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CITY OF SANTEE, CALIFORNIA  
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended June 30, 2019**

**CITY MANAGER:**

**MARLENE D. BEST**

**DIRECTOR OF FINANCE/TREASURER:**

**TIM K. McDERMOTT**

Prepared by the City of Santee Finance Department



10601 Magnolia Ave. Santee, CA 92071 | 619-258-4100 | [www.cityofsantee.ca.gov](http://www.cityofsantee.ca.gov)

**City of Santee**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2019**



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# **INTRODUCTORY SECTION**

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MAYOR  
John W. Minto

CITY COUNCIL  
Ronn Hall  
Stephen Houlahan  
Laura Koval  
Rob McNelis



# CITY OF SANTEE

December 16, 2019

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, 2019. 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 City’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.

The City’s financial statements have been audited by Davis Farr LLP, 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, 2019 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 unmodified (“clean”) opinion that the City’s financial statements for the fiscal year ended June 30, 2019 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.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the 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 river forms a linear greenbelt containing parks, trails and more than 1,100 acres of tree-lined riparian habitat. The City’s picturesque setting is further enhanced by Mission Trails Regional Park, a 7,220-acre open space reserve that offers a permanent mountain view at Santee’s western flank. The City occupies a land area of approximately 17 square miles and is a dynamic community of 58,408 residents. Santee’s 2018 median household income of \$84,361 is the highest of all east San Diego County cities. Santee may be described as having family based neighborhoods, a strong sense of community, 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, in addition to establishing overall City policies, is responsible for passing ordinances, adopting the budget, appointing committees, and appointing the City Manager, City Attorney and City Clerk. 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. Beginning with the November 2018 election the four council members are now elected by district to serve four-year terms, with one council member initially elected to a two-year term so that in future even-numbered years there will be two council member seats on the ballot. 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 and 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.

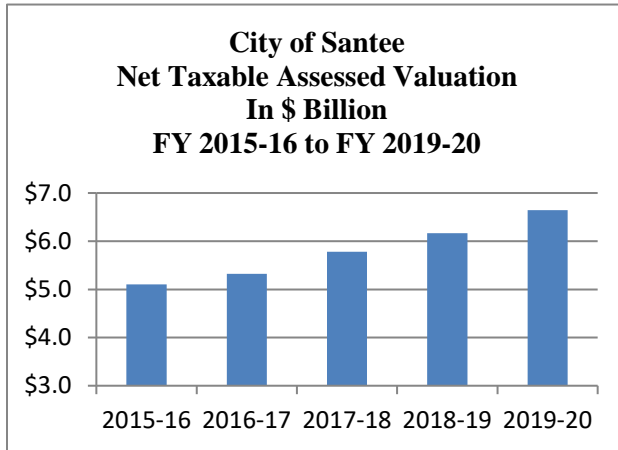
The City is financially accountable for the Santee Public Financing Authority, a legally separate entity, which is reported within the City's financial statements. Additional information regarding the Santee Public Financing Authority can be found in Note 1A in the Notes to the Basic Financial Statements. As further discussed in Note 3G in the Notes to the Basic Financial Statements, in accordance with State law, the Santee Community Development Commission ("Commission") was dissolved and ceased to exist as a legal entity as of February 1, 2012. The City serves as the Successor Agency to the Commission, and separate fiduciary fund financial statements and related note disclosures are included in the Financial Section of this report.

The operating and capital improvement program budgets serve 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 enjoys a strong and well-diversified tax base with the highest median household income of all east San Diego County cities and the 7<sup>th</sup> highest of all cities in the county. Santee's unemployment rate of 2.3% as of September 2019 is lower than the national and state unemployment rates and is the 5<sup>th</sup> lowest in the county. Santee has a five-mile radius market area that includes a population of over 260,000. Santee has 171 national chain retailers and restaurants, with 28 national chains having been added since 2015.





The City's primary General Fund revenue sources are property taxes and sales tax, which combined provide more than 70% of the General Fund revenues. Continued improvement in the housing market over the past several years, along with new residential and commercial construction activity contributed to a 6.7% increase in net taxable assessed valuation in fiscal year 2018-19 (the 5<sup>th</sup> highest rate of increase in the county) and a 7.7% increase in net taxable assessed valuation for the fiscal year 2019-20 tax roll (the 2<sup>nd</sup> highest rate of increase in the county). Santee experienced an 11.4% increase in sales tax revenue in FY 2018-19, with roughly half of this increase the result of delays

by the state in allocating prior year revenue. Excluding the impact of this revenue allocation delay by the state, sales tax revenue growth would have been approximately 5.7% in FY 2018-19.

The March 2011 completion of the final segment of State Route 52 provides a link connecting all three freeways serving Santee and provides direct freeway access into Santee Town Center and to the eastern and western ends of the City. State Route 52 provides people living or doing business in Santee a direct connection to most of the major freeway corridors in the region.

An important component of the local economy is the Sportsplex USA complex which is located on 15 acres within the 55-acre Town Center Community Park. This site includes a 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 over 350,000 visitors annually. The sports complex is operated by Sportsplex USA under a public-private partnership with the City.

Another major attraction is the Santee Lakes Recreation Preserve and Regional Campground, owned and operated by Padre Dam Municipal Water District, which generates over 670,000 visitors annually. The amenities at this 190-acre park includes seven recycled water lakes stocked with fish, 300 full hook-up campsites, seven lakefront and three floating rental cabins, playgrounds, walking trails and special events scheduled throughout the year.

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. Adjacent to Santee Trolley Square, HD Supply Facilities Maintenance occupies a state of the art 77,000 square ft. office facility. Also adjacent to Santee Trolley Square is San Diego Christian College, and accredited 680-enrollment private college.

With available land for development, a skilled labor force, low crime rate, 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.

## **Long Term Financial Planning**

The City utilizes a five-year financial projection 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. The City Council has adopted a General Fund Reserve Policy which states that a minimum reserve of 20% of annual General Fund operating expenditures be maintained as a contingency for economic uncertainties. While the City is currently in compliance with this policy, the five-year financial projection reflects serious challenges to the City's budget, with possible deficits beginning in FY 2020-21 and growing annually thereafter. There are two main factors contributing to these future deficits, increases in employee retirement costs (further discussed below) and contract law enforcement services costs. In addition to directly addressing these two main factors, management is actively working with the City Council to identify and develop strategies that contain the growth in expenditures, enhance existing revenue sources and identify new revenue sources.

A key factor affecting the City's fiscal condition is California Public Employees' Retirement System (CalPERS) pension costs. CalPERS is phasing the implementation of changes to actuarial methods, demographic assumptions and a reduction in the discount rate (assumed rate of return on retirement plan assets), resulting in substantial increases in required annual pension contributions that continue to step-up annually through FY 2024-25. Fortunately, the City Council has taken and continues to take pension cost reform actions. These actions included the adoption of a second tier of lower cost retirement benefits for new employees, making supplemental payments towards the City's unfunded pension liability and increasing the portion of retirement costs paid by employees. In addition, on January 1, 2013 the California Public Employees' Pension Reform Act took effect, creating a third tier of even lower cost retirement benefits for new members to the retirement system.

In May 2018 the City Council approved the establishment of a trust for the prepayment of other post-employment benefits (OPEBs). Since that time the City has made a series of payments into the trust in order to reduce and eventually eliminate the City's OPEB liability.

The City Council adopts a five-year Capital Improvement Program (CIP) 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 to ensure that limited resources are allocated in a prudent manner, that under-funded projects are identified in order to develop financial strategies for the future and that necessary investments continue to be made in infrastructure to protect the long-term fiscal health of the City. On June 26, 2019 the CIP for fiscal years 2020 through 2024 was adopted which includes a total of \$319.1 million in projects for which \$117.9 million in funding has been identified. The CIP is revised periodically in response to continually evolving needs, priorities and financial conditions.

## **Major Initiatives**

Construction is nearing completion on the \$12.4 million Mast Park Improvements project that will rehabilitate and add new amenities to this 58-acre park site originally developed by the County of San Diego in the 1970s. Outdated amenities within the park such as the restroom, shade pavilion, basketball court and playground will be replaced with modern facilities. While most of the park's mature trees will remain untouched, new landscaping will feature a mix of drought-tolerant native plants, dry creek beds and other hardscape reminiscent of a botanical garden. The remodeled park will have a lighted loop trail, triple the amount of space for picnics, an enhanced disc golf course, a concession building, and new play areas for children including a traditional playground structure and a nature play area. The existing dog park will be reconfigured with three sections, each for dogs of certain ages and sizes. Construction is expected to be completed by February 2020.



Several key projects are planned or underway in the Santee Town Center area. They include the following.

- In December 2015 the City Council approved a project for the construction of a Karl Strauss brewery operation with a tasting room, restaurant, outdoor patio grotto and other related uses. It is anticipated that construction activity will commence in 2020 on this project.
- In April 2017 the City closed escrow on a 6.7-acre parcel of County-owned land adjacent to Santee Trolley Square for the future development of a multiplex theater on this site. In November 2018 the City Council approved a disposition and development agreement for the sale of this parcel and the development of a multiplex movie theater to be operated by Studio Movie Grill. Planned features include at least nine auditoriums, a full kitchen capable of serving every seat in the theater, and an adjacent restaurant space and lounge providing full table service with patio seating. It is hoped that this eagerly-anticipated multiplex theater project begin construction in 2020.
- In August 2018 the City Council approved the 128-unit Riverview at Town Center condominium project on a site adjacent to the San Diego Christian College campus. Grading has recently commenced on this site.
- On December 11, 2019 the City Council took certain actions towards the establishment of an Art and Entertainment Overlay District in Town Center which is intended to promote a concentration of arts, cultural and entertainment-oriented uses within the Town Center area, including the planned movie theater and a proposed hotel.

In May 2018 the City Council approved an 86,000 square-foot medical office building on a 5-acre vacant parcel to be operated by Sharp Rees-Stealy Medical Group. Construction is underway with an anticipated completion date of May 2020. The facility will provide urgent care services and a wide variety of outpatient services. The facility is expected to employ approximately 215 persons including 40 physicians and will serve 150,000 patient visits per year. The project will incorporate various sustainability features including 35 electric vehicle charging stations, 22 long-term lockable bicycle spaces and 22 short-term bicycle racks, a rooftop photovoltaic system placed on all suitable areas of the roof and biofiltration facilities for the treatment of storm water, to name a few.

On August 1, 2016 the annexation of approximately 114.8 acres of territory from the City of San Diego into Santee became effective. The annexation area, known as Weston, is currently being developed with 273 single family homes and 142 detached condominiums, adding an estimated 1,158 residents to Santee. Construction is well underway, with more than 281 homes having closed escrow and 397 of the total 415 building permits having been issued to date. The project includes a 4.5-acre park which is expected to be open to the public in April 2020. Two community facilities districts have been formed for this development, one to provide financing for \$8.6 million in public infrastructure and another to provide a funding mechanism to ensure the cost of providing public services is fully mitigated by the development and does not have an adverse fiscal impact on the City.

In July 2018 the City Council authorized the establishment of the Highway 52 Coalition (“Coalition”). The Coalition is comprised of local and regional business interests, citizens and public agencies focused on educating local, state and federal lawmakers and officials regarding funding needed to improve Highway 52 and the surrounding transportation corridors. The adverse impacts of traffic congestion on Highway 52 accentuate the need for accelerating planned improvements to this vital mobility corridor. Phase 1 improvements to Highway 52 are estimated to cost approximately \$47 million. The City and Coalition have been successful in obtaining local funding commitments in order to assist in the City’s ongoing efforts to obtain much needed federal grant funding for this regionally significant project.

The repair and replacement of outdated corrugated metal storm drain pipes (“CMP”) continues to be a priority for the City. To date approximately 55% of the City’s total CMP inventory has been repaired or replaced. Over the past fiscal year, the City expended \$1.3 million for the lining and replacement of CMP and in the current fiscal year \$1.7 million has been allocated by the City to continue this effort.

### **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, 2018. This was the 15<sup>th</sup> 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. In particular we would like to note the contributions of Finance Manager Heather Jennings, Accountant Janet Fernandez and Administrative Secretary Casey Price to the completion of this report. Additionally 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 and professional manner.

Respectfully submitted,



Marlene D. Best  
City Manager



Tim K. McDermott  
Director of Finance/Treasurer



Government Finance Officers Association

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, 2018**

*Christopher P. Morill*

Executive Director/CEO



**CITY OF SANTEE  
LIST OF CITY OFFICIALS**

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**CITY COUNCIL**

John W. Minto, Mayor

Stephen Houlahan, Vice Mayor

Rob McNelis, Council Member

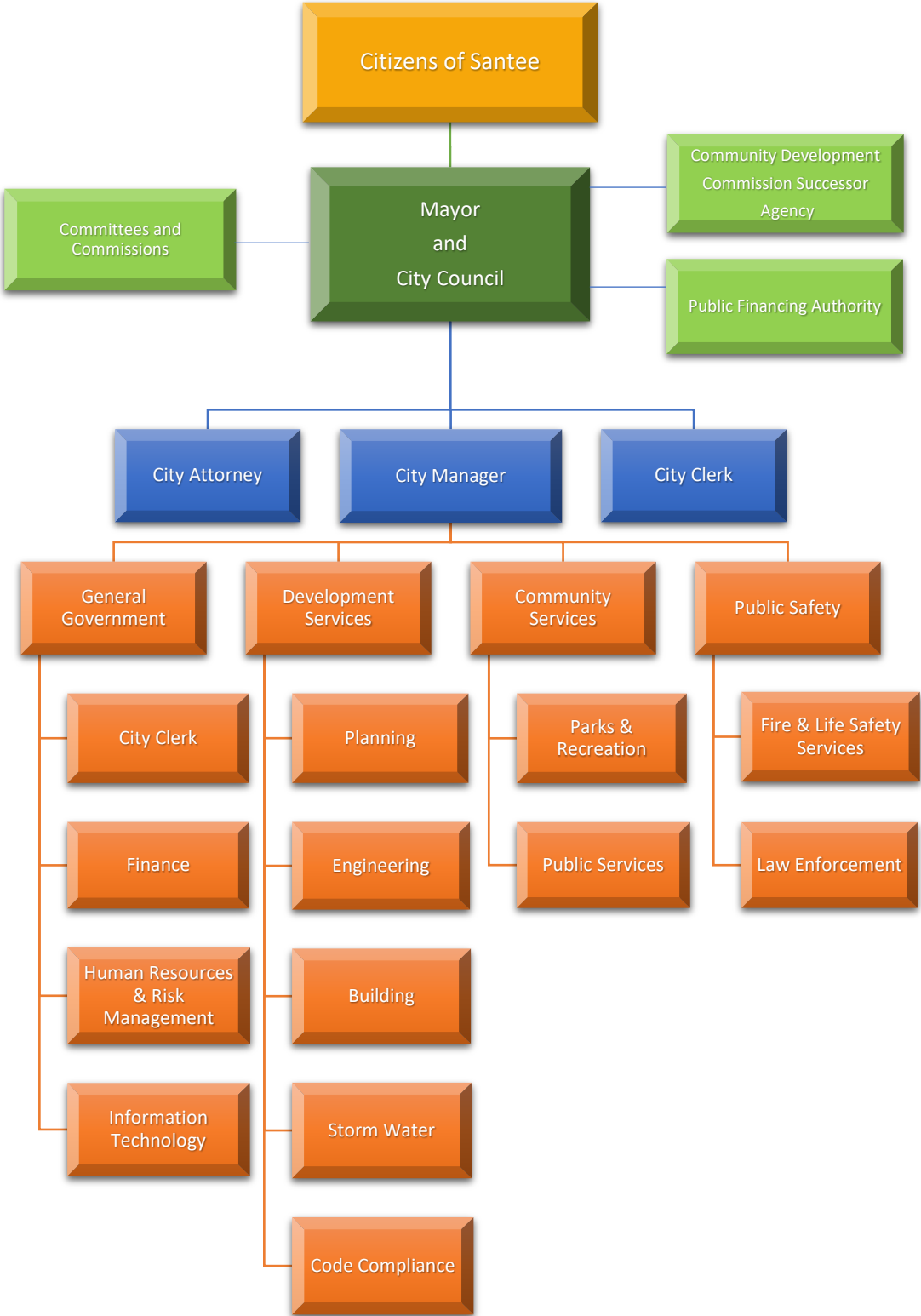
Ronn Hall, Council Member

Laura Koval, Council Member

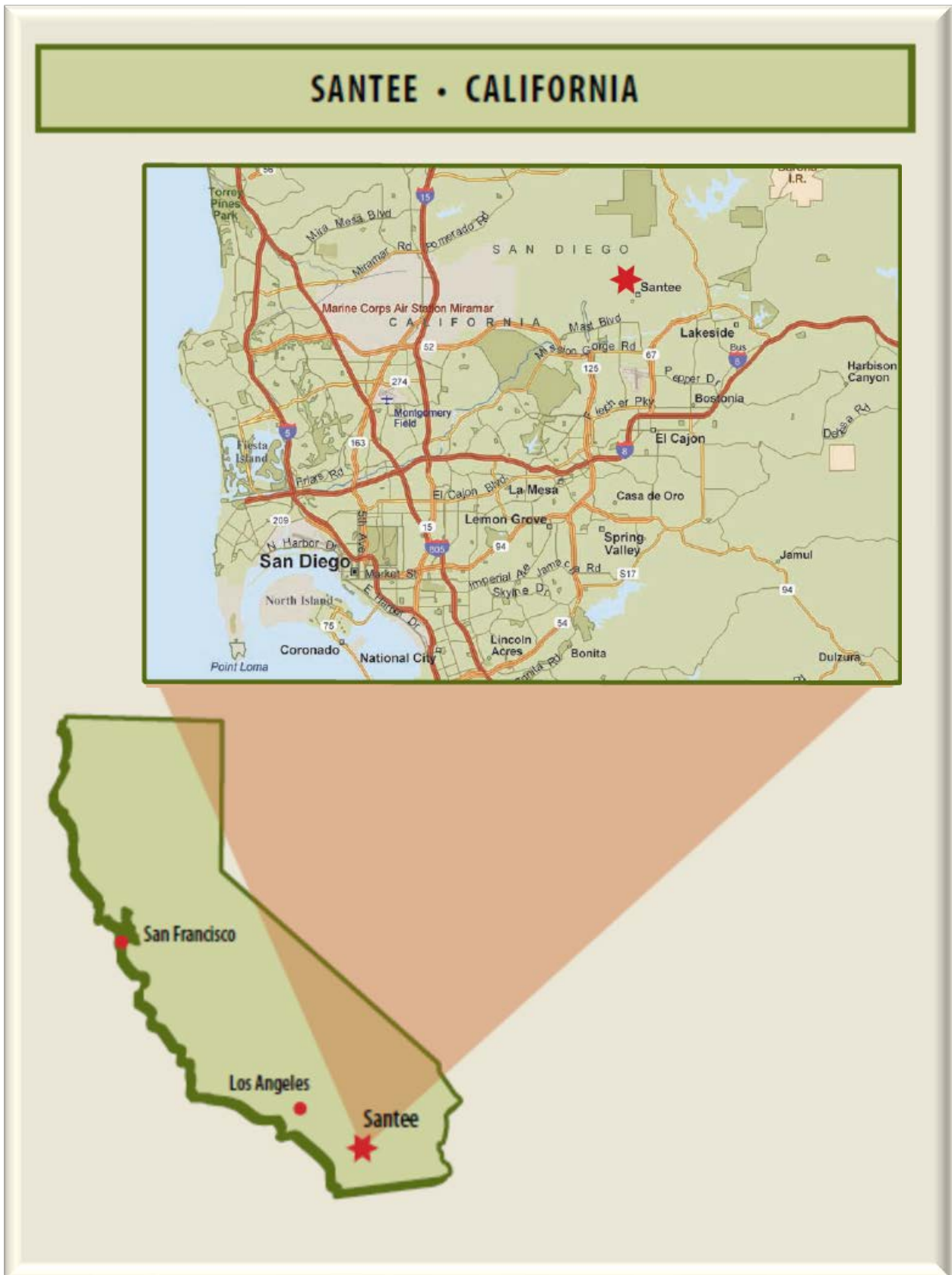
**EXECUTIVE MANAGEMENT TEAM**

City Manager ..... Marlene D. Best  
City Attorney..... Shawn Hagerty  
City Clerk..... Annette Fagan Ortiz  
Assistant to the City Manager ..... Kathy Valverde  
Director of Community Services..... Bill Maertz  
Director of Development Services ..... Melanie Kush  
Director of Finance/Treasurer ..... Tim K. McDermott  
Director of Fire and Life Safety ..... John Garlow  
Director of Human Resources ..... Erica Hardy  
Economic Development Manager..... Pamela A. White  
Sheriff Captain..... Daniel Brislin

**CITY OF SANTEE  
ORGANIZATIONAL CHART**



CITY OF SANTEE  
LOCATION MAP





# **FINANCIAL SECTION**

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## **Independent Auditor's Report**

City Council  
City of Santee  
Santee, California

### **Report on the Financial Statements**

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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **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 of Santee, California, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the City of Santee's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of Contributions, Schedule of Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santee's basic financial statements. The *combining and individual nonmajor fund financial statements, budget and actual schedules, the introductory section and the statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements and budget and actual schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.



City Council  
City of Santee

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

The *introductory section* and the *statistical section* 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 it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 on our consideration of the City of Santee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Santee's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
December 16, 2019



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As management of the City of Santee ("City") 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, 2019. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$181.7 million (*net position*).
- The City's total net position increased by \$9.7 million during the fiscal year. A primary component of this increase is infrastructure financing received from Community Facilities District No. 2017-1 (Weston Infrastructure) also referred to as CFD 2017-1. Strong property tax and sales tax revenues also contributed to this increase. An increase in the City's net pension liability and related net inflows and outflows of resources adversely impacted the City's total net position by \$2.5 million. Conversely, a decrease in the City's net other post-employment benefits ("OPEB") liability and related net inflows and outflows of resources improved the City's total net position by \$0.7 million.
- At June 30, 2019 the City's governmental funds reported combined fund balances of \$46.9 million, an increase of \$7.1 million during the fiscal year. Approximately \$10.9 million or 23% of this amount is available for spending at the City's discretion (*unassigned fund balance*).

### **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 Position* presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 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 Public Financing Authority is reported as part of the City.

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 29 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, Capital Projects Fund, Public Facilities Fund and CFD 2017-1 Project Fund which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided for the General 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 two types of fiduciary funds, the Agency Fund and the Private Purpose Trust Fund. The *Agency Fund* is used to report transactions related to the debt service and administration of CFD 2017-1. 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 net pension liability, pension contributions, OPEB liability, 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 position may serve over time as a useful indicator of the City's financial position. At June 30, 2019 assets and deferred outflows exceeded liabilities and deferred inflows by \$181.7 million, an increase of \$9.7 million from the amount reported at June 30, 2018.

**City of Santee  
 Summary of Net Position  
 June 30, 2019 and 2018**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 59,117,046	\$ 48,849,470
Capital assets	188,083,479	185,038,929
Total assets	247,200,525	233,888,399
Deferred outflows of resources	8,554,906	10,402,187
Long-term liabilities	57,273,793	59,797,724
Other liabilities	11,010,646	7,925,535
Total liabilities	68,284,439	67,723,259
Deferred inflows of resources	5,807,162	4,590,954
Net position:		
Net investment in capital assets	176,411,913	172,108,751
Restricted	29,342,598	23,944,194
Unrestricted	(24,090,681)	(24,076,572)
Total net position	\$181,663,830	\$171,976,373

The largest portion of the City's net position, \$176.4 million, 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 position (\$29.3 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (a deficit of \$24.1 million) reflects the net impact of the recognition of the City's net pension and OPEB liabilities (and related deferred outflows and inflows of resources) which reduce the City's net position by \$40.2 million at June 30, 2019.

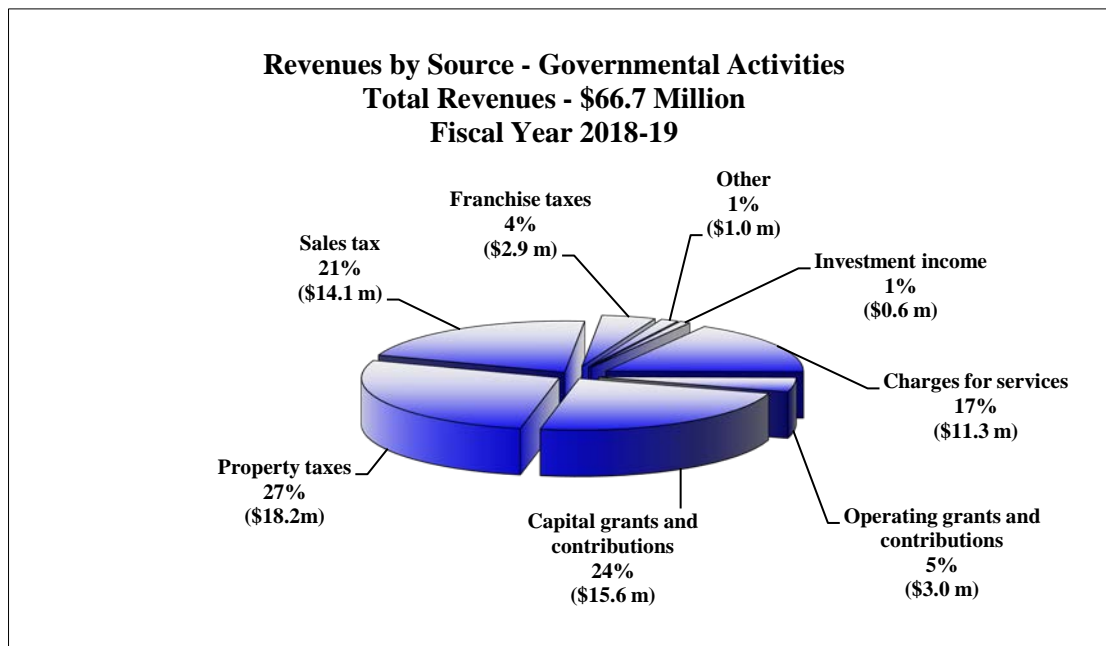
**Governmental Activities**

Net position increased by \$9.7 million during the fiscal year as a result of the City's governmental activities. Key elements of this increase are as follows:

**City of Santee  
 Changes in Net Position  
 For the Fiscal Years Ended June 30, 2019 and 2018**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 11,266,054	\$ 10,613,934
Operating grants and contributions	2,989,446	2,689,707
Capital grants and contributions	15,644,810	11,364,273
General revenues:		
Taxes:		
Property taxes	18,255,129	17,151,586
Sales tax	14,089,139	12,645,534
Franchise taxes	2,947,828	2,871,885
Other taxes	929,842	886,764
Motor vehicle in lieu, unrestricted	27,357	30,057
Investment income	572,229	163,160
Miscellaneous	1,429	1,458
Total revenues	<u>66,723,263</u>	<u>58,418,358</u>
<b>Expenses:</b>		
General government	7,322,174	6,906,533
Public safety	30,688,969	29,905,776
Public works	15,663,815	15,869,934
Community development	508,050	315,174
Parks and recreation	2,442,245	2,817,353
Interest and fiscal charges	410,553	455,071
Total expenses	<u>57,035,806</u>	<u>56,269,841</u>
Change in net position	9,687,457	2,148,517
Net position, beginning of year (as restated)	<u>171,976,373</u>	<u>169,827,856</u>
Net position, end of year	<u>\$181,663,830</u>	<u>\$171,976,373</u>

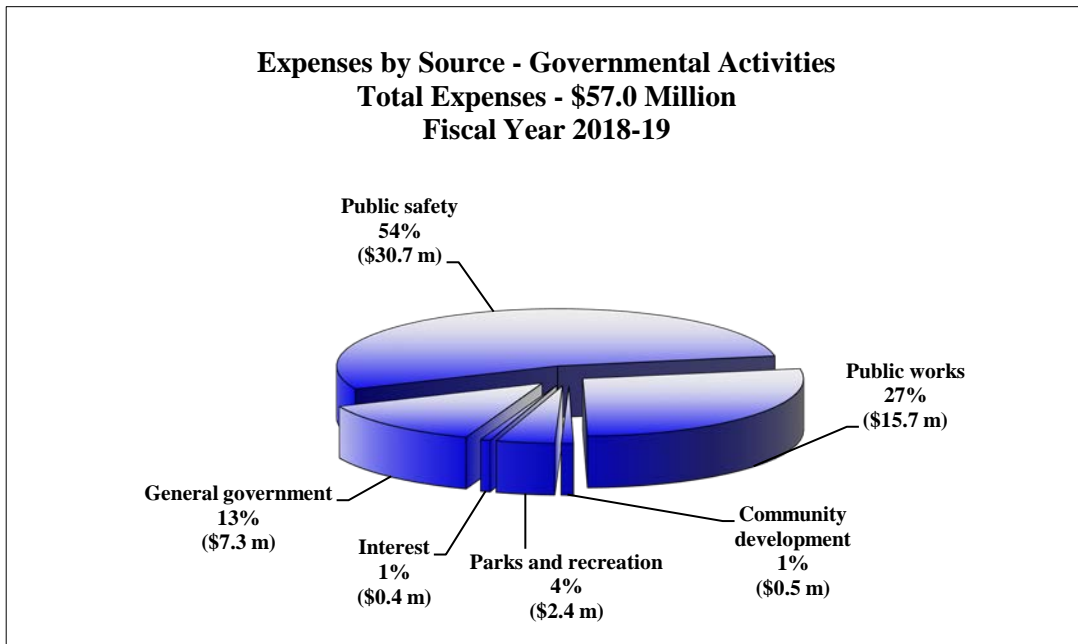
- Charges for services increased by \$652,120 from the prior fiscal year. Factors contributing to this increase include County Service Area 69 paramedic program reimbursements which increased by \$230,898, fire strike team reimbursements which increased by \$156,972 and various fines and citation revenues which collectively increased by \$72,731.
- Operating grants and contributions increased by \$299,739. This increase is due to a \$591,313 increase in State Gas Tax revenues from the first full year of revenues received as a result of State Senate Bill 1 (SB1).
- Capital grants and contributions increased by \$4.3 million from the prior fiscal year. This increase is due to an \$8.7 million contribution received in the current year from CFD 2017-1 to fund infrastructure at the new Weston residential development and a \$4.6 million decrease in development impact fees from the prior year.
- Property tax, the City's largest revenue source, increased by \$1.1 million or 6.4%. Increases in residential real estate values and new construction resulted in a 6.7% increase in citywide net assessed valuation.
- Sales tax, the City's second largest revenue source, increased by \$1.4 million or 11.4% from the prior fiscal year. Over half of the increase is from prior year revenue that could not be recognized until the current year due to delays by the State of California in allocating revenue in the first and second quarter of 2018.
- Investment income increased by \$409,069 as a result of increases in yields and sizeable unrealized gains at June 30, 2019.



- General government expenses increased by \$415,641 from the prior year. Payments required under an economic development agreement increased by \$189,210 from the prior year. Personnel costs and contract city attorney costs also increased from the prior year.
- Public safety expenses increased by \$783,193 from the prior year. Included in this increase is a \$402,163 increase in contract law enforcement services costs, a \$75,000 increase in funding provided for school

resource officers, increases in fire personnel costs and a slight increase in contract animal control services costs.

- Public works expenses decreased by \$206,119. The primary reason for the decrease was a \$447,041 decrease in contract building permit, plan check, and inspection costs from the prior year.
- Parks and recreation expenses decreased by \$375,108 from the prior year mainly due to costs incurred in the prior year for a park maintenance and restoration project.



## 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, 2019, the City's governmental funds reported combined fund balances of \$46.9 million, an increase of \$7.1 million from the amount reported at June 30, 2018. Approximately 23% of this amount (\$10.9 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 (\$0.5 million), 2) restricted for particular purposes (\$29.3 million), 3) committed for particular purposes (\$3.8 million), or 4) assigned for particular purposes (\$2.4 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 \$10.9 million, while the total fund balance was \$15.9 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 25% of total General Fund expenditures for the year, while total fund balance represents approximately 36% of the total General Fund expenditures for the year.

The General Fund balance increased by \$1.7 million during the past fiscal year, General Fund revenues were \$4.0 million more than in the previous fiscal year. As discussed above, sales tax revenue increased by \$1.4 million and property tax revenue increased by \$1.1 million from the prior fiscal year. Charges for services revenues increased by \$887,529 over the prior year, primarily the result of \$534,285 in paramedic program reimbursements from County Service Area 69 that were unable to be recognized in the prior fiscal year because they were received beyond the revenue recognition period. Intergovernmental revenue increased by \$451,202 due to a FEMA Assistance to Firefighters grant as well as an increase in fire strike team reimbursements. Investment earnings increased by \$418,504 as a result of increases in yields and sizeable unrealized gains on investments at June 30, 2019. General Fund expenditures were \$2.8 million more than in the previous fiscal year. This increase is due to several factors including the increase in personnel costs (\$1.5 million) which included increased pension costs and additional contributions to the OPEB trust, the purchase of seven new vehicles (\$515,166 total increase from the prior year) including a new paramedic ambulance and a paramedic ambulance remount and a \$484,330 increase in law enforcement costs.

The Capital Projects Fund, a major fund, had a \$192,626 decrease in fund balance during the fiscal year reflecting monies spent on construction projects, bringing the fund's total fund balance to \$2.8 million, all of which is legally restricted or committed for various capital improvement projects. Capital Projects Fund expenditures totaled \$11.1 million, a \$6.3 million increase from the prior fiscal year.

The Public Facilities Fund, a major fund, had a \$1.3 million decrease in fund balance during the past fiscal year. This was the result of monies transferred to the Capital Projects Fund and spent on construction projects, bringing the fund's total fund balance to \$6.4 million, all of which is legally restricted for the construction of park facilities and community buildings.

The CFD 2017-1 Project Fund, a major fund, is a new fund this year. This fund is used to account for monies received from CFD 2017-1 which will be used for infrastructure expenditures for the new Weston residential development. The fund balance of \$8.7 million at June 30, 2019 represents CFD bond proceeds that were transferred to the City.

The Nonmajor Governmental Funds balance decreased by a combined \$1.8 million during the past year, bringing the Nonmajor Governmental Funds total fund balance to \$13.1 million, all of which is legally restricted or committed for various purposes. The primary reason for this decrease is the expenditure of accumulated resources on capital improvement projects.

### **General Fund Budgetary Highlights**

The City adopts an annual operating budget. 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 \$2.5 million from the originally adopted budget. 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. In addition, appropriation adjustments were made for citywide copier purchases, legal expenditures, worker's compensation and general liability claim expenditures, street maintenance and repair, funding for the OPEB trust and other incidental adjustments.

Actual General Fund revenues were \$1.6 million more than budgeted. Sales tax revenue was \$735,339 higher than budgeted and investment earnings were \$417,501 higher than budgeted. Charges for services revenue was \$232,060 higher than budgeted. Various other revenue categories experienced minor variances.



Actual General Fund expenditures were \$2.0 million less than budgeted. Total actual personnel costs were \$295,570 less than budgeted, primarily as a result of positions that were vacant for a portion of the year. Fire Department expenditures were \$929,302 less than budgeted, which reflects the purchase of a new fire brush engine that was not received by the end of the fiscal year, the installation of new alerting systems at both fire stations that was not completed until after the end of the fiscal year, plus budget savings in paramedic program and fleet operations expenditures. Development Services Department expenditures were \$324,951 less than budgeted, primarily as a result of personnel cost savings and contract building permit, plan check and inspection costs that were less than budgeted. Community Services Department expenditures were \$462,266 less than budgeted, reflecting budget savings in personnel costs, various facility maintenance, recreation and grant funded activities. Non-Departmental expenditures were \$135,698 more than budgeted due to higher than anticipated payments required under an economic development agreement.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets as of June 30, 2019 was \$188.0 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, 2019 and 2018**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Land	\$ 12,329,103	\$ 12,329,103
Parks	5,257,745	5,257,745
Construction in progress	10,367,445	2,519,362
Buildings	10,514,202	10,986,635
Improvements other than buildings	4,940,425	4,666,920
Equipment	5,679,374	5,857,240
Vehicles	2,953,259	2,941,793
Infrastructure	136,041,926	140,480,131
Totals	<u>\$188,083,479</u>	<u>\$185,038,929</u>

Major capital asset activity during the year included the following:

- \$6.7 million was spent on the renovation of Mast Park. This \$12.4 million project is refurbishing existing facilities and expanding underdeveloped areas of the 58-acre site to increase public access and usage. The project is expected to be complete by early-2020.
- \$1.6 million was spent on the Mission Gorge Median Installation project. This safety enhancing project installed a raised decorative median on Mission Gorge Road from Riverview Parkway to First Street.
- \$1.3 million was spent for the lining and replacement of corrugated metal storm drainage pipes in various locations throughout the City.
- \$540,526 was spent for the purchase of seven new vehicles, including a new paramedic ambulance and the remount of an existing ambulance.
- \$253,510 was spent on the rehabilitation of various city streets.

- \$218,201 was spent on the design of interchange improvements at State Route 67 and Woodside Avenue. This \$4.1 million project is estimated to be completed by December 2020.

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

**Long-term Debt**

At June 30, 2019 the City had \$57.3 million in long-term debt outstanding.

**City of Santee  
 Long-term Debt  
 June 30, 2019 and 2018**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Bonds payable	\$ -	\$ 190,000
Notes and loans payable	9,293,182	9,979,758
Capital leases payable	1,428,497	1,741,324
Claims and judgments	1,377,881	1,503,350
Compensated absences	1,311,276	1,203,497
Other post-employment benefits (OPEB)	2,699,160	3,998,957
Net pension liability	40,213,914	40,161,745
Premiums on long-term debt	949,883	1,019,093
Totals	\$57,273,793	\$59,797,724

The City's outstanding debt decreased by \$2.5 million during the past fiscal year. This decrease is primarily attributable to a \$1.3 million decrease in the City's net OPEB liability which was the result of the establishment and funding of an OPEB trust as well as a reduction in certain retiree health benefits. Other reductions in long-term debt occurred primarily as a result of principal payments made on various notes, loans and capital leases payable. The final payment was made this year on the Santee Public Financing Authority 2005 Lease Revenue Bonds. Additional information regarding long-term debt can be found at Notes 2F, 3B and 3C 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 budget.

- General Fund revenues are projected to increase by 2.8% or \$1.3 million
- The net assessed valuation of property in the City was anticipated to increase by 6.7% when the budget was developed. However, the actual increase in net assessed valuation is 7.7%, which should result in a corresponding increase in property tax revenues. Increases in residential real estate prices over the past several years, combined with new construction and changes of ownership, are the factors behind the increase in assessed valuation and property tax revenues.
- Sales tax revenue is projected to increase by 0.8% next fiscal year. Growth is expected to continue in the County Pool allocations (online sales) and Building and Construction, with growth in General Consumer Goods expected to be relatively flat.
- Essentially no change is expected in franchise fee revenue next year, with increases in revenues from certain franchisees expected to be offset by a decrease in the revenues to be received from telecommunications franchisees.

- The General Fund adopted budget for next fiscal year reflects a 3.6% increase in operating expenditures from the FY 2018-19 budgeted expenditures.
- Law enforcement services contract costs are expected to increase by 5.5% over the next year. This is the third year of a five-year contract. Over the remaining two years, the contract increases will be 5.0% and 4.5%.
- Next year's budget provides for 2.5% across the board salary increases for all employee groups.
- Actuarial method and demographic assumption changes and a reduction in the discount rate (assumed rate of return on retirement plan assets) that are being implemented by the California Public Employees Retirement System will result in sharp increases in retirement costs as the impact of these changes continues to be phased in over the next six years. While the FY 2019-20 budget is balanced, the impact of these changes will provide challenges for the City in balancing its budget in future years. In response to these changes, employees are being required to pay a larger share of retirement plan costs. Taking additional steps to reduce the City's pension liability and pension costs is a key priority.
- The General Fund reserve policy that a minimum reserve of 20% of annual General Fund operating expenditures be maintained will be met.
- Supplemental General Fund reserves were identified to fund future vehicle replacement, contribute to the capital improvement program, and to make supplemental payments towards the City's OPEB liability.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for 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.cityofsanteeca.gov](http://www.cityofsanteeca.gov).

**BASIC  
FINANCIAL  
STATEMENTS**

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**City of Santee**  
**Statement of Net Position**  
**June 30, 2019**  
**(with comparative information for prior year)**

	Governmental Activities	
	2019	2018
<b>ASSETS</b>		
Cash and Investments (Note 2A)	\$ 41,918,893	\$ 41,872,237
Cash and Investments with Fiscal Agent (Note 2A)	8,560,232	-
Accounts Receivable	1,052,938	1,022,788
Loans Receivable (Note 2C)	1,278,500	1,318,500
Interest Receivable	225,850	156,982
Due From Other Governments	5,599,293	4,010,755
Inventory	2,907	2,763
Land Held for Resale	439,000	439,000
Prepaid Items	39,433	26,445
Capital Assets, Not Being Depreciated (Note 2D)	27,954,293	20,106,210
Capital Assets, Being Depreciated, Net (Note 2D)	160,129,186	164,932,719
Total Assets	247,200,525	233,888,399
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pensions (Note 3B)	7,844,589	9,818,607
Related to OPEB (Note 3C)	710,317	583,580
Total Deferred Outflows of Resources	8,554,906	10,402,187
<b>LIABILITIES</b>		
Accounts Payable	6,367,062	4,065,604
Accrued Liabilities	1,458,859	1,165,599
Interest Payable	38,810	46,436
Deposits Payable	2,979,963	2,494,015
Unearned Revenue	165,952	153,881
Long-Term Liabilities - Due Within One Year (Note 2F)	2,431,446	2,562,177
Noncurrent Liabilities:		
Long-Term Liabilities - Due in More Than One Year (Note 2F)	11,929,273	13,074,845
Net Pension Liability (Note 3B)	40,213,914	40,161,745
Net OPEB Liability (Note 3C)	2,699,160	3,998,957
Total Liabilities	68,284,439	67,723,259
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions (Note 3B)	4,856,054	4,365,636
Related to OPEB (Note 3C)	951,108	225,318
Total Deferred Inflows of Resources	5,807,162	4,590,954
<b>NET POSITION</b>		
Net Investment in Capital Assets	176,411,913	172,108,751
Restricted for:		
Streets and Roads	5,064,223	5,828,625
Construction	16,544,169	10,880,511
Other Purposes	7,734,206	7,235,058
Unrestricted	(24,090,681)	(24,076,572)
Total Net Position	\$ 181,663,830	\$ 171,976,373

See accompanying notes to financial statements.

**City of Santee**  
**Statement of Activities**  
**Year Ended June 30, 2019**  
**(with comparative information for prior year)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2019	2018
General Government	\$ 7,322,174	\$ 581,691	\$ -	\$ -	\$ (6,740,483)	(5,982,383)
Public Safety	30,688,969	5,998,396	430,835	-	(24,259,738)	(25,369,557)
Public Works	15,663,815	3,890,190	2,275,836	13,435,704	3,937,915	(28,119)
Community Development	508,050	10,260	263,653	-	(234,137)	203,180
Parks and Recreation	2,442,245	785,517	19,122	2,209,106	571,500	30,023
Interest and Fiscal Charges	410,553	-	-	-	(410,553)	(455,071)
<b>Total Governmental Activities</b>	<b>\$ 57,035,806</b>	<b>\$ 11,266,054</b>	<b>\$ 2,989,446</b>	<b>\$ 15,644,810</b>	<b>(27,135,496)</b>	<b>(31,601,927)</b>
General Revenues:						
Taxes:						
					18,255,129	17,151,586
					14,089,139	12,645,534
					2,947,828	2,871,885
					929,842	886,764
					27,357	30,057
					572,229	163,160
					1,429	1,458
					<u>36,822,953</u>	<u>33,750,444</u>
					9,687,457	2,148,517
					<u>171,976,373</u>	<u>169,827,856</u>
					<u>\$ 181,663,830</u>	<u>\$ 171,976,373</u>

See accompanying notes to financial statements.

**City of Santee  
Balance Sheet  
Governmental Funds  
June 30, 2019  
(with comparative information for prior year)**

	<u>General</u>	<u>Capital Projects</u>	<u>Public Facilities</u>	<u>CFD 2017-1</u>
<b>ASSETS</b>				
Cash and Investments	\$ 18,082,814	\$ 5,524,319	\$ 6,343,109	\$ 144,274
Cash and Investments with Fiscal Agent	-	-	-	8,560,232
Receivables:				
Accounts	1,052,938	-	-	-
Loans	-	-	-	-
Interest	121,906	-	37,819	5,337
Due From Other Funds	19,786	-	-	-
Due From Other Governments	3,607,590	1,735,711	-	-
Inventory	2,907	-	-	-
Land Held for Resale	439,000	-	-	-
Prepaid Items	39,433	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 23,366,374</u>	<u>\$ 7,260,030</u>	<u>\$ 6,380,928</u>	<u>\$ 8,709,843</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 3,058,321	\$ 3,014,562	\$ -	\$ -
Accrued Liabilities	1,458,083	-	-	-
Deposits Payable	2,598,391	381,572	-	-
Unearned Revenue	162,124	-	-	-
Due to Other funds	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>7,276,919</u>	<u>3,396,134</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenues - Intergovernmental	<u>189,677</u>	<u>1,034,910</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>189,677</u>	<u>1,034,910</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	484,105	-	-	-
Restricted	525,000	834,460	6,380,928	8,709,843
Committed	1,558,888	1,994,526	-	-
Assigned	2,413,883	-	-	-
Unassigned	<u>10,917,902</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>15,899,778</u>	<u>2,828,986</u>	<u>6,380,928</u>	<u>8,709,843</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,366,374</u>	<u>\$ 7,260,030</u>	<u>\$ 6,380,928</u>	<u>\$ 8,709,843</u>

See accompanying notes to financial statements.

Non-Major Governmental Funds	Total Governmental Funds	
	2019	2018
\$ 11,824,377	\$ 41,918,893	\$ 41,872,237
	8,560,232	-
-	1,052,938	1,022,788
1,278,500	1,278,500	1,318,500
60,788	225,850	156,982
-	19,786	-
255,992	5,599,293	4,010,755
-	2,907	2,763
-	439,000	439,000
-	39,433	26,445
<u>\$ 13,419,657</u>	<u>\$ 59,136,832</u>	<u>\$ 48,849,470</u>
\$ 294,179	\$ 6,367,062	\$ 4,065,604
776	1,458,859	1,165,599
-	2,979,963	2,494,015
3,828	165,952	153,881
19,786	19,786	-
<u>318,569</u>	<u>10,991,622</u>	<u>7,879,099</u>
-	1,224,587	1,157,764
-	1,224,587	1,157,764
-	484,105	468,208
12,892,366	29,342,597	23,944,200
222,111	3,775,525	2,543,847
-	2,413,883	3,638,934
(13,389)	10,904,513	9,217,418
<u>13,101,088</u>	<u>46,920,623</u>	<u>39,812,607</u>
<u>\$ 13,419,657</u>	<u>\$ 59,136,832</u>	<u>\$ 48,849,470</u>

See accompanying notes to financial statements.



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**City of Santee**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2019**

Fund Balances of Governmental Funds		\$ 46,920,623
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.		188,083,479
Receivables which are not considered to be available to finance current expenditures are reported as unavailable revenue in the governmental funds.		1,224,587
Deferred outflows and inflows of resources related to pensions and OPEB that are required to be recognized over a defined closed period.		
Pension Related Deferred Outflows of Resources	\$ 7,844,589	
OPEB Related Deferred Outflows of Resources	710,317	
Pension Related Deferred Inflows of Resources	(4,856,054)	
OPEB Related Deferred Inflows of Resources	<u>(951,108)</u>	2,747,744
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes and Loans Payable	\$ (9,293,181)	
Capital Lease Payable	(1,428,497)	
Claims and Judgments	(1,377,881)	
Compensated Absences	(1,311,277)	
Net OPEB Liability	(2,699,160)	
Net Pension Liability	(40,213,914)	
Unamortized Premiums on Long-term Debt	<u>(949,883)</u>	(57,273,793)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		<u>(38,810)</u>
Net Position of Governmental Activities		<u>\$ 181,663,830</u>

See accompanying notes to financial statements.

**City of Santee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2019**  
**(with comparative information for prior year)**

	<u>General</u>	<u>Capital Projects</u>	<u>Public Facilities</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 18,255,129	\$ -	\$ -
Sales	14,089,139	-	-
Other	3,877,670	-	-
Special Assessments	1,092,326	-	-
Intergovernmental	841,070	1,878,872	-
Licenses and Permits	141,647	-	-
Fines and Forfeitures	233,544	-	-
Developer Fees	-	126,827	631,090
Charges for Services	7,610,710	-	-
Investment Earnings	585,001	-	210,939
Contributions From Property Owners	-	-	-
Other Revenue	87,644	931,898	-
	<u>46,813,880</u>	<u>2,937,597</u>	<u>842,029</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
General Government	6,807,171	311,181	-
Public Safety	29,448,775	-	-
Public Works	6,547,951	4,000,010	-
Community Development	-	-	-
Parks and Recreation	1,150,582	6,800,815	-
Debt Service:			
Principal	502,828	-	-
Interest and Fiscal Charges	61,171	-	-
	<u>44,518,478</u>	<u>11,112,006</u>	<u>-</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,295,402</u>	<u>(8,174,409)</u>	<u>842,029</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Note 2E)	-	7,981,783	-
Transfers Out (Note 2E)	(608,610)	-	(2,098,259)
	<u>(608,610)</u>	<u>7,981,783</u>	<u>(2,098,259)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	1,686,792	(192,626)	(1,256,230)
Fund Balances - Beginning of Year	<u>14,212,986</u>	<u>3,021,612</u>	<u>7,637,158</u>
Fund Balances - Ending	<u>\$ 15,899,778</u>	<u>\$ 2,828,986</u>	<u>\$ 6,380,928</u>

See accompanying notes to financial statements.

CFD 2017-1	Non-Major	Total Governmental	
	Governmental	Funds	
	Funds	2019	2018
\$ -	\$ 695,501	\$ 18,950,630	\$ 17,813,396
-	-	14,089,139	12,645,534
-	2,138,242	6,015,912	5,305,578
-	833,913	1,926,239	1,883,090
-	1,707,648	4,427,590	3,268,990
-	-	141,647	157,522
-	-	233,544	210,855
-	1,544,786	2,302,703	9,002,746
-	-	7,610,710	6,723,181
5,996	359,860	1,161,796	309,310
8,703,847	-	8,703,847	-
-	73,141	1,092,683	537,159
<u>8,709,843</u>	<u>7,353,091</u>	<u>66,656,440</u>	<u>57,857,361</u>
-	46,205	7,164,557	6,193,346
-	147,479	29,596,254	27,588,902
-	2,103,412	12,651,373	12,616,533
-	508,050	508,050	315,174
-	-	7,951,397	1,736,471
-	686,576	1,189,404	1,193,930
-	426,218	487,389	528,649
-	<u>3,917,940</u>	<u>59,548,424</u>	<u>50,173,005</u>
<u>8,709,843</u>	<u>3,435,151</u>	<u>7,108,016</u>	<u>7,684,356</u>
-	23,500	8,005,283	5,141,199
-	(5,298,414)	(8,005,283)	(5,141,199)
-	(5,274,914)	-	-
8,709,843	(1,839,763)	7,108,016	7,684,356
-	<u>14,940,851</u>	<u>39,812,607</u>	<u>32,128,251</u>
<u>\$ 8,709,843</u>	<u>\$ 13,101,088</u>	<u>\$ 46,920,623</u>	<u>\$ 39,812,607</u>

See accompanying notes to financial statements.

**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, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 7,108,016

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	\$	11,695,464	
Depreciation Expense		(8,606,053)	
Loss on Disposal of Assets		<u>(44,861)</u>	3,044,550

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 position. 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	\$	1,189,404	
Amortization of Notes Payable Premium		<u>69,210</u>	1,258,614

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. 7,626

The net effect of 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. 66,823

Expenses were charged to the Statement of Activities for compensated absences, claims payable, net pension liability, pension related deferred outflows and inflows of resources and net OPEB liability. In the governmental funds, these do not require the use of current funds and accordingly are not included.

Net Change in Claims and Judgments	\$	125,469	
Net Change in Compensated Absences		(107,780)	
Net Change in Net Pension Liability		(52,169)	
Net Change in Pension and OPEB Related			
Deferred Outflows and Inflows of Resources		(3,063,489)	
Net Change in Net OPEB Liability		<u>1,299,797</u>	<u>(1,798,172)</u>

Change in Net Position of Governmental Activities \$ 9,687,457

See accompanying notes to financial statements.

**City of Santee**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	Agency Fund	Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and Investments (Note 2A)	\$ 30,953	\$ 1,878,317
Cash and Investments with Fiscal Agent (Note 2A)	657,121	773,542
Receivables:		
Due From Other Governments	1,566	-
Loans (Note 2C)	-	425,107
Interest	936	4,831
Total Assets	690,576	3,081,797
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Refunding Charge (Note 3G)	-	5,980,794
Total Deferred Outflows of Resources	-	5,980,794
<b>LIABILITIES</b>		
Interest Payable	-	737,726
Due to Bondholders	690,576	-
Noncurrent Liabilities (Note 3G):		
Due Within One Year	-	1,545,000
Due in More Than One Year	-	44,251,930
Total Liabilities	690,576	46,534,656
<b>NET POSITION</b>		
Net Position (Deficit) Held in Trust for Successor Agency	\$ -	\$ (37,472,065)

See accompanying notes to financial statements.

**City of Santee**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2019**

	Private Purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 3,210,858
Contributions from Property Owners	-
Investment Earnings	14,492
Total Additions	3,225,350
<b>DEDUCTIONS</b>	
Administrative Costs	36,410
Interest and Fiscal Charges	2,236,071
Total Deductions	2,272,481
Change in Net Position	952,869
Net Position - Beginning of Year	(38,424,934)
Net Position - End of Year	\$ (37,472,065)

See accompanying notes to financial statements.



**City of Santee**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**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) and the Santee Public Financing Authority. The component unit discussed below is included in the reporting entity because of the significance of its operational and financial relationship with the City.

**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 the Santee Community Development Commission. On February 1, 2012, the Santee Community Development Commission was dissolved by legislation from the California State Legislature and a decision by the California Supreme Court. The City of Santee is the Successor Agency of the Santee Community Development Commission which oversees the remaining activities of the former Santee Community Development Commission.

The Authority's Board of Directors is the Santee City Council and therefore is a blended component unit. Separate financial statements for the Santee Public Financing Authority may be obtained at 10601 Magnolia Avenue, Santee, California 92701.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all 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.

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.

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

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

*Public Facilities Fund* – is a capital projects fund used to account for developer fees collected for the construction of park facilities and community buildings.

*CFD 2107-1* – is a capital projects fund used to account for construction related to the Weston Development.

Additionally, the City reports the following fund type:

*Agency Fund* – is used to account for assets held by the City for other governments or individuals. This fund includes debt service transactions on assessment district bonds for which the City is not obligated.

*Private Purpose Trust Fund* – is used to account for the balances and transactions of the Successor Agency to the Santee Community Development Commission.

**C) 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. Revenues from grants, entitlements and donations are 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 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.

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 susceptible to accrual as revenue of the current period. All other revenue items are measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity, such as interfund reimbursements 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**  
**(Continued)**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – 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, except for in the Zone 2 Flood Control District and Street Lighting Tax Funds.

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.

**D) Assets, Liabilities, and Net Position or Equity**

Cash and Investments

The City pools cash resources from all funds 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".

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 November 1 and February 1. 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.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

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. At June 30, 2019 the General Fund is reporting land held for resale with a value of \$439,000 representing four parcels that were conveyed by the Santee Community Development Commission Successor Agency to the City, to be held by the City for future development or sale, subject to a future compensation agreement with the various affected taxing entities as required by law.

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 acquisition value at the date of donation.

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, notes and loans payable, claims payable, compensated absences, net pension liability 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, 2019 is recorded as a long-term liability.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

For governmental funds, the cost of accumulated vacation and comp time is expected to be paid from the General Fund.

Vacation pay is payable to employees at the time used or upon termination of employment. Sick leave accumulated 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:

	Vacation	Sick Leave
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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. The City has three items that qualify for reporting in this category. The first two items are related to pension and OPEB, which arises only under a full accrual basis of accounting. This includes pension and OPEB contributions subsequent to the measurement date of the net pension liability and other amounts, which are amortized over an actuarially determined period. Accordingly, these items are reported in the government-wide statement of net position. The third is related to deferred refunding charges, which resulted from the difference in the carrying value of refunded debts and their reacquisition prices, which is amortized over the remaining life of the bonds. Accordingly, this item is reported only in the fiduciary funds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three types of deferred inflows of resources. One item arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows of resources related to pension and OPEB, which arises only under a full accrual basis of accounting. Accordingly, these items are reported only in the government-wide statement of net position. These amounts are amortized over an actuarially determined period.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

**E) Fair Value Measurements**

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City’s own data.

**F) Pensions**

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

**G) Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, an independent actuary has been engaged. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

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

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

**H) Prior Year Comparative Information**

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government’s prior year financial statement, from which this selected financial data was derived. The City has reclassified certain prior year information to conform to current year presentation.

**I) Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**2) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

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

Cash and Investments	\$ 41,918,893
Cash and Investements with Fiscal Agent	8,560,232
Fiduciary Funds:	
Cash and Investments	1,909,270
Cash and Investments with Fiscal Agent	1,430,663
Total Cash and Investments	<u>\$ 53,819,058</u>



**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

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

Cash on Hand	\$	7,050
Deposits with Financial Institutions		939,145
Investments		<u>52,872,863</u>
Total Cash and Investments	\$	<u>53,819,058</u>

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

The following table 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 <sup>(1)</sup>	Maximum Percentage Of Portfolio <sup>(1)</sup>	Maximum Investment In One Issuer <sup>(1)</sup>
Local Agency Bonds	Yes	5 years	30%	None
U.S. Treasury Obligations	Yes	5 years	None	None
State Obligations— CA And Others	Yes	N/A	30%	None
CA Local Agency Obligations	Yes	N/A	30%	None
Federal Agency Securities	Yes	5 years	None	None
Banker’s Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15% <sup>(2)</sup>	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	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
Supranationals	Yes	N/A	30%	AA

<sup>(1)</sup>Based on state law requirements or investment policy requirements, whichever is more restrictive.

<sup>(2)</sup>An additional 15% may be invested in commercial paper if the dollar-weighted average maturity of the entire amount does not exceed 31 days.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**2) DETAILED NOTES ON ALL FUNDS – 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 and certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
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**  
**(Continued)**

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

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 36 Months	37 to 60 Months	More Than 60 Months
Treasury Securities	\$ 2,986,230	\$ 994,688	\$ 1,991,542	\$ -	\$ -
Federal Agency Securities	6,517,283	3,994,244	2,523,039	-	-
Medium Term Notes	4,580,349	1,100,418	3,276,967	202,964	-
Local Agency Investment Fund (LAIF)	25,535,546	25,535,546	-	-	-
California Asset Management Program (CAMP)	264,770	264,770	-	-	-
Commercial Paper	1,983,194	1,983,194	-	-	-
Certificate of Deposit	1,000,323	501,797	498,526	-	-
Money Market Funds	14,273	14,273	-	-	-
Investments with Fiscal Agent:					
Money Market Funds	9,990,895	9,990,895	-	-	-
<b>Total</b>	<b>\$ 52,872,863</b>	<b>\$ 44,379,825</b>	<b>\$ 8,290,074</b>	<b>\$ 202,964</b>	<b>\$ -</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 by Standard and Poor's Investor's Service.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End			
				AAA	AA	A	Not Rated
Treasury Securities	\$ 2,986,230	N/A	\$ 2,986,230	\$ -	\$ -	\$ -	\$ -
Federal Agency Securities	6,517,283	N/A	-	-	6,517,283	-	-
Medium Term Notes	4,580,349	A	-	992,858	2,885,606	701,885	-
Local Agency Investment Fund Fund (LAIF)	25,535,546	N/A	-	-	-	-	25,535,546
California Asset Management Program (CAMP)	264,770	N/A	-	264,770	-	-	-
Money Market Funds	14,273	A	-	14,273	-	-	-
Commercial Paper	1,983,194	A	-	-	-	1,983,194	-
Certificate of Deposit	1,000,323	N/A	-	-	-	-	1,000,323
Investments with Fiscal Agent:							
Money Market Funds	9,990,895	A	-	9,990,895	-	-	-
<b>Total</b>	<b>\$ 52,872,863</b>		<b>\$ 2,986,230</b>	<b>\$ 11,262,796</b>	<b>\$ 9,402,889</b>	<b>\$ 2,685,079</b>	<b>\$ 26,535,869</b>

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**2) DETAILED NOTES ON ALL FUNDS – 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, CAMP and LAIF. Investments in any one issuer (other than mutual funds or external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	% of Total Investments
Federal National Mortgage Association	Federal Agency	\$ 3,002,226	7.00%
Federal Home Loan Bank	Federal Agency	2,512,501	5.86%

**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.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**2) DETAILED NOTES ON ALL FUNDS – 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) Fair Value Measurements**

The City categorizes certain assets and liabilities within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<b>Investments Measured at Fair Value</b>				
Treasury Securities	\$ 2,986,230	\$ -	\$ 2,986,230	\$ -
Federal Agency Securities	6,517,283	-	6,517,283	-
Medium Term Notes	4,580,349	-	4,580,349	-
Commercial Paper	1,983,194	-	1,983,194	-
Negotiable Certificates of Deposit	<u>1,000,323</u>	<u>-</u>	<u>1,000,323</u>	<u>-</u>
<b>Total Investments Measured at Fair Value</b>	<b>17,067,379</b>	<b><u>\$ -</u></b>	<b><u>\$ 17,067,379</u></b>	<b><u>\$ -</u></b>
<b>Investments Not Measured at Fair Value</b>				
California Asset Management Program (CAMP)	264,770			
Local Agency Investment Fund (LAIF)	25,535,546			
Money Market Funds	<u>10,005,168</u>			
<b>Total Investments</b>	<b><u>\$ 52,872,863</u></b>			

**C) 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, 2019 was \$1,278,500.

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, 2019, net of an allowance for doubtful accounts is \$425,107.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

**D) Capital Assets**

The following table presents summary information on the changes in governmental funds capital assets for the year ended June 30, 2019:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 12,329,103	\$ -	\$ -	\$ 12,329,103
Parks	5,257,745	-	-	5,257,745
Construction in Progress	<u>2,519,362</u>	<u>8,497,456</u>	<u>(649,373)</u>	<u>10,367,445</u>
Total capital assets, not being depreciated	<u>20,106,210</u>	<u>8,497,456</u>	<u>(649,373)</u>	<u>27,954,293</u>
Capital assets, being depreciated:				
Buildings & Improvements	20,422,373	149,985	-	20,572,358
Improvements other than buildings	7,936,248	773,445	-	8,709,693
Equipment	11,388,140	439,848	(38,550)	11,789,438
Vehicles	6,735,326	537,458	-	7,272,784
Infrastructure	<u>267,154,018</u>	<u>1,946,645</u>	<u>(209,315)</u>	<u>268,891,348</u>
Total capital assets, being depreciated	<u>313,636,105</u>	<u>3,847,381</u>	<u>(247,865)</u>	<u>317,235,621</u>
Less accumulated depreciation for:				
Buildings & Improvements	(9,435,738)	(622,418)	-	(10,058,156)
Improvements other than buildings	(3,269,328)	(499,940)	-	(3,769,268)
Equipment	(5,530,900)	(612,001)	32,837	(6,110,064)
Vehicles	(3,793,533)	(525,992)	-	(4,319,525)
Infrastructure	<u>(126,673,887)</u>	<u>(6,345,702)</u>	<u>170,167</u>	<u>(132,849,422)</u>
Total accumulated depreciation	<u>(148,703,386)</u>	<u>(8,606,053)</u>	<u>203,004</u>	<u>(157,106,435)</u>
Total capital assets, being depreciated, net	<u>164,932,719</u>	<u>(4,758,672)</u>	<u>(44,861)</u>	<u>160,129,186</u>
Governmental activities capital assets, net	<u>\$ 185,038,929</u>	<u>\$ 3,738,784</u>	<u>\$ (694,234)</u>	<u>\$ 188,083,479</u>

Depreciation expense was charged to the governmental activities as follows:

General Government	\$ 153,923
Public Safety	657,076
Public Works	6,537,963
Parks & Recreation	<u>1,257,091</u>
Total	<u>\$ 8,606,053</u>

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

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

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

Transfers In	Transfers Out	
Capital Projects	General Fund	\$ 608,610
Capital Projects	Non-Major Governmental Funds	5,274,914
Non-Major Governmental Funds	Non-Major Governmental Funds	23,500
Capital Projects	Public Facilities	<u>2,098,259</u>
	Total	<u>\$ 8,005,283</u>

Transfers are recorded to reflect the reimbursement of expenditures incurred in one fund with resources required to be recorded in other funds when received. Most of the transfers above were made related to funding various capital projects.

**F) Long-term Liabilities**

Changes in Long-term Liabilities

Long-term liability activity for the governmental activities for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 190,000	\$ -	\$ 190,000	\$ -	\$ -
Notes and Loans Payable	9,979,758	-	686,576	9,293,182	713,429
Capital Lease Payable	1,741,324	-	312,827	1,428,497	312,528
Claims and Judgments	1,503,350	610,692	736,161	1,377,881	352,820
Compensated Absences	1,203,497	1,273,544	1,165,765	1,311,276	983,458
Premiums on Long-term Debt	<u>1,019,093</u>	<u>-</u>	<u>69,210</u>	<u>949,883</u>	<u>69,210</u>
Total	<u>\$15,637,022</u>	<u>\$ 1,884,236</u>	<u>\$3,160,539</u>	<u>\$ 14,360,719</u>	<u>\$ 2,431,445</u>

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 borrowed \$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%.



**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

The repayment of debt is the first priority on the use of the City’s annual TransNet revenues. As of June 30, 2019, the City’s total debt outstanding on this note was \$5,053,656.

Annual debt service requirements to maturity on this debt at June 30, 2019 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 387,406	\$ 206,966
2021	398,750	191,600
2022	415,000	175,650
2023	433,750	159,050
2024	448,750	142,813
2025-2029	2,542,500	411,100
2030	427,500	17,100
Total	<u>\$ 5,053,656</u>	<u>\$ 1,304,279</u>

*Revenues Pledged* - The City has pledged a portion of TransNet revenues to repay a note payable to SANDAG. The note payable is secured solely by the TransNet revenues. Total principal and interest remaining on the note payable is \$5,053,656 payable through fiscal year 2030. For the current year, principal and interest paid by the TransNet revenues were \$370,974 and \$221,736, respectively.

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, 2019 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 140,000	\$ 8,449
2021	140,000	5,299
2022	140,000	1,792
Total	<u>\$ 420,000</u>	<u>\$ 15,540</u>

In November 2012, the City entered into an “On-Bill Financing Loan agreement” with the San Diego Gas & Electric Company (SDG&E) whereby SDG&E provided 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 83 months and is repaid monthly on the City’s SDG&E utility bills.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

The monthly savings from the energy efficiency upgrades is estimated to be approximately \$663 and the monthly loan payment to maturity is \$592. Imputed interest on the loan is immaterial and has not been included in these financial statements. The total loan balance outstanding at June 30, 2019 is \$2,962.

Annual loan payments to maturity are as follows:

Year Ending June 30,	Governmental Activities
2020	\$ 2,962
Total	\$ 2,962

On September 10, 2014, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City borrowed \$4,500,000 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 2034. Interest on the note is 3.851%.

The repayment of debt is the first priority on the use of the City’s annual TransNet revenues. As of June 30, 2019, the City’s total debt outstanding on this note was \$3,816,564.

Annual debt service requirements to maturity on this debt at June 30, 2019 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 183,061	\$ 193,000
2021	191,250	184,000
2022	197,500	174,500
2023	208,750	164,750
2024	222,500	154,500
2025-2029	1,281,000	597,250
2030-2034	1,532,503	248,750
Total	\$ 3,816,564	\$ 1,716,750

*Revenues Pledged* – The City has pledged a portion of TransNet revenues to repay a note payable to SANDAG. The note payable is secured solely by the TransNet revenues. Total principal and interest remaining on the note payable is \$5,533,314 payable through fiscal year 2034. For the current year, principal and interest paid by the TransNet revenues were \$173,326 and \$201,500, respectively.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

Capital Lease Payable

On March 1, 2013, the City entered into a Purchase Agreement with Caterpillar Financial Services Corporation in the amount of \$125,222 for the purchase of a 2013 430F Caterpillar Backhoe Loader. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with Caterpillar Financial Services Corporation dated March 21, 2013.

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

Year Ending	Governmental Activities	
June 30,	Principal	Interest
2020	\$ 9,580	\$ 119
Total	\$ 9,580	\$ 119

On September 6, 2013, the City entered into a Purchase Agreement with Oshkosh Capital in the amount of \$559,899 for the purchase of a 2014 Pierce Arrow Triple Combination Pumper. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with Oshkosh Capital dated September 6, 2013.

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

Year Ending	Governmental Activities	
June 30,	Principal	Interest
2020	\$ 85,872	\$ 2,871
2021	43,792	580
Total	\$ 129,664	\$ 3,451

On December 16, 2013, the City entered into a Purchase Agreement with Caterpillar Financial Services Corporation in the amount of \$335,172 for the purchase of a 2014 Vactor Model 2100 Plus Series Jet Rodder. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with Caterpillar Financial Services Corporation dated January 20, 2014.

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

Year Ending	Governmental Activities	
June 30,	Principal	Interest
2020	\$ 28,676	\$ 3,936
2021	29,557	3,055
2022	30,466	2,146
2023	31,402	1,210
2024	16,062	245
Total	\$ 136,163	\$ 10,592

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

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

On August 17, 2015, the City entered into a Purchase Agreement with PNC Equipment Finance in the amount of \$603,055 for the purchase of a 2016 Pierce Arrow XT Pumper. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with PNC Equipment Finance dated August 17, 2015.

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 85,999	\$ 10,831
2021	88,588	8,243
2022	91,254	5,576
2023	94,002	2,829
Total	<u>\$ 359,843</u>	<u>\$ 27,479</u>

On August 17, 2015, the City entered into a Purchase Agreement with PNC Equipment Finance in the amount of \$1,080,907 for the purchase of a 2016 Pierce Arrow XT Tiller. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with PNC Equipment Finance dated August 17, 2015.

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 102,401	\$ 26,653
2021	105,842	23,212
2022	109,398	19,656
2023	113,074	15,980
2024	116,873	12,181
2025-2029	245,659	12,449
Total	<u>\$ 793,247</u>	<u>\$ 110,131</u>

Claims and Judgments

The outstanding liability for claims payable at June 30, 2019 was \$1,377,881. This liability is primarily liquidated from the General Fund.

Compensated Absences, OPEB Obligation and Net Pension Liability

The obligations for compensated absences the OPEB obligation and net pension liability are primarily liquidated from the General Fund. There is no fixed payment schedule for these liabilities.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION**

**A) Risk Management**

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 \$5,000,000 per claim, and purchases insurance for claims in excess of \$5,000,000 up to the California statutory limits.

For General Liability claims, the City carries a self-insured retention of \$150,000 per claim. The City participates in the CSAC Excess Insurance Authority for coverage up to \$25,000,000 per claim, with an additional \$25,000,000 per claim for a total of \$50,000,000 per claim in General Liability Coverage.

Liabilities for workers compensation and other 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 statement 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, 2019 and 2018 were as follows:

	2019	2018
Claims payable, beginning of year	\$ 1,503,350	\$ 1,487,994
Current year claims and changes in estimates	610,692	531,495
Current year claims payments	(736,161)	(516,139)
Claims payable, end of year	\$ 1,377,881	\$ 1,503,350

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2017-18 to fiscal year 2018-19. Furthermore, there was no settlement which exceeded the insurance coverage for the past three years.

**B) Employee Retirement Systems and Pension Plans**

**California Public Employee Retirement System**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the in the City's separate Safety (fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefits provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

Benefits are based on years of credited service, equal to one year of fulltime employment. Members with five years of total service are eligible to retire at age 50 (age 52 for new miscellaneous CalPERS members hired on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	52 - 67+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.750%
Required employer contribution rates	12.212%	6.533%
	Miscellaneous 2nd Tier	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.892%	6.842%
	Safety	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	3.0% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50+	50 - 57+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates	22.346%	12.965%

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

	Safety 2nd Tier	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	3.0% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 57+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates	19.353%	12.965%

<sup>(1)</sup>For new CalPERS members hired on or after January 1, 2013, they are included in their respective PEPRA (California Public Employees’ Pension Reform Act) Plans with the above provisions and benefits.

<sup>(2)</sup>Reflects benefit formulas for current active employees. Other benefit formulas may apply to previously retired employees based on the date of their retirement.

<sup>(3)</sup>Annual retirement benefits as a percentage of Eligible Compensation are determined by multiplying the applicable benefit factor by the number of years of service credit