from the date of the loan unless the property is sold, rented or transferred. The balance of the loans outstanding at June 30, 2012 was \$2,079,800.

The loans receivable in the Fiduciary Fund represent those loans issued by the former Community Development Commission for low and moderate income housing. The balance of the loans at June 30, 2012 is \$16,066,400, and includes accrued unpaid interest of \$1,593,826.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**C) Employee Retirement System and Pension Plans**

California Public Employee Retirement System

Plan Description: The City contributes to the California Public Employees Retirement System (PERS) a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. PERS issues a publicly available report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, CA 95814.

Funding Policy: Participants are required to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. Effective October 1, 2009, miscellaneous and safety employees contribute 4%, which amounted to \$392,262 for 2011-12. The City contributed the remainder for City employees on their behalf which amounted to \$492,094 during the year ended June 30, 2012.

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2012 was 16.582% for miscellaneous employees and 30.693% for safety employees. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Three Year Trend Information for the Miscellaneous and Safety Plans:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/10	\$ 2,599,706	100%
6/30/11	\$ 2,030,958	100%
6/30/12	\$ 2,384,991	100%

Public Agency Retirement System

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan. PARS provides a qualified retirement system to all part-time, seasonal and temporary employees in compliance with Section 11332 of the Omnibus Budget Reconciliation Act of 1990. The minimum contribution level is 3.75% for employees and 3.75% for the employer, for a total of 7.5%. All employees are 100% vested upon entering the system. PARS contributions are invested in fixed income pension contracts.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**C) Employee Retirement System and Pension Plans - Continued**

Public Agency Retirement System - Continued

For the year ended June 30, 2012, the City's payroll covered by the plan was \$278,455. The City made employer contributions of \$10,443 (3.75% of covered payroll), and employees contributed \$10,443 (3.75% of covered payroll).

**D) Other Post-Employment Benefits (OPEB)**

Plan Description

The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements.

Fire department safety employees hired prior to July 1, 1985 receive lifetime medical insurance benefits, depending on the employee's date of retirement as shown below:

1. Retirement prior to August 1, 1986: The City pays the full medical insurance premium for the employee and one dependent.
2. Retirement on or after August 1, 1986: The City pays a maximum of \$182 per month toward the employee's medical insurance premium.

These benefits are established by City Council action. Expenditures for post-employment benefits are reported on a pay-as-you-go basis, and for fiscal year ended June 30, 2012 were \$102,963. As of June 30, 2012, 40 participants were eligible to receive benefits.

The City provides a retiree health premium assistance program to executive management personnel who retire with at least eight years of service with the City. Expenditures for post-employment benefits are reported on a pay-as-you-go basis, and for fiscal year ended June 30, 2012 were \$9,008. There was one participant in this program as of June 30, 2012.

For eligible City employees and City Council members, they may continue medical insurance coverage through the City's medical insurance plan on a self-pay basis to age 65. Retirees electing this coverage pay the same premium rates as are assessed for active employees. Because retiree claims are expected to exceed those of active employees, the OPEB liability includes the projected amount of the subsidized retiree premiums.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**D) Other Post-Employment Benefits (OPEB) - Continued**

City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pre-funding basis (i.e., as medical insurance premiums become due). For fiscal year 2011-12, the City contributed \$257,571 to the plan, including \$240,997 for current premiums. Contributions are typically made from the General Fund.

The City has not established a trust for the purpose of holding assets accumulated for plan benefits. A separate, audited GAAP-basis post employment benefit plan report is not available.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment 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 No. 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) over a period not to exceed thirty years.

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 for these benefits:

Annual Required Contribution	\$ 239,554
Interest on Net OPEB Obligation	8,637
Adjustment to Annual Required Contribution	(7,194)
Annual OPEB Cost (Expense)	<u>240,997</u>
Contributions Made (Including Premiums Paid)	<u>(257,571)</u>
Increase (Decrease) in Net OPEB Obligation	(16,574)
Net OPEB Obligation - Beginning of Year	115,166
Net OPEB Obligation - End of Year	<u><u>\$ 98,592</u></u>

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**D) Other Post-Employment Benefits (OPEB) - Continued**

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:

<u>June 30,</u>	<u>OPEB Cost</u>	<u>Actual Contribution (Net of Adjustments)</u>	<u>Cost Contributed</u>	<u>Obligation</u>
6/30/10	\$ 239,788	\$ 174,725	72.9%	\$ 121,329
6/30/11	\$ 235,543	\$ 241,706	102.6%	\$ 115,166
6/30/12	\$ 240,997	\$ 257,571	106.9%	\$ 98,592

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows (dollar amounts in thousands):

Actuarial Accrued Liability (AAL)	\$ 3,041,229
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 3,041,229
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 9,664,728
UAAL as a Percentage of Covered Payroll	31.46%

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 multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 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 the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**D) Other Post-Employment Benefits (OPEB) - Continued**

The actual cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements of 0.5% per year to an ultimate rate of 5 percent after the ninth year. Both rates included a 3.25 percent inflation assumption. The UAAL is being amortized as a level dollar amortization over a closed 30 year period. It is assumed the City's payroll will increase 3.25% per year.

**E) Net Assets and Fund Balances**

**Net Assets**

In the Government-wide Financial Statements, net assets are classified in the following categories:

*Invested in capital assets, net of related debt* describes the portion of net assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

*Unrestricted* describes the portion of net assets which is not restricted to use.

**Fund Balances**

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**E) Net Assets and Fund Balances - Continued**

**Fund Balances - Continued**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts constrained for a specific purpose by City Council resolution. It would require the same action by City Council to remove the constraint.

Assigned Fund Balance - Amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, or negative balances. For all funds other than the General Fund, amounts expended in excess of resources that are restricted, committed, or assigned, negative unassigned fund balance may be necessary to report.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**E) Net Assets and Fund Balances - Continued**

**Fund Balances - Continued**

The details of the fund balances as of June 30, 2012 are presented below:

	<u>General Fund</u>	<u>Traffic Mitigation Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>				
Prepays	\$ 14,833	\$	\$	\$ 14,833
Inventory	3,685			3,685
<b>Restricted for:</b>				
Community Development			2,119,777	2,119,777
Debt Service	1,750,001			1,750,001
Public Safety			1,623	1,623
Public Works			205,428	205,428
Streets and Roads			967,134	967,134
Flood Control			201,657	201,657
Capital Projects		5,367,189	8,420,417	13,787,606
Other Purposes			472,898	472,898
<b>Committed to:</b>				
General Government	23,000			23,000
Software Upgrade			268,335	268,335
Public Safety	750		12,323	13,073
<b>Assigned to:</b>				
General Government	50,388			50,388
Public Safety	62,151			62,151
Public Works	23,200			23,200
Parks and Recreation	73,339			73,339
Self Insurance	1,001,949			1,001,949
Vehicle Replacement	876,272			876,272
Capital Projects	120,000		520,412	640,412
Subsequent Budget	832,910			832,910
Other Purposes	8,721		154,225	162,946
<b>Unassigned:</b>	<u>5,008,142</u>		<u>(314,762)</u>	<u>4,693,380</u>
<b>Total Fund Balance</b>	<u>\$ 9,849,341</u>	<u>\$ 5,367,189</u>	<u>\$ 13,029,467</u>	<u>\$ 28,245,997</u>

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**F) Commitments and Contingencies**

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2012, the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

The City is defendant in various lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

**G) Successor Agency Trust for Assets of Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santee that previously had reported a community development commission (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. On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 4-2012. However, the City Council, on January 25, 2012, designated the San Diego County Housing Authority to assume all housing assets and functions of the former Redevelopment Agency. As of June 30, 2012, no assets have been transferred to the County Housing Authority, and are currently reported in the Successor Agency Private Purpose Trust Fiduciary Fund.

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.

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**G) Successor Agency Trust for Assets of Former Redevelopment Agency - Continued**

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.

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 several 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 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary (loss). The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary (loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss 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 extraordinary loss recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

**City of Santee**  
**Notes to Financial Statements**  
**June 30, 2012**

**3) OTHER INFORMATION - Continued**

**G) Successor Agency Trust for Assets of Former Redevelopment Agency - Continued**

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund.	\$ 45,600,103
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	129,900
Deferred revenue on long-term loans receivables is not recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	1,421,498
Accrued bond interest reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	(433,667)
Unamortized bond issuance cost reported in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	416,229
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	<u>(51,117,064)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City).	<u>\$ (3,983,001)</u>

**H) Prior Period Adjustments**

The prior period adjustment in the Statement of Activities of \$3,593,256 is to correct the value of capital assets reported in prior years.

**City of Santee  
Required Supplementary Information  
Year Ended June 30, 2012**

**SCHEDULE OF FUNDING PROGRESS - OPEB**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll [(B-A)/C]
07/01/08	\$ -	\$ 2,918,518	\$ 2,918,518	0%	\$ 9,751,000	29.9%
07/01/10	\$ -	\$ 3,041,229	\$ 3,041,229	0%	\$ 9,664,728	31.5%

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property Taxes	\$ 12,471,300	\$ 12,319,000	\$ 13,766,317	\$ 1,447,317
Sales	7,872,300	7,912,300	7,898,623	(13,677)
Other	2,451,300	2,406,800	2,403,848	(2,952)
Special Assessments	923,000	923,000	920,548	(2,452)
Intergovernmental	436,240	622,562	473,068	(149,494)
Licenses and Permits	913,300	911,300	799,553	(111,747)
Fines and Forfeitures	248,100	219,500	151,965	(67,535)
Charges for Services	3,754,790	3,778,370	3,735,723	(42,647)
Investment Income	440,600	375,400	331,103	(44,297)
Other Revenue	421,000	1,177,000	911,573	(265,427)
	<u>29,931,930</u>	<u>30,645,232</u>	<u>31,392,321</u>	<u>747,089</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current:				
City Council	333,140	338,460	336,938	1,522
City Manager	481,840	426,799	511,978	(85,179)
City Attorney	287,050	287,050	292,758	(5,708)
City Clerk	235,060	243,079	217,950	25,129
Finance	774,970	819,170	821,775	(2,605)
Human Resources	413,200	433,928	423,131	10,797
Risk Management	317,380	368,005	372,676	(4,671)
Police	11,936,380	11,717,711	11,645,448	72,263
Fire	10,289,610	10,682,487	10,452,851	229,636
Animal Control	312,110	312,110	298,573	13,537
Development Services	1,901,200	2,013,345	2,347,501	(334,156)
Community Services	3,571,460	3,722,788	3,436,341	286,447
Capital Outlay	-	60,000	-	60,000
Debt Service:				
Principal	231,504	236,775	215,865	20,910
Interest and Fiscal Charges	70,218	64,947	63,841	1,106
Projected Expenditure Savings	(318,000)	(316,000)	-	(316,000)
	<u>30,837,122</u>	<u>31,410,654</u>	<u>31,437,626</u>	<u>(26,972)</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>(905,192)</u>	<u>(765,422)</u>	<u>(45,305)</u>	<u>720,117</u>

Continued

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund - Continued**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
 Total Other Financing Sources (Uses)	 -	 -	 -	 -
 Net Change in Fund Balances	 (905,192)	 (765,422)	 (45,305)	 720,117
Fund Balance, Beginning	9,894,646	9,894,646	9,894,646	-
Fund Balance, End of Year	<u>\$ 8,989,454</u>	<u>\$ 9,129,224</u>	<u>\$ 9,849,341</u>	<u>\$ 720,117</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Housing Set Aside Special Revenue Fund**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,878,600	\$ 1,878,600	\$ -	\$ (1,878,600)
Intergovernmental	870,000	490,000	-	(490,000)
Charges for Services	140,150	140,150	110,959	(29,191)
Investment Income	45,600	45,600	21,958	(23,642)
Other Revenue	-	-	-	-
Total Revenues	<u>2,934,350</u>	<u>2,554,350</u>	<u>132,917</u>	<u>(2,421,433)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	60,000	67,215	8,221	58,994
Community Development	7,490,420	7,309,890	711,507	6,598,383
Current:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>7,550,420</u>	<u>7,377,105</u>	<u>719,728</u>	<u>6,657,377</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,616,070)</u>	<u>(4,822,755)</u>	<u>(586,811)</u>	<u>4,235,944</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	3,880,000	3,881,805	1,805
Transfers Out	<u>(267,570)</u>	<u>(267,570)</u>	<u>(2,550,135)</u>	<u>(2,282,565)</u>
Total Other Financing Sources (Uses)	<u>(267,570)</u>	<u>3,612,430</u>	<u>1,331,670</u>	<u>(2,280,760)</u>
Extraordinary Item	-	-	<u>(15,072,173)</u>	<u>(15,072,173)</u>
Net Change in Fund Balance	(4,883,640)	(1,210,325)	(14,327,314)	(13,116,989)
Fund Balance, Beginning of Year	<u>14,327,314</u>	<u>14,327,314</u>	<u>14,327,314</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 9,443,674</u>	<u>\$ 13,116,989</u>	<u>\$ -</u>	<u>\$ (13,116,989)</u>

**City of Santee**  
**Notes to the Required Supplementary Information**  
**Year Ended June 30, 2012**

**Budgetary Information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain public comments.
2. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds, and Debt Service Fund. However, no budget is prepared for the Paramedic Equipment Special Revenue Fund.
3. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary comparisons are not presented for Capital Projects Funds because the adopted budget is primarily a "long-term" budget which emphasized major programs and capital outlay plans extending over a number of years. Because of the long-term nature of projects, "annual" budget comparisons are not considered meaningful, and accordingly, no budgetary information is included in the accompanying financial statements.
4. Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations at the fund level. The City Manager is authorized to transfer amounts within departmental budgets. Transfers of appropriations between departments, or any increase in total appropriations of a fund must be approved by the City Council. Budgeted expenditure amounts represent original appropriations adjusted by prior year encumbrances, designated amounts carried forward, and supplemental appropriations approved by City Council during the year. During 2011-12, the City made supplemental appropriations and other appropriation adjustments which increased the original General Fund budget by \$573,532. Budget appropriations for the various governmental funds become effective each July 1. Unexpended appropriations lapse at year-end.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in any year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2012, based on the calculations by City management, proceeds of taxes did not exceed the appropriations limit.

This page has been left blank intentionally.

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Redevelopment Debt Service Fund**  
**Year Ended June 30, 2012**

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 7,514,400	\$ -	\$ (7,514,400)
Investment Income	146,900	99,129	(47,771)
Total Revenues	<u>7,661,300</u>	<u>99,129</u>	<u>(7,562,171)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	1,383,700	2,000	1,381,700
Debt Service			
Principal	555,000	555,000	-
Interest and Fiscal Charges	2,821,740	2,388,063	433,677
Total Expenditures	<u>4,760,440</u>	<u>2,945,063</u>	<u>1,815,377</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,900,860</u>	<u>(2,845,934)</u>	<u>(5,746,794)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	267,570	256,776	(10,794)
Transfers Out	(6,150,480)	(1,250,000)	4,900,480
Total Other Financing Sources (Uses)	<u>(5,882,910)</u>	<u>(993,224)</u>	<u>4,889,686</u>
Extraordinary Item	-	(5,777,514)	(5,777,514)
Net Change in Fund Balance	(2,982,050)	(9,616,672)	(6,634,622)
Fund Balance, Beginning of Year	<u>9,616,672</u>	<u>9,616,672</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,634,622</u>	<u>\$ -</u>	<u>\$ (6,634,622)</u>

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2012**

	Special Revenue Fund	Capital Projects Funds	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 1,898,596	\$ 8,049,233	\$ 9,947,829
Cash and Investments with Fiscal Agents	1,392,575	-	1,392,575
Accounts Receivable	7,453	1,935	9,388
Loans Receivable	2,079,800	-	2,079,800
Interest Receivable	1,500	13,521	15,021
Due from Other Funds	-	149,498	149,498
Due from Other Governments	344,516	283,147	627,663
	<u>5,724,440</u>	<u>8,497,334</u>	<u>14,221,774</u>
Total Assets	<u>\$ 5,724,440</u>	<u>\$ 8,497,334</u>	<u>\$ 14,221,774</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 222,852	\$ 273,659	\$ 496,511
Accrued Salaries and Benefits	775	-	775
Deferred Revenue	138,754	402,459	541,213
Due to Other Funds	4,310	149,498	153,808
	<u>366,691</u>	<u>825,616</u>	<u>1,192,307</u>
Total Liabilities	<u>366,691</u>	<u>825,616</u>	<u>1,192,307</u>
Fund Balances:			
Restricted	5,345,426	7,043,508	12,388,934
Committed	12,323	268,335	280,658
Assigned	-	674,637	674,637
Unassigned	-	(314,762)	(314,762)
	<u>5,357,749</u>	<u>7,671,718</u>	<u>13,029,467</u>
Total Fund Balances	<u>5,357,749</u>	<u>7,671,718</u>	<u>13,029,467</u>
Total Liabilities and Fund Balances	<u>\$ 5,724,440</u>	<u>\$ 8,497,334</u>	<u>\$ 14,221,774</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 500,578	\$ -	\$ 500,578
Other Taxes	1,628,758	-	1,628,758
Special Assessments	744,035	-	744,035
Intergovernmental	904,213	924,148	1,828,361
Developer Fees	-	1,861,266	1,861,266
Use of Money and Property	6,865	43,148	50,013
Other Revenue	40,924	155,649	196,573
	<u>3,825,373</u>	<u>2,984,211</u>	<u>6,809,584</u>
<b>EXPENDITURES</b>			
Current:			
General Government	492,492	-	492,492
Public Safety	100,506	-	100,506
Public Works	2,519,782	-	2,519,782
Community Development	147,400	-	147,400
Capital Outlay:			
General Government	-	102,527	102,527
Public Safety	-	-	-
Public Works	15,261	2,926,938	2,942,199
Parks and Recreation	-	306,864	306,864
Debt Service:			
Principal	16,538	220,199	236,737
Interest and Fiscal Charges	-	168,856	168,856
	<u>3,291,979</u>	<u>3,725,384</u>	<u>7,017,363</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>533,394</u>	<u>(741,173)</u>	<u>(207,779)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	2,320,680	-	2,320,680
Transfers Out	(27,321)	-	(27,321)
Issuance of Long-term Debt	1,400,000	1,605,840	3,005,840
	<u>3,693,359</u>	<u>1,605,840</u>	<u>5,299,199</u>
Net Change in Fund Balances	4,226,753	864,667	5,091,420
Fund Balances, Beginning of Year	<u>1,130,996</u>	<u>6,807,051</u>	<u>7,938,047</u>
Fund Balances, End of Year	<u>\$ 5,357,749</u>	<u>\$ 7,671,718</u>	<u>\$ 13,029,467</u>

**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2012**

**Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Supplemental Law Enforcement Fund** - is used to account for State of California allocations required by law to supplement front line law enforcement services.

**Asset Seizure Fund** - is used to account for forfeited property and asset revenue which must be use for law enforcement purposes.

**Highways Users Gas Tax Fund** - is used to account for receipts and expenditures of monies apportioned to the City under the Streets and Highways Code Section 2103, 2105, 2106, 2107, and 2107.5 of the State of California.

**HOME Investment Partnership Fund** - is used to account for Federal HOME loan grants received from the U.S. Department of Housing and Urban Development restricted for low income housing loans.

**Energy Efficiency Block Grant** - is used to account for grant revenue received from the U.S. Department of Energy restricted for energy efficiency retrofit projects.

**Zone 2 Flood Control District** - is used to account for property tax allocations for the maintenance of the City's storm drain system.

**Community Development Block Grant Fund** - is used to account for Federal grant allocations for development of viable urban communities.

**CDBG Section 108 Loan Fund** - is used to account for a Federal grant loan used for improvements at Shadow Hills Park.

**Town Center Landscape Maintenance Fund** - is used to account for property tax assessments utilized for maintenance of landscape improvements with the Santee Town Center.

**Santee Landscape Maintenance Fund** - is used to account for property tax assessments utilized for maintenance of landscape improvements within various special districts.

**Mobile Home Park Assessment Fund** - is used to account for mobile home park assessments utilized to support the Santee Manufactured Home Fair Practices Ordinance.

**Special Street Lighting Tax Fund** - is used to account for property tax assessments to provide and maintain general benefit street light services.

**Roadway Lighting District Fund** - is used to account for property tax assessments to provide and maintain special benefit street light services.

**Paramedic Equipment Fund** - is used to account for donations to be utilized specifically for paramedic equipment purchases.

**City of Santee  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2012**

	Supplemental Law Enforcement	Asset Seizure	Gas Tax	HOME Investment Partnership
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 1,621	\$ 887,807	\$ 33,120
Cash and Investments with Fiscal Agents	-	-	-	-
Accounts Receivable	-	-	140	-
Loans Receivable	-	-	-	2,079,800
Interest Receivable	-	2	700	-
Due from Other Governments	25,000	-	297,959	-
	<u>25,000</u>	<u>-</u>	<u>297,959</u>	<u>-</u>
Total Assets	<u>\$ 25,000</u>	<u>\$ 1,623</u>	<u>\$ 1,186,606</u>	<u>\$ 2,112,920</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 25,000	\$ -	\$ 102,225	\$ -
Accrued Salaries and Benefits	-	-	-	-
Deferred Revenue	-	-	132,924	-
Due to Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>25,000</u>	<u>-</u>	<u>235,149</u>	<u>-</u>
Fund Balances:				
Restricted	-	1,623	951,457	2,112,920
Committed	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>1,623</u>	<u>951,457</u>	<u>2,112,920</u>
Total Liabilities and Fund Balances	<u>\$ 25,000</u>	<u>\$ 1,623</u>	<u>\$ 1,186,606</u>	<u>\$ 2,112,920</u>

Continued

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds - Continued**  
**June 30, 2012**

	Energy Efficiency Block Grant	Zone 2 Flood Control District	Community Development Block Grant	CDBG Section 108 Loan
<b>ASSETS</b>				
Cash and Investments	\$ 19,616	\$ 199,449	\$ -	\$ -
Cash and Investments with Fiscal Agents	-	-	-	1,392,575
Accounts Receivable	7,313	-	-	-
Loans Receivable	-	-	-	-
Interest Receivable	-	164	8	10
Due from Other Governments	-	2,726	14,691	-
<b>Total Assets</b>	<b>\$ 26,929</b>	<b>\$ 202,339</b>	<b>\$ 14,699</b>	<b>\$ 1,392,585</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 21,158	\$ 623	\$ 3,532	\$ -
Accrued Salaries and Benefits	-	-	-	-
Deferred Revenue	5,771	59	-	-
Due to Other Funds	-	-	4,310	-
<b>Total Liabilities</b>	<b>26,929</b>	<b>682</b>	<b>7,842</b>	<b>-</b>
Fund Balances:				
Restricted	-	201,657	6,857	1,392,585
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>201,657</b>	<b>6,857</b>	<b>1,392,585</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 26,929</b>	<b>\$ 202,339</b>	<b>\$ 14,699</b>	<b>\$ 1,392,585</b>

Continued

Town Center Landscape Maintenance	Santee Landscape Maintenance	Mobile Home Park Assessment	Special Street Lighting Tax	Roadway Lighting District	Paramedic Equipment	Total Non-Major Special Revenue Funds
\$ 168,570	\$ 55,790	\$ 45,448	\$ 155,299	\$ 319,563	\$ 12,313	\$ 1,898,596
-	-	-	-	-	-	1,392,575
-	-	-	-	-	-	7,453
-	-	-	-	-	-	2,079,800
118	42	42	133	271	10	1,500
909	336	-	1,975	920	-	344,516
<u>\$ 169,597</u>	<u>\$ 56,168</u>	<u>\$ 45,490</u>	<u>\$ 157,407</u>	<u>\$ 320,754</u>	<u>\$ 12,323</u>	<u>\$ 5,724,440</u>
\$ 17,589	\$ 2,748	\$ 37,310	\$ 3,253	\$ 9,414	\$ -	\$ 222,852
-	-	775	-	-	-	775
-	-	-	-	-	-	138,754
-	-	-	-	-	-	4,310
<u>17,589</u>	<u>2,748</u>	<u>38,085</u>	<u>3,253</u>	<u>9,414</u>	<u>-</u>	<u>366,691</u>
152,008	53,420	7,405	154,154	311,340	-	5,345,426
-	-	-	-	-	12,323	12,323
-	-	-	-	-	-	-
<u>152,008</u>	<u>53,420</u>	<u>7,405</u>	<u>154,154</u>	<u>311,340</u>	<u>12,323</u>	<u>5,357,749</u>
<u>\$ 169,597</u>	<u>\$ 56,168</u>	<u>\$ 45,490</u>	<u>\$ 157,407</u>	<u>\$ 320,754</u>	<u>\$ 12,323</u>	<u>\$ 5,724,440</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**Year Ended June 30, 2012**

	Supplemental Law Enforcement	Asset Seizure	Gas Tax	HOME Investment Partnership
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	1,628,758	-
Special Assessments	-	-	-	-
Intergovernmental	100,000	-	212,748	208,522
Use of Money and Property	506	5	3,577	39
Other Revenue	-	-	-	-
<b>Total Revenues</b>	<b>100,506</b>	<b>5</b>	<b>1,845,083</b>	<b>208,561</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	389,000
Public Safety	100,506	-	-	-
Public Works	-	-	1,102,461	-
Community Development	-	-	-	-
Capital Outlay:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>100,506</b>	<b>-</b>	<b>1,102,461</b>	<b>389,000</b>
Excess (Deficiency) of Revenues Over Expenditures	-	5	742,622	(180,439)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	2,293,359
Transfers Out	-	-	(27,321)	-
Issuance of Long-term Debt	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(27,321)</b>	<b>2,293,359</b>
Net Change in Fund Balances	-	5	715,301	2,112,920
Fund Balances, Beginning of Year	-	1,618	236,156	-
Fund Balances, End of Year	<b>\$ -</b>	<b>\$ 1,623</b>	<b>\$ 951,457</b>	<b>\$ 2,112,920</b>

Continued

<u>Energy Efficiency Block Grant</u>	<u>Zone 2 Flood Control District</u>	<u>Community Development Block Grant</u>	<u>CDBG Section 108 Loan</u>	<u>Town Center Landscape Maintenance</u>	<u>Santee Landscape Maintenance</u>	<u>Mobile Home Park Assessment</u>
\$ -	\$ 272,989	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	313,710	104,819	43,515
243,042	-	139,901	-	-	-	-
-	485	13	84	299	117	174
<u>36,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>279,177</u>	<u>273,474</u>	<u>139,914</u>	<u>84</u>	<u>314,009</u>	<u>104,936</u>	<u>43,689</u>
-	-	-	-	-	-	103,492
-	-	-	-	-	-	-
279,170	248,554	-	-	348,479	89,235	-
-	-	139,901	7,499	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>279,170</u>	<u>248,554</u>	<u>139,901</u>	<u>7,499</u>	<u>348,479</u>	<u>89,235</u>	<u>103,492</u>
<u>7</u>	<u>24,920</u>	<u>13</u>	<u>(7,415)</u>	<u>(34,470)</u>	<u>15,701</u>	<u>(59,803)</u>
-	-	-	-	27,321	-	-
-	-	-	-	-	-	-
-	-	-	1,400,000	-	-	-
-	-	-	1,400,000	27,321	-	-
7	24,920	13	1,392,585	(7,149)	15,701	(59,803)
<u>(7)</u>	<u>176,737</u>	<u>6,844</u>	<u>-</u>	<u>159,157</u>	<u>37,719</u>	<u>67,208</u>
<u>\$ -</u>	<u>\$ 201,657</u>	<u>\$ 6,857</u>	<u>\$ 1,392,585</u>	<u>\$ 152,008</u>	<u>\$ 53,420</u>	<u>\$ 7,405</u>

Continued

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds - Continued**  
**Year Ended June 30, 2012**

	Special Street Lighting Tax	Roadway Lighting District	Paramedic Equipment	Total Non-Major Special Revenue Funds
<b>REVENUES</b>				
Property Taxes	\$ 227,589	\$ -	\$ -	\$ 500,578
Other Taxes	-	-	-	1,628,758
Special Assessments	-	281,991	-	744,035
Intergovernmental	-	-	-	904,213
Use of Money and Property	559	991	16	6,865
Other Revenue	-	1,927	2,862	40,924
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	228,148	284,909	2,878	3,825,373
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	492,492
Public Safety	-	-	-	100,506
Public Works	135,111	316,772	-	2,519,782
Community Development	-	-	-	147,400
Capital Outlay:				
Public Safety	-	-	-	-
Public Works	15,261	-	-	15,261
Debt Service:				
Principal	16,538	-	-	16,538
Interest and Fiscal Charges	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	166,910	316,772	-	3,291,979
Excess (Deficiency) of Revenues Over Expenditures				
	<hr/>	<hr/>	<hr/>	<hr/>
	61,238	(31,863)	2,878	533,394
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	2,320,680
Transfers Out	-	-	-	(27,321)
Issuance of Long-term Debt	-	-	-	1,400,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-	3,693,359
Net Change in Fund Balances	61,238	(31,863)	2,878	4,226,753
Fund Balances, Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
	92,916	343,203	9,445	1,130,996
Fund Balances, End of Year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 154,154	\$ 311,340	\$ 12,323	\$ 5,357,749

This page has been left blank intentionally.

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Supplemental Law Enforcement Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental Income	\$ 100,000	\$ 100,000	\$ -
Use of Money and Property	-	506	506
	<u>100,000</u>	<u>100,506</u>	<u>506</u>
Total Revenues	<u>100,000</u>	<u>100,506</u>	<u>506</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>100,000</u>	<u>100,506</u>	<u>(506)</u>
	<u>100,000</u>	<u>100,506</u>	<u>(506)</u>
Total Expenditures	<u>100,000</u>	<u>100,506</u>	<u>(506)</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Asset Seizure Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Use of Money and Property	\$ -	\$ 5	\$ 5
Total Revenues	<u>-</u>	<u>5</u>	<u>5</u>
Net Change in Fund Balances	-	5	5
Fund Balance, Beginning of Year	<u>1,618</u>	<u>1,618</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,618</u></u>	<u><u>\$ 1,623</u></u>	<u><u>\$ 5</u></u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Other Taxes	\$ 1,572,420	\$ 1,628,758	\$ 56,338
Intergovernmental	88,530	212,748	124,218
Use of Money and Property	-	3,577	3,577
	<u>1,660,950</u>	<u>1,845,083</u>	<u>184,133</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	1,723,585	1,102,461	621,124
	<u>1,723,585</u>	<u>1,102,461</u>	<u>621,124</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(62,635)</u>	<u>742,622</u>	<u>805,257</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(29,640)</u>	<u>(27,321)</u>	<u>2,319</u>
	<u>(29,640)</u>	<u>(27,321)</u>	<u>2,319</u>
Net Change in Fund Balances	(92,275)	715,301	807,576
Fund Balance, Beginning of Year	<u>236,156</u>	<u>236,156</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 143,881</u>	<u>\$ 951,457</u>	<u>\$ 807,576</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - HOME Investment Partnership Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 380,000	\$ 208,522	\$ (171,478)
Use of Money and Property	-	39	39
	<u>380,000</u>	<u>208,561</u>	<u>(171,439)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	380,000	389,000	(9,000)
	<u>380,000</u>	<u>389,000</u>	<u>(9,000)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(180,439)</u>	<u>(180,439)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	2,293,359	2,293,359
	<u>-</u>	<u>2,293,359</u>	<u>2,293,359</u>
Net Change in Fund Balances	-	2,112,920	2,112,920
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>2,112,920</u>	<u>\$ 2,112,920</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Energy Efficiency Block Grant Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 248,806	\$ 243,042	\$ (5,764)
Other Revenue	36,135	36,135	-
	<u>284,941</u>	<u>279,177</u>	<u>(5,764)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Works	284,941	279,170	5,771
Capital Outlay:			
General Government	-	-	-
Public Works	-	-	-
	<u>284,941</u>	<u>279,170</u>	<u>5,771</u>
Net Change in Fund Balances	-	7	7
Fund Balance, Beginning of Year	<u>(7)</u>	<u>(7)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (7)</u>	<u>\$ -</u>	<u>\$ 7</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Zone 2 Flood Control District Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ 278,230	\$ 272,989	\$ (5,241)
Intergovernmental	-	-	-
Use of Money and Property	500	485	(15)
	<u>278,730</u>	<u>273,474</u>	<u>(5,256)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	387,167	248,554	138,613
	<u>387,167</u>	<u>248,554</u>	<u>138,613</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(108,437)</u>	<u>24,920</u>	<u>133,357</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(108,437)	24,920	133,357
Fund Balance, Beginning of Year	<u>176,737</u>	<u>176,737</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 68,300</u></u>	<u><u>\$ 201,657</u></u>	<u><u>\$ 133,357</u></u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Community Development Block Grant Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental Revenue	\$ 500,726	\$ 139,901	\$ (360,825)
Use of Money and Property	-	13	13
	<u>500,726</u>	<u>139,914</u>	<u>(360,812)</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
Community Development	501,726	139,901	361,825
Capital Outlay:			
Public Works	-	-	-
Parks and Recreation	-	-	-
	<u>501,726</u>	<u>139,901</u>	<u>361,825</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	(1,000)	13	1,013
Fund Balance, Beginning of Year	<u>6,844</u>	<u>6,844</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,844</u>	<u>\$ 6,857</u>	<u>\$ 1,013</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - CDBG Section 108 Loan Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Use of Money and Property	\$ -	\$ 84	\$ 84
Total Revenues	<u>-</u>	<u>84</u>	<u>84</u>
<b>EXPENDITURES</b>			
Capital Outlay:			
Community Development	-	7,499	(7,499)
Total Expenditures	<u>-</u>	<u>7,499</u>	<u>(7,499)</u>
Excess (Deficiency) of Revenues over Expenditures	-	(7,415)	(7,415)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Long-term Debt	<u>1,500,000</u>	<u>1,400,000</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>1,400,000</u>	<u>(100,000)</u>
Net Change in Fund Balances	1,500,000	1,392,585	(107,415)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,500,000</u>	<u>\$ 1,392,585</u>	<u>\$ (107,415)</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Town Center Landscape Maintenance Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Special Assessments	\$ 314,480	\$ 313,710	\$ (770)
Use of Money and Property	1,300	299	(1,001)
Other Revenues	-	-	-
	<u>315,780</u>	<u>314,009</u>	<u>(1,771)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	401,338	348,479	52,859
	<u>401,338</u>	<u>348,479</u>	<u>52,859</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(85,558)</u>	<u>(34,470)</u>	<u>51,088</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	29,640	27,321	(2,319)
	<u>29,640</u>	<u>27,321</u>	<u>(2,319)</u>
Net Changes in Fund Balances	(55,918)	(7,149)	48,769
Fund Balance, Beginning of Year	159,157	159,157	-
Fund Balance, End of Year	<u>\$ 103,239</u>	<u>\$ 152,008</u>	<u>\$ 48,769</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Santee Landscape Maintenance Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Special Assessments	\$ 103,990	\$ 104,819	\$ 829
Use of Money and Property	-	117	117
	<u>103,990</u>	<u>104,936</u>	<u>946</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	102,723	89,235	13,488
	<u>102,723</u>	<u>89,235</u>	<u>13,488</u>
Excess (Deficiency) of Revenues over Expenditures	1,267	15,701	14,434
Fund Balance, Beginning of Year	<u>37,719</u>	<u>37,719</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 38,986</u></u>	<u><u>\$ 53,420</u></u>	<u><u>\$ 14,434</u></u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Mobile Home Park Assessment Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Special Assessments	\$ 42,000	\$ 43,515	\$ 1,515
Use of Money and Property	-	174	174
	<u>42,000</u>	<u>43,689</u>	<u>1,689</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
General Government	93,350	103,492	(10,142)
	<u>93,350</u>	<u>103,492</u>	<u>(10,142)</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	(51,350)	(59,803)	(8,453)
Fund Balance, Beginning of Year	<u>67,208</u>	<u>67,208</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 15,858</u></u>	<u><u>\$ 7,405</u></u>	<u><u>(8,453)</u></u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Street Lighting Tax Special Revenue Fund**  
**Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Property Tax	\$ 232,100	\$ 227,589	\$ (4,511)
Use of Money and Property	1,100	559	(541)
	<u>233,200</u>	<u>228,148</u>	<u>(5,052)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	217,000	135,111	81,889
Capital Outlay:			
Public Works	15,026	15,261	(235)
Debt Service:			
Principal	26,210	16,538	9,672
	<u>258,236</u>	<u>166,910</u>	<u>91,326</u>
Excess (Deficiency) of Revenues over Expenditures	(25,036)	61,238	86,274
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Long-Term Debt	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(25,036)	61,238	86,274
Fund Balance, Beginning of Year	<u>92,916</u>	<u>92,916</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 67,880</u>	<u>\$ 154,154</u>	<u>\$ 86,274</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Roadway Lighting District Special Revenue Fund**  
**Year Ended June 30, 2012**

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Special Assessments	\$ 283,000	\$ 281,991	\$ (1,009)
Use of Money and Property	4,700	991	(3,709)
Other Revenue	-	1,927	1,927
Total Revenues	<u>287,700</u>	<u>284,909</u>	<u>(2,791)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	385,200	316,772	68,428
Total Expenditures	<u>385,200</u>	<u>316,772</u>	<u>68,428</u>
Excess (Deficiency) of Revenues over Expenditures	(97,500)	(31,863)	65,637
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(97,500)	(31,863)	65,637
Fund Balance, Beginning of Year	<u>343,203</u>	<u>343,203</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 245,703</u></u>	<u><u>\$ 311,340</u></u>	<u><u>\$ 65,637</u></u>

**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2012**

**Capital Projects Funds**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

**Transportation Improvements Prop A Fund** - is used to account for allocations received from the San Diego Association of Governments (SANDAG) for transportation improvement projects.

**Town Center Community Park** - is used to account for the design and construction of a 55-acre park in the City's town center.

**Regional Transportation Congestion Improvements Fund** - is used to account for developer fees collected to pay for regional arterial and related transportation facility improvements.

**Public Facilities Fund** - is used to account for developer fees collected for the construction of park facilities and community buildings.

**Traffic Signal Fund** - is used to account for developer fees collected for the provision of traffic signal design, modification and installation.

**Drainage Fund** - is used to account for developer fees collected for the construction of drainage facilities.

**Forester Creek Development** - is used to account for improvements in the Forester Creek drainage channel and affected roadways and utilities.

**Park Development Fund** - is used to account for developer fees collected for the acquisition and development of park facilities.

**Capital Projects Fund** - is used to account for the design and construction of various capital projects.

**Utility Underground Fund** - is used to account for the installation of underground utility services.

**TDA Bikeways Construction Fund** - is used to account for the City's share of Transportation Development Act Bicycle monies.

**TDA Transit Fund** - is used to account for the City's share of Transportation Development Act monies.

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**June 30, 2012**

	Transportation Improvements Prop A	Town Center Community Park	Regional Transportation Congestion Improvements	Public Facilities
<b>ASSETS</b>				
Cash and Investments	\$ 54,349	\$ -	\$ 787,011	\$ 2,014,064
Accounts Receivable	-	1,935	-	-
Interest Receivable	59	-	1,279	4,911
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
<b>Total Assets</b>	<b>\$ 54,408</b>	<b>\$ 1,935</b>	<b>\$ 788,290</b>	<b>\$ 2,018,975</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 221,607	\$ -	\$ 10,035	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	149,498	-	-
<b>Total Liabilities</b>	<b>221,607</b>	<b>149,498</b>	<b>10,035</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	-	-	778,255	2,018,975
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(167,199)	(147,563)	-	-
<b>Total Fund Balances</b>	<b>(167,199)</b>	<b>(147,563)</b>	<b>778,255</b>	<b>2,018,975</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 54,408</b>	<b>\$ 1,935</b>	<b>\$ 788,290</b>	<b>\$ 2,018,975</b>

Continued

<u>Traffic Signal</u>	<u>Drainage</u>	<u>Forester Creek Development</u>	<u>Park Development</u>	<u>Capital Projects</u>	<u>Utility Underground</u>
\$ 309,281	\$ 1,895,618	\$ 379,162	\$ 1,501,353	\$ 835,045	\$ 154,141
-	-	-	-	-	-
257	3,986	325	1,756	761	84
-	-	-	149,498	-	-
<u>30,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,469</u>	<u>-</u>
<u>\$ 340,216</u>	<u>\$ 1,899,604</u>	<u>\$ 379,487</u>	<u>\$ 1,652,607</u>	<u>\$ 988,275</u>	<u>\$ 154,225</u>
\$ -	\$ 6,010	\$ 4,625	\$ -	\$ 31,382	\$ -
30,678	-	-	-	152,469	-
-	-	-	-	-	-
<u>30,678</u>	<u>6,010</u>	<u>4,625</u>	<u>-</u>	<u>183,851</u>	<u>-</u>
309,538	1,893,594	374,862	1,652,607	15,677	-
-	-	-	-	268,335	-
-	-	-	-	520,412	154,225
-	-	-	-	-	-
<u>309,538</u>	<u>1,893,594</u>	<u>374,862</u>	<u>1,652,607</u>	<u>804,424</u>	<u>154,225</u>
<u>\$ 340,216</u>	<u>\$ 1,899,604</u>	<u>\$ 379,487</u>	<u>\$ 1,652,607</u>	<u>\$ 988,275</u>	<u>\$ 154,225</u>

Continued

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds - Continued**  
**June 30, 2012**

	TDA Bikeways Construction	TDA Transit	Total Non-Major Capital Projects Funds
<b>ASSETS</b>			
Cash and Investments	\$ -	\$ 119,209	\$ 8,049,233
Accounts Receivable	-	-	1,935
Interest Receivable	-	103	13,521
Due from Other Funds	-	-	149,498
Due from Other Governments	-	100,000	283,147
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ -</u>	<u>\$ 219,312</u>	<u>\$ 8,497,334</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ 273,659
Deferred Revenue	-	219,312	402,459
Due to Other Funds	-	-	149,498
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>219,312</u>	<u>825,616</u>
Fund Balances:			
Restricted	-	-	7,043,508
Committed	-	-	268,335
Assigned	-	-	674,637
Unassigned	-	-	(314,762)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>7,671,718</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 219,312</u>	<u>\$ 8,497,334</u>

This page has been left blank intentionally.

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Capital Projects Funds**  
**Year Ended June 30, 2012**

	Transportation Improvements Prop A	Town Center Community Park	Regional Transportation Congestion Improvements	Public Facilities
<b>REVENUES</b>				
Intergovernmental	\$ 801,717	\$ -	\$ -	\$ -
Developer Fees	-	-	173,607	637,889
Use of Money and Property	24	-	3,220	26,751
Other Revenue	-	31,787	-	-
	<u>801,741</u>	<u>31,787</u>	<u>176,827</u>	<u>664,640</u>
<b>EXPENDITURES</b>				
Capital Outlay:				
General Government	-	-	-	-
Public Works	2,359,400	-	23,308	-
Parks and Recreation	-	60,761	-	-
Debt Service:				
Principal	220,199	-	-	-
Interest and Fiscal Charges	168,856	-	-	-
	<u>2,748,455</u>	<u>60,761</u>	<u>23,308</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,946,714)</u>	<u>(28,974)</u>	<u>153,519</u>	<u>664,640</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Long-term Debt	1,605,840	-	-	-
	<u>1,605,840</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(340,874)	(28,974)	153,519	664,640
Fund Balances, Beginning of Year	<u>173,675</u>	<u>(118,589)</u>	<u>624,736</u>	<u>1,354,335</u>
Fund Balances, End of Year	<u>\$ (167,199)</u>	<u>\$ (147,563)</u>	<u>\$ 778,255</u>	<u>\$ 2,018,975</u>

Continued

<u>Traffic Signal</u>	<u>Drainage</u>	<u>Forester Creek Development</u>	<u>Park Development</u>	<u>Capital Projects</u>	<u>Utility Underground</u>
\$ 55,745	\$ -	\$ -	\$ -	\$ 57,541	\$ -
24,341	252,469	-	772,960	-	-
994	(4,246)	1,563	11,556	2,930	356
-	-	-	4,012	36,286	83,564
<u>81,080</u>	<u>248,223</u>	<u>1,563</u>	<u>788,528</u>	<u>96,757</u>	<u>83,920</u>
-	-	-	-	102,527	-
37,165	206,510	13,996	-	277,049	-
-	-	-	246,103	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>37,165</u>	<u>206,510</u>	<u>13,996</u>	<u>246,103</u>	<u>379,576</u>	<u>-</u>
<u>43,915</u>	<u>41,713</u>	<u>(12,433)</u>	<u>542,425</u>	<u>(282,819)</u>	<u>83,920</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>43,915</u>	<u>41,713</u>	<u>(12,433)</u>	<u>542,425</u>	<u>(282,819)</u>	<u>83,920</u>
<u>265,623</u>	<u>1,851,881</u>	<u>387,295</u>	<u>1,110,182</u>	<u>1,087,243</u>	<u>70,305</u>
<u>\$ 309,538</u>	<u>\$ 1,893,594</u>	<u>\$ 374,862</u>	<u>\$ 1,652,607</u>	<u>\$ 804,424</u>	<u>\$ 154,225</u>

Continued

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Capital Projects Funds - Continued**  
**Year Ended June 30, 2012**

	TDA Bikeways Construction	TDA Transit	Total Non-Major Capital Projects Funds
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 9,145	\$ 924,148
Developer Fees	-	-	1,861,266
Use of Money and Property	-	-	43,148
Other Revenue	-	-	155,649
	<hr/>	<hr/>	<hr/>
Total Revenues	-	9,145	2,984,211
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Capital Outlay:			
General Government	-	-	102,527
Public Works	-	9,510	2,926,938
Parks and Recreation	-	-	306,864
Debt Service:			
Principal	-	-	220,199
Interest and Fiscal Charges	-	-	168,856
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	9,510	3,725,384
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	-	(365)	(741,173)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Long-term Debt	-	-	1,605,840
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	1,605,840
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	-	(365)	864,667
Fund Balances, Beginning of Year	-	365	6,807,051
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ -	\$ -	\$ 7,671,718
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF SANTEE**  
**Description of Statistical Section Contents**  
**June 30, 2012**

This part of the City of Santee’s 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 say about the City’s overall financial health.

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u> - these schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	98-106
<u>Revenue Capacity</u> – these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	107-110
<u>Debt Capacity</u> – these schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	111-116
<u>Demographic and Economic Information</u> – these schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	117-120
<u>Operating Information</u> - these schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	121-122

**City of Santee**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>GOVERNMENTAL ACTIVITIES</b>				
Invested in capital assets, net of related debt	\$ 73,328,463	\$ 78,917,774	\$ 79,994,773	\$ 87,732,308
Restricted	22,979,404	23,040,053	26,702,487	30,672,858
Unrestricted	14,105,063	12,216,284	11,867,231	8,713,169
Total governmental activities net assets	<u>\$ 110,412,930</u>	<u>\$ 114,174,111</u>	<u>\$ 118,564,491</u>	<u>\$ 127,118,335</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 100,236,132	\$ 102,221,753	\$ 107,177,454	\$ 110,906,766	\$ 147,929,745	\$ 159,204,589
35,192,868	38,254,452	36,161,243	29,617,019	33,791,161	19,562,861
7,769,328	8,026,545	6,680,429	9,339,445	6,410,313	5,194,715
<u>\$ 143,198,328</u>	<u>\$ 148,502,750</u>	<u>\$ 150,019,126</u>	<u>\$ 149,863,230</u>	<u>\$ 188,131,219</u>	<u>\$ 183,962,165</u>

**City of Santee**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
General government	\$ 2,631,429	\$ 3,261,481	\$ 3,984,220	\$ 4,380,611
Public safety	14,966,691	15,783,611	17,750,816	19,288,776
Public works	5,336,928	10,444,876	10,342,440	11,072,024
Community development	2,988,982	2,964,058	3,529,287	3,906,239
Parks and recreation	4,332,920	1,580,081	1,850,738	1,986,291
Interest and fiscal charges	741,498	717,151	2,047,768	1,212,220
Loss from retirement of assets	94,075	-	-	-
Total governmental activities expenses	<u>31,092,523</u>	<u>34,751,258</u>	<u>39,505,269</u>	<u>41,846,161</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	186,088	181,061	159,503	163,479
Public safety	2,608,222	2,566,327	2,808,450	3,285,418
Public works	3,390,249	2,059,787	3,256,925	2,283,173
Community development	1,381,911	1,671,511	1,602,328	1,435,092
Parks and recreation	293,297	348,436	310,727	463,045
Operating grants and contributions	1,967,470	1,935,672	2,574,472	2,264,595
Capital grants and contributions	3,274,972	7,076,791	6,732,280	9,981,792
Total governmental activities program revenues	<u>13,102,209</u>	<u>15,839,585</u>	<u>17,444,685</u>	<u>19,876,594</u>
Net revenues (expenses) from governmental activities	(17,990,314)	(18,911,673)	(22,060,584)	(21,969,567)
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes (1)	9,041,168	10,687,618	11,759,431	18,097,285
Sales taxes	6,273,557	6,811,327	7,370,893	7,945,067
Franchise taxes	1,262,194	1,358,884	1,613,081	1,928,092
Other taxes	288,617	398,608	429,999	438,603
Motor vehicle in lieu, unrestricted (1)	3,108,368	2,454,900	4,151,932	376,525
Investment income	715,606	588,373	1,028,426	1,671,110
Miscellaneous	306,937	373,144	97,202	66,729
Total governmental activities	<u>20,996,447</u>	<u>22,672,854</u>	<u>26,450,964</u>	<u>30,523,411</u>
Extraordinary item (2)	-	-	-	-
Changes in net assets from governmental activities	<u>\$ 3,006,133</u>	<u>\$ 3,761,181</u>	<u>\$ 4,390,380</u>	<u>\$ 8,553,844</u>

(1) As of fiscal year ended June 30, 2006, property tax revenue includes revenue that was reported as "motor vehicle in lieu" revenue in prior years. It is now required to be reported as property tax revenue because the growth in this revenue is based on the growth in assessed valuation.

(2) Extraordinary item as a result of the dissolution of the Santee Community Development Commission.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 4,956,159	\$ 5,037,009	\$ 5,501,610	\$ 8,542,271	\$ 4,682,937	\$ 3,526,811
20,317,027	22,245,716	23,178,880	22,545,498	21,861,690	22,637,123
11,435,058	12,657,171	11,590,092	11,020,154	13,079,415	11,444,433
4,026,358	4,707,476	5,255,186	3,858,262	3,770,231	1,966,844
2,013,700	2,896,643	2,229,089	1,623,225	2,343,298	2,177,699
1,179,941	1,159,472	1,100,391	1,007,602	1,775,353	2,018,935
-	-	-	-	-	-
43,928,243	48,703,487	48,855,248	48,597,012	47,512,924	43,771,845
180,970	195,678	310,270	196,858	199,368	507,618
3,615,837	3,858,281	4,178,966	4,015,758	3,848,784	4,065,732
3,109,333	2,452,759	1,206,380	1,874,517	1,978,691	2,075,855
1,614,625	1,670,450	1,282,335	1,025,890	609,272	501,688
434,941	382,628	403,240	365,291	374,573	408,696
2,012,532	2,211,325	2,370,810	1,971,632	2,390,589	2,241,007
15,642,995	7,976,306	5,982,114	5,887,508	4,026,070	4,288,068
26,611,233	18,747,427	15,734,115	15,337,454	13,427,347	14,088,664
(17,317,010)	(29,956,060)	(33,121,133)	(33,259,558)	(34,085,577)	(29,683,181)
20,999,209	22,487,877	22,960,655	22,593,962	21,610,723	13,766,317
8,215,910	8,267,858	7,305,578	7,123,397	7,984,974	7,898,623
2,067,216	2,067,948	2,390,366	280,549	2,681,909	2,289,425
334,935	307,802	288,283	2,253,092	106,357	114,423
295,537	244,687	192,047	167,621	262,529	28,716
1,644,754	1,807,671	1,412,129	496,415	417,358	80,480
256,353	76,639	88,451	188,626	280,286	946,398
33,813,914	35,260,482	34,637,509	33,103,662	33,344,136	25,124,382
-	-	-	-	-	3,983,001
\$ 16,496,904	\$ 5,304,422	\$ 1,516,376	\$ (155,896)	\$ (741,441)	\$ (575,798)

**City of Santee**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Reserved	\$ 860,330	\$ 928,074	\$ 766,274	\$ 2,445,837
Unreserved	12,826,373	12,143,866	12,089,663	10,529,825
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total general fund</b>	<b>\$ 13,686,703</b>	<b>\$ 13,071,940</b>	<b>\$ 12,855,937</b>	<b>\$ 12,975,662</b>
All Other Government Funds:				
Reserved	\$ 14,355,884	\$ 10,292,612	\$ 12,572,415	\$ 34,036,302
Unreserved, reported in:				
Special revenue funds	3,521,210	3,490,927	3,707,955	3,325,949
Debt service fund	-	(50,918)	1,738,749	5,524,168
Capital projects funds	7,158,406	10,660,194	24,281,816	(2,801,438)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 25,035,500</b>	<b>\$ 24,392,815</b>	<b>\$ 42,300,935</b>	<b>\$ 40,084,981</b>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 119,436	\$ 202,645	\$ 86,142	\$ 552,035	\$ -	\$ -
12,868,231	13,010,501	10,779,715	10,157,084	-	-
-	-	-	-	14,252	18,518
-	-	-	-	6	1,750,001
-	-	-	-	31,002	23,750
-	-	-	-	2,945,718	3,048,930
-	-	-	-	6,903,668	5,008,142
<u>\$ 12,987,667</u>	<u>\$ 13,213,146</u>	<u>\$ 10,865,857</u>	<u>\$ 10,709,119</u>	<u>\$ 9,894,646</u>	<u>\$ 9,849,341</u>
\$ 18,808,461	\$ 12,575,467	\$ 22,443,286	\$ 12,009,265	\$ -	\$ -
3,534,651	2,426,350	2,035,375	2,292,415	-	-
9,273,803	9,989,178	8,157,255	5,849,173	-	-
9,204,070	18,260,212	3,238,070	10,795,318	-	-
-	-	-	-	71,400	-
-	-	-	-	64,671,520	17,756,123
-	-	-	-	375,324	280,658
-	-	-	-	737,258	674,637
-	-	-	-	(354,752)	(314,762)
<u>\$ 40,820,985</u>	<u>\$ 43,251,207</u>	<u>\$ 35,873,986</u>	<u>\$ 30,946,171</u>	<u>\$ 65,500,750</u>	<u>\$ 18,396,656</u>

**City of Santee**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes:				
Property	\$ 9,245,258	\$ 10,687,618	\$ 11,759,431	\$ 18,097,285
Sales	6,273,557	6,811,327	7,370,893	7,945,067
Other	2,754,825	2,862,487	3,061,203	3,614,190
Special assessments	807,540	780,579	822,528	820,204
Intergovernmental	5,687,807	7,857,062	9,215,721	7,441,472
Licenses and permits	819,764	1,070,782	1,191,742	1,035,264
Fines and forfeitures	235,675	296,077	257,352	306,879
Developer fees	1,001,266	2,884,339	3,188,522	734,743
Charges for services	4,354,313	4,837,403	6,584,262	6,226,223
Use of money and property	918,662	672,493	1,141,187	1,994,071
Other revenue	393,876	518,127	339,113	270,146
Total revenues	<u>32,492,543</u>	<u>39,278,294</u>	<u>44,931,954</u>	<u>48,485,544</u>
Expenditures:				
Current:				
General government	2,633,051	3,110,912	3,809,113	4,405,551
Public safety	14,267,674	14,996,378	17,413,619	18,928,342
Public works	6,286,487	6,764,988	7,850,476	8,426,579
Community development	2,988,757	2,950,441	3,662,740	4,036,982
Parks and recreation	1,367,376	1,443,974	1,464,330	1,539,560
Capital outlay	6,688,348	9,480,641	4,658,135	11,529,212
Debt service:				
Principal retirement	1,000,000	1,144,937	413,858	488,559
Interest and fiscal charges	768,376	725,373	1,433,313	1,226,988
Bond Issuance Costs	-	-	-	-
Total expenditures	<u>36,000,069</u>	<u>40,617,644</u>	<u>40,705,584</u>	<u>50,581,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,507,526)</u>	<u>(1,339,350)</u>	<u>4,226,370</u>	<u>(2,096,229)</u>
Other Financing Sources (Uses):				
Gain on sale of property	205,500	81,902	-	-
Transfers in	1,978,858	4,510,574	1,382,242	250,641
Transfers out	(1,978,858)	(4,510,574)	(1,382,242)	(250,641)
Issuance of long-term debt	-	-	25,280,000	-
Payment to bond escrow agent	-	-	(11,814,253)	-
Discount on bonds	-	-	-	-
Total other financing sources (uses)	<u>205,500</u>	<u>81,902</u>	<u>13,465,747</u>	<u>-</u>
Extraordinary item (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (3,302,026)</u>	<u>\$ (1,257,448)</u>	<u>\$ 17,692,117</u>	<u>\$ (2,096,229)</u>
Debt service as a percentage of noncapital expenditures (2)	6.0%	6.0%	5.1%	4.4%

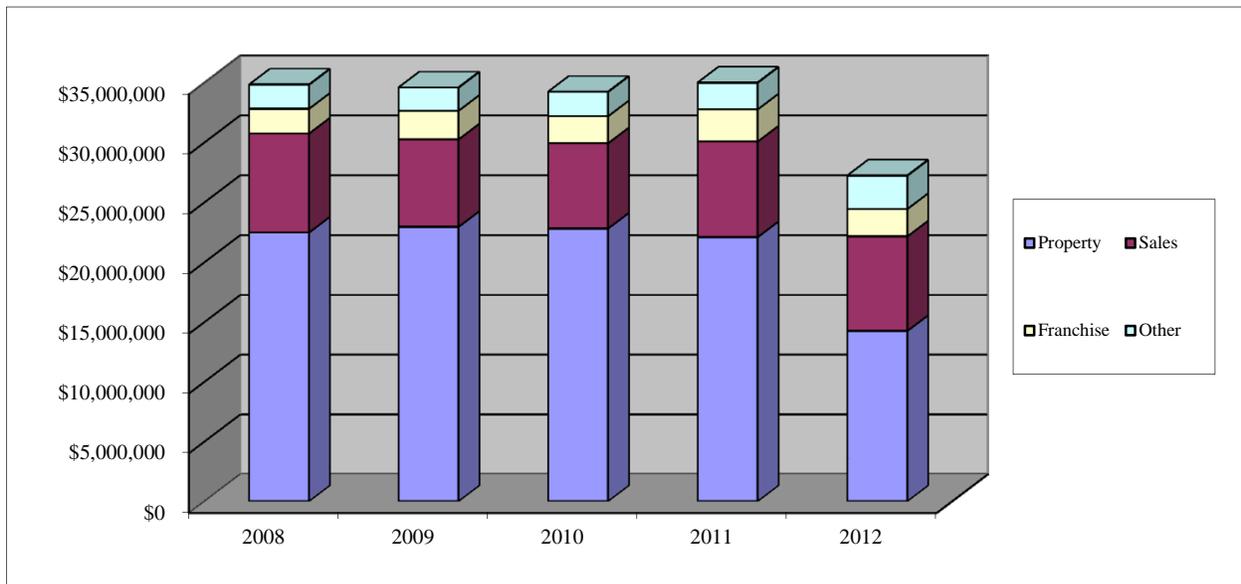
(1) Extraordinary item as a result of the dissolution of the Santee Community Development Corporation.

(2) For purposes of this calculation, capital expenditures are defined as capital asset additions as presented in Note 2B to the financial statements.

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 21,235,364	\$ 22,487,877	\$ 22,960,655	\$ 22,823,768	\$ 22,107,239	\$ 14,266,895	
8,215,910	8,267,858	7,305,578	7,123,397	7,984,974	7,898,623	
3,792,037	3,362,316	3,513,140	3,507,045	4,242,582	4,032,606	
640,116	710,901	811,593	729,894	1,649,594	1,664,583	
16,640,225	6,249,006	4,194,836	4,192,870	3,424,883	2,327,765	
1,419,902	1,442,945	1,047,037	913,222	817,009	799,553	
297,438	283,595	275,462	255,907	234,620	151,965	
3,533,514	3,204,197	2,338,126	2,724,653	1,460,682	2,166,434	
8,633,920	6,165,867	6,297,619	6,677,290	3,512,338	4,038,986	
2,916,732	2,976,899	1,980,121	746,071	542,125	550,469	
550,999	455,795	1,289,798	369,209	572,394	1,109,946	
<u>67,876,157</u>	<u>55,607,256</u>	<u>52,013,965</u>	<u>50,063,326</u>	<u>46,548,440</u>	<u>39,007,825</u>	
4,943,009	5,018,476	5,304,489	8,396,467	4,440,352	3,495,290	
20,232,393	21,491,194	22,786,561	22,235,349	21,583,805	22,497,381	
8,436,459	8,985,782	7,659,637	7,330,871	7,540,299	7,204,615	
4,009,043	5,036,315	5,575,680	4,280,822	3,737,357	2,147,005	
1,542,970	1,562,736	1,596,155	1,260,720	1,262,766	1,083,635	
26,092,494	8,418,623	16,942,014	14,411,741	4,325,397	3,506,673	
798,159	752,964	772,982	670,000	5,137,178	1,007,602	
1,183,453	1,158,722	1,100,957	1,012,907	1,084,293	2,620,760	
-	-	-	-	430,582	-	
<u>67,237,980</u>	<u>52,424,812</u>	<u>61,738,475</u>	<u>59,598,877</u>	<u>49,542,029</u>	<u>43,562,961</u>	
<u>638,177</u>	<u>3,182,444</u>	<u>(9,724,510)</u>	<u>(9,535,551)</u>	<u>(2,993,589)</u>	<u>(4,555,136)</u>	
-	-	-	-	-	-	
1,415,965	4,129,554	13,855,417	24,379,163	3,001,510	7,709,261	
(1,415,965)	(4,129,554)	(13,855,417)	(24,379,163)	(3,001,510)	(7,709,261)	
-	-	-	4,450,998	35,666,957	3,005,840	
-	-	-	-	-	-	
-	-	-	-	(618,555)	-	
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,450,998</u>	<u>35,048,402</u>	<u>3,005,840</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,600,103)</u>	
<u>\$ 638,177</u>	<u>\$ 3,182,444</u>	<u>\$ (9,724,510)</u>	<u>\$ (5,084,553)</u>	<u>\$ 32,054,813</u>	<u>\$ (47,149,399)</u>	
4.8%	4.3%	4.2%	3.7%	13.6%	9.3%	

**City of Santee  
Tax Revenues by Source  
Last Ten Fiscal Years  
(in thousands of dollars)**

Fiscal Year	Property Taxes (1)	Real Property Transfer Tax	Special Assessments	Sales Tax	Franchise Taxes	Transient Occupancy Tax	Gas Tax	Total
2003	\$ 9,245,258	\$ 179,502	\$ 807,540	\$ 6,273,557	\$ 1,262,194	\$ 109,115	\$ 1,111,050	\$ 18,988,216
2004	10,687,618	281,699	780,579	6,811,327	1,358,884	116,909	1,011,806	21,048,822
2005	11,759,431	306,022	822,528	7,370,893	1,613,081	123,976	1,018,124	23,014,055
2006	18,097,285	319,934	820,204	7,945,067	1,928,092	118,669	1,004,329	30,233,580
2007	21,235,364	218,853	640,116	8,215,910	2,067,216	116,081	1,005,657	33,499,197
2008	22,487,877	172,317	710,901	8,267,859	2,067,948	135,485	986,566	34,828,953
2009	22,960,655	172,957	811,593	7,305,577	2,390,367	115,327	834,490	34,590,966
2010	22,823,768	180,275	729,894	7,123,397	2,253,092	100,274	1,019,995	34,230,695
2011	22,107,239	152,170	1,649,106	7,984,974	2,681,908	106,357	904,765	35,586,519
2012	14,266,895	155,341	1,664,583	7,898,623	2,289,425	112,493	848,229	27,235,590



Note:

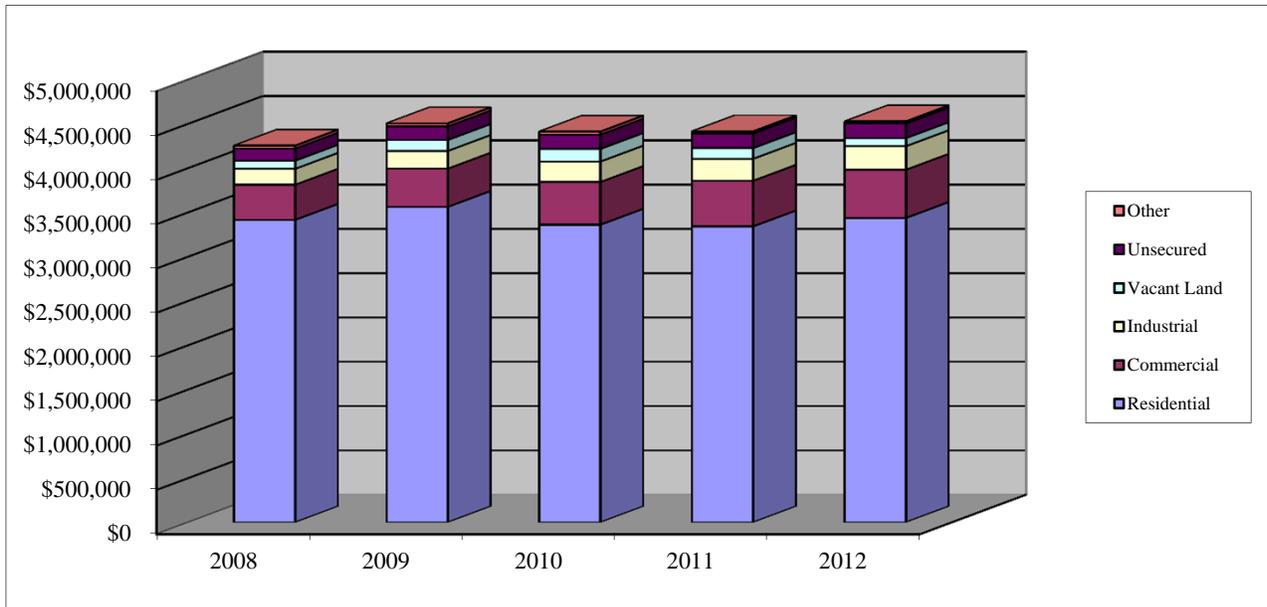
(1) As of fiscal year ended June 30, 2006, property tax revenue includes revenue that was reported as "motor vehicle in lieu" revenue in prior years. It is now required to be reported as property tax revenue because the growth in this revenue is based on the growth in assessed valuation.

As of fiscal year ended June 30, 2012, the decrease in property tax revenue reflects the dissolution of the Santee Community Development Commission and related loss of property tax increment revenue.

Source: City of Santee Finance Department

**City of Santee**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	Residential	Commercial	Industrial	Vacant Land	Unsecured	Other	Total	Total Direct Tax Rate
2003	\$ 2,082,762	\$ 262,398	\$ 146,340	\$ 63,296	\$ 94,379	\$ 12,919	\$ 2,662,094	0.302%
2004	2,236,235	312,717	150,704	63,915	111,656	25,310	2,900,537	0.293%
2005	2,451,718	357,471	170,127	73,494	117,338	22,337	3,192,485	0.302%
2006	2,792,539	396,437	179,398	92,246	135,851	32,727	3,629,198	0.337%
2007	3,191,407	431,721	199,486	124,157	152,656	34,210	4,133,637	0.351%
2008	3,415,528	482,362	230,366	142,738	161,660	33,403	4,466,057	0.359%
2009	3,561,950	515,710	247,445	121,047	165,011	22,870	4,634,033	0.365%
2010	3,360,411	544,219	265,789	91,253	164,635	23,634	4,449,941	0.370%
2011	3,341,134	552,502	268,405	83,098	154,831	23,683	4,423,653	0.380%
2012	3,436,359	534,663	259,526	79,447	141,332	24,656	4,475,983	0.385%



Notes:

Exempt values are not included in total.

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 re-assessed as a result of new construction activity or at the time that it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value 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.

Sources: HdL Coren & Cone  
San Diego County Assessor

**City of Santee**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of assessed value)**  
**Current Year**

	Fiscal Year 2012
City Direct Rates:	
City basic rate	0.385 %
Redevelopment agency	-
Total City Direct Rate	<u>0.385</u>
Overlapping Rates:	
Santee Elementary School District	0.165
County of San Diego	0.177
Grossmont Union High School District	0.122
Educational Revenue Augmentation Fund	0.081
Grossmont-Cuyamaca Community College District	0.046
Padre Dam Municipal Water District	0.010
Grossmont Hospital District	0.008
Other	<u>0.005</u>
Total Overlapping Rates	<u>0.615</u>
Total Direct Rate	<u>1.000</u>
Voter Approved Rates:	
General Bond Santee Elementary Prop R	0.033
Grossmont Healthcare District Bonds	0.020
Grossmont-Cuyamaca Community College District Bonds	0.031
Grossmont Union High School District Bonds	0.061
Other	<u>0.108</u>
Total Voter Approved Rates	<u>0.253</u>
Total Tax Rate	<u><u>1.253 %</u></u>

Notes:

Tax Rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate are (TRA) by net taxable value.

In 1978, California votes passed Proposition 13 which set the property tax rate a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes at a percentage of assessed property values for the payment of any voter approved bonds.

Source: HdL Coren & Cone

**City of Santee  
Principal Property Tax Payers  
Current Year And Nine Years Ago**

Taxpayer	2012		2003	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Vestar Kimco Santee LP	\$ 44,410,363	0.99%		
Santee Partners LP	27,343,711	0.61%	\$ 18,637,130	0.70%
HCA Arbors Apartments LLC	26,495,228	0.59%	22,971,847	0.86%
MB BP Portfolio LLC	25,343,327	0.57%		
Alcott Estates LP	21,535,206	0.48%		
Santee Retail LP	21,527,749	0.48%		
M H C Financing LP Two	19,928,797	0.45%	17,210,111	0.65%
Pacific Castle Santee LP	19,877,077	0.44%		0.59%
Wal Mart Stores East LP	18,578,036	0.42%	15,023,064	0.56%
Redwood Santana LLC	17,458,493	0.39%		
Cox Communications San Diego			14,582,374	0.55%
KIMCO Santee 705 Inc			13,532,847	0.51%
Costco Wholesale Corporation			13,407,097	0.50%
Sunridge Apartments LP			13,277,317	0.50%
Westbrook Fanita Ranch LP			12,685,211	0.48%
Norton S Karno			11,511,565	0.43%
	<u>\$ 242,497,987</u>	<u>5.42%</u>	<u>\$ 152,838,563</u>	<u>6.33%</u>

Note:

Amounts include assessed value data for both the City and the Santee Community Development Commission.

Source: HdL Coren & Cone

**City of Santee  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Within the Year of Levy			Collections From Prior Years Levies	Total Collections To Date	Total Collections as a Percent of Levy
	Current Secured Tax Levy	Current Secured Collected	Percent of Levy Collected			
2003	\$ 9,585,383	\$ 9,085,790	94.8%	\$ 159,468	\$ 9,245,258	96.45%
2004	10,975,938	10,447,332	95.2%	165,322	10,612,654	96.69%
2005	12,784,950	12,077,253	94.5%	163,323	12,240,576	95.74%
2006	17,134,297	16,214,609	94.6%	254,230	16,468,839	96.12%
2007	19,256,855	18,098,201	94.0%	339,648	18,437,849	95.75%
2008	20,188,926	18,718,002	92.7%	502,495	19,220,497	95.20%
2009	20,648,960	18,921,417	91.6%	760,598	19,682,015	95.32%
2010	20,688,236	18,949,178	91.6%	777,368	19,726,546	95.35%
2011	20,065,820	18,449,152	91.9%	680,468	19,129,620	95.33%
2012	10,552,974	9,666,064	91.6%	205,818	9,871,882	93.55%

Note:

The amounts presented include City property taxes and Santee Community Development Commission property tax increment, as well as amounts collected that were passed-through to other agencies. The decline in fiscal year ending June 30, 2012 reflects the dissolution of the Santee Community Development Commission and related loss of property tax increment revenue.

Source: San Diego County Auditor and Controller "Combined Assessed Valuations" Report

**City of Santee**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities						Percentage of Personal Income (2)	Debt Per Capita (2)
	Tax Allocation Bonds (1)	Lease Revenue Bonds	Certificates of Participation	Notes & Loans	Capital Lease Obligations	Total Governmental Activities		
2003	\$10,020,000	\$ -	\$ 2,155,000	\$ 1,988,888	\$ 226,230	\$14,390,118	0.54%	\$ 274
2004	9,320,000	-	2,065,000	1,658,701	54,704	13,098,405	0.48%	251
2005	23,100,000	2,180,000	-	1,308,547	-	26,588,547	0.97%	510
2006	23,100,000	2,055,000	-	953,988	-	26,108,988	0.93%	502
2007	22,800,000	1,925,000	-	594,829	-	25,319,829	0.89%	488
2008	22,295,000	1,790,000	-	481,865	-	24,566,865	0.90%	469
2009	21,780,000	1,650,000	-	381,883	-	23,811,883	0.94%	450
2010	21,255,000	1,505,000	-	4,334,133	500,998	27,595,131	1.06%	517
2011	52,270,000	1,360,000	-	3,913,515	471,832	58,015,347	2.24%	1,072
2012	-	1,210,000	-	6,792,181	405,966	8,408,147	0.33%	155

Notes:

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

N/A- data not available

(1) Tax allocation bonds issued by the Santee Community Development Commission are no longer reported as a result of the dissolution of the Santee Community Development Commission on February 1, 2012.

(2) These ratios are calculated using personal income and population for the prior calendar year.

**City of Santee**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Outstanding General Bonded Debt				Percent of Assessed Value (2)	Debt Per Capita
	Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Total		
2003	\$ 10,020,000	\$ -	\$ 2,155,000	\$ 12,175,000	0.46%	\$ 231
2004	9,320,000	-	2,065,000	11,385,000	0.39%	217
2005	23,100,000	2,180,000	-	25,280,000	0.79%	485
2006	23,100,000	2,055,000	-	25,155,000	0.69%	483
2007	22,800,000	1,925,000	-	24,725,000	0.60%	476
2008	22,295,000	1,790,000	-	24,085,000	0.54%	464
2009	21,780,000	1,650,000	-	23,430,000	0.51%	447
2010	21,255,000	1,505,000	-	22,760,000	0.51%	430
2011	52,270,000	1,360,000	-	53,630,000	1.21%	1,004
2012	-	1,210,000	-	1,210,000	0.03%	22

Notes:

General bonded debt is debt payable with governmental fund resources.

(1) Tax allocation bonds issued by the Santee Community Development Commission are no longer reported as a result of the dissolution of the Santee Community Development Commission on February 1, 2012.

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

**City of Santee  
Direct and Overlapping Debt  
June 30, 2012**

City Assessed Valuation		\$ 3,559,138,116	
Santee Community Development Commission Incremental Valuation		<u>918,060,499</u>	
Total Assessed Valuation		<u>\$ 4,477,198,615</u>	
	<u>Percentage</u>	<u>Outstanding</u>	<u>Estimated</u>
	<u>Applicable (1)</u>	<u>Debt 6/30/12</u>	<u>Share of</u>
			<u>Overlapping</u>
			<u>Debt</u>
Overlapping Debt Repaid with Property Taxes:			
Grossmont-Cuyamaca Community College District	10.311%	\$ 188,314,045	\$ 19,417,061
Grossmont Union High School District	10.629%	412,395,095	43,833,475
Poway Unified School District Facilities Improvement Districts	0.001%	351,148,406	3,511
Lakeside Union School District	0.343%	34,815,358	119,417
Santee School District	90.835%	43,735,247	39,726,912
Metropolitan Water District	0.195%	196,545,000	383,263
Grossmont Healthcare District	9.685%	<u>221,902,076</u>	<u>21,491,216</u>
Total overlapping debt repaid with property taxes		<u>1,448,855,227</u>	<u>124,974,855</u>
Overlapping Other Debt:			
San Diego County General Fund Obligations	1.033%	395,115,000	4,081,538
San Diego County Pension Obligations	1.033%	787,112,618	8,130,873
San Diego County Superintendent of Schools Obligations	1.033%	18,750,000	193,688
Grossmont Cuyamaca Community College Dist. Gen. Fd. Obligations	10.311%	1,540,000	158,789
Grossmont Union High School General Fund Obligations	10.629%	1,080,000	114,793
Poway Unified School District General Fund Obligations	0.001%	34,783,991	348
Santee School District Certificates of Participation	90.835%	<u>30,674,849</u>	<u>27,863,499</u>
Total overlapping other debt		<u>1,269,056,458</u>	<u>40,543,528</u>
Total overlapping debt		<u>\$ 2,717,911,685</u>	<u>165,518,383</u>
City direct debt			<u>1,210,000</u>
Total direct and overlapping debt			<u>\$ 166,728,383</u>

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: California Municipal Statistics, Inc.

**City of Santee  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(in thousands of dollars)**

	Fiscal Year			
	2003	2004	2005	2006
Assessed valuation	\$ 2,662,094	\$ 2,900,537	\$ 3,192,485	\$ 3,629,198
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	665,524	725,134	798,121	907,300
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	99,829	108,770	119,718	136,095
Total net debt applicable to limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 99,829</u>	<u>\$ 108,770</u>	<u>\$ 119,718</u>	<u>\$ 136,095</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with 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 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.

Sources: HdL Coren & Cone  
San Diego County Assessor

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 4,133,637	\$ 4,466,057	\$ 4,634,033	\$ 4,449,941	\$ 4,423,653	\$ 4,475,983
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,033,409	1,116,514	1,158,508	1,112,485	1,105,913	1,118,996
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
155,011	167,477	173,776	166,873	165,887	167,849
-	-	-	-	-	-
<u>\$ 155,011</u>	<u>\$ 167,477</u>	<u>\$ 173,776</u>	<u>\$ 166,873</u>	<u>\$ 165,887</u>	<u>\$ 167,849</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**City of Santee  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Tax Allocation Bonds			
	Tax Revenues	Debt Service		Coverage
		Principal	Interest	
2003	\$ 2,853,207	\$ 665,000	\$ 561,513	2.33
2004	3,437,559	700,000	529,925	2.79
2005	4,094,672	-	248,163	16.50
2006	5,075,458	-	961,744	5.28
2007	5,920,383	300,000	942,790	4.76
2008	6,038,060	505,000	934,237	4.20
2009	6,337,623	515,000	922,112	4.41
2010	6,779,176	525,000	908,462	4.73
2011	6,374,690	540,000	893,471	4.45
2012	-	-	-	-

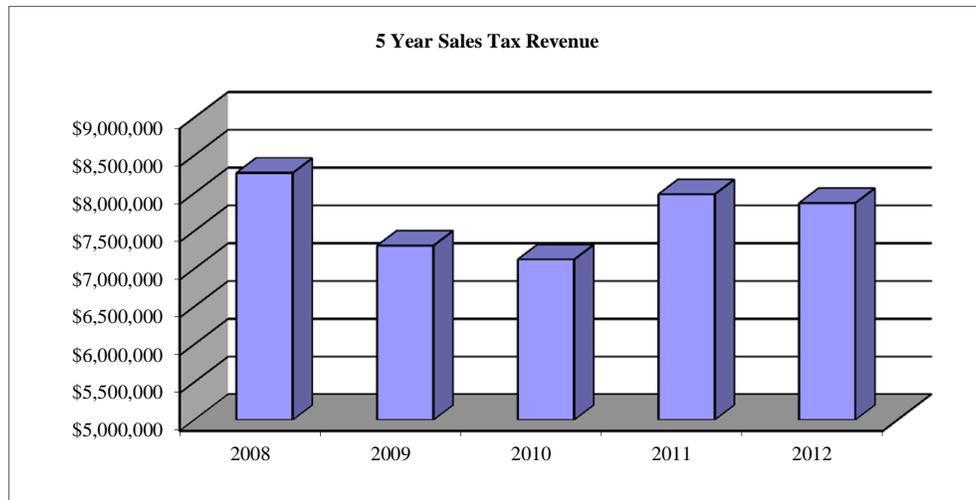
Note:

Tax allocation bonds issued by the Santee Community Development Commission are no longer reported as a result of the dissolution of the Santee Community Development Commission on February 1, 2012. Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**City of Santee  
Top 25 Principal Sales Tax Producers  
Fiscal Year Ended June 30, 2012**

Firm	Business Description
7 Eleven	Service Stations
Albertsons	Grocery Store
Arco	Service Stations
Arco AM PM	Service Stations
Bed Bath & Beyond	Home Furnishings
Best Buy	Electronics/Appliance Store
Chevron	Service Stations
Consolidated Electrical Distributors	Electrical Equipment
Costco	Discount Dept Store
Dion & Sons	Service Stations
GTM Wholesale Liquidators	Discount Dept Store
Home Depot	Lumber/Building Materials
Kohl's	Family Apparel
Lowe's	Lumber/Building Materials
Mobil Oil	Service Stations
Rayo Wholesale Floor	Contractor
RCP Block & Brick	Contractor
Ross	Family Apparel
Target	Discount Dept Store
Teal Pipe & Supply	Contractor
TJ Maxx	Family Apparel
Totota Certified of Santee	Used Automotive Dealers
Verizon Wireless	Electronics/Appliance Store
Vons	Grocery Store
Wal Mart	Discount Dept Store

Percent of fiscal year total paid by top 25 accounts = 60.75%



Sources: Hinderliter, de Llamas & Associates  
State Board of Equalization  
City of Santee Finance Department

**City of Santee  
Demographic and Economic Statistics  
Last Ten Calendar Years**

Calendar Year	Population (1)	Personal Income (in millions) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2002	52,770	\$ 2,696	\$ 51,090	4.3%
2003	52,474	2,662	50,730	4.3%
2004	52,142	2,724	52,240	3.9%
2005	52,110	2,735	52,490	3.6%
2006	51,983	2,793	53,730	3.3%
2007	51,936	2,855	54,970	3.8%
2008	52,367	2,726	52,050	5.0%
2009	52,963	2,529	47,750	8.1%
2010	53,413	2,608	48,830	8.8%
2011	54,102	2,586	47,790	8.4%

- Sources:
- (1) State Department of Finance and San Diego Association of Governments
  - (2) Bureau of Economic Analysis, U.S. Census Bureau Census 2000, Census 2010 and San Diego Association of Governments  
Note: Dollar Values are inflation -adjusted to 2011
  - (3) State of California Employment Development Department

**City of Santee  
Full-time City Employees  
by Function  
Last Ten Fiscal Years**

Function	Full-Time Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	23.50	23.00	21.50	22.95	23.75	22.75	22.75	21.75	21.75	21.75
Public Safety	60.00	59.75	60.00	60.40	63.40	63.40	63.40	60.40	60.40	54.00
Public Works	29.50	29.00	28.00	27.00	28.50	27.35	27.35	24.15	23.65	34.45
Community Development	12.00	12.50	12.50	13.55	12.75	16.35	16.35	17.00	16.50	-
Parks and Recreation	8.00	8.00	7.00	7.00	7.00	7.55	7.55	6.35	6.35	7.70
<b>Total</b>	<b>133.00</b>	<b>132.25</b>	<b>129.00</b>	<b>130.90</b>	<b>135.40</b>	<b>137.40</b>	<b>137.40</b>	<b>129.65</b>	<b>128.65</b>	<b>117.90</b>

Source: City of Santee

**City of Santee  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2012			2003		
	Number of Employees	Rank	Percent of Total Employment (1)	Number of Employees	Rank	Percent of Total Employment (1)
Santee Elementary School Dist.	713	1	2.85%	900	1	6.12%
Hartford Financial Services	520	2	2.08%			
Edgemoor Skilled Nursing Facility	350	3	1.40%	350	2	2.38%
Wal-Mart	275	4	1.10%	344	3	2.34%
Costco Wholesale	235	5	0.94%	170	8	1.16%
Scantibodies Laboratory	215	6	0.86%	300	4	2.04%
Home Depot	200	7	0.80%	200	6	1.36%
Target	190	8	0.76%			
Grossmont Union High School Dist.	188	9	0.75%	250	5	1.70%
Lowe's	172	10	0.69%			
Kohl's Department Store	165	11	0.66%			
European Natural Stone	160	12	0.64%			
Vons Stores	150	13	0.60%	176	7	1.20%
Pure Flo Water Company	150	14	0.60%			
Cal Custom Manufacturing	133	15	0.53%			
J.L. Davidson				150	9	1.02%
San Diego Design II				130	10	0.88%
City of Santee				125	11	0.85%
Padre Dam Municipal Water District				115	12	0.78%
Stanford Court Nursing Center				110	13	0.75%
SD CO Sheriff's/Santee				105	14	0.71%
RCP Block & Brick				104	15	0.71%
<b>Total</b>	<b>3,816</b>		<b>15.26%</b>	<b>3,529</b>		<b>24.01%</b>

Notes:

This schedule presents data for the fifteen principal employers as of June 30, 2012 and June 30, 2003.

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

(2) City of Santee amount represents full time budgeted positions.

Source: City of Santee

**City of Santee  
Operating Indicators  
by Department  
Last Seven Fiscal Years**

	Fiscal Year						
	2006	2007	2008	2009	2010	2011	2012
<b>DEVELOPMENT SERVICES</b>							
Building permits issued	1,749	2,597	1,880	752	752	868	938
Building inspections completed	12,924	10,395	10,885	9,470	5,755	5,310	4,347
Development applications processed	111	92	63	121	78	99	161
Street resurfacing (miles)	14.0	14.8	0.1	23.8	5.9	4.7	5.9
<b>COMMUNITY SERVICES</b>							
Number of recreation classes offered	244	332	361	350	419	269	202
Number of recreation class participants	2,230	2,490	3,842	2,719	3,454	2,141	1,912
Attendance at City-wide special events	27,600	29,250	29,500	29,250	29,230	30,050	30,509
Number of facility rentals	694	789	605	645	836	1,016	983
<b>FIRE</b>							
Emergency responses	5,130	4,211	4,438	4,670	4,764	4,944	4,722
Fire prevention & safety inspections	633	933	432	488	449	525	730
<b>SHERIFF</b>							
Arrests	1,899	2,125	1,851	2,243	2,036	1,889	1,999
Parking citations issued	2,104	2,312	1,837	1,798	1,282	1,367	937
Traffic citations issued	4,262	4,245	4,391	4,486	5,085	4,244	2,916
Calls for service	18,821	18,794	17,913	18,353	19,034	19,974	20,591

Source: City of Santee

*Note: 10 Years of information is not available. The City will be adding data until ten years are presented.*

**City of Santee  
Capital Asset Statistics  
by Function  
Last Ten Fiscal Years**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>FIRE</b>										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire apparatus	6	6	6	6	6	6	6	6	6	6
Paramedic vehicles (1)	-	-	2	2	3	4	4	4	4	4
<b>PUBLIC WORKS</b>										
Streets (miles)	127.14	131.76	131.76	133.10	133.98	134.09	134.09	134.09	134.47	134.79
Street lights	2,672	2,686	2,713	2,731	2,739	2,747	2,747	2,799	2,800	3,171
Traffic signals	49	49	53	54	55	55	56	56	57	57
<b>PARKS &amp; RECREATION</b>										
Parks	6	7	7	7	7	7	7	8	8	8

Note:

(1) Previous to fiscal year ended June 30, 2005, paramedic vehicles were owned by the County of San Diego.

Source: City of Santee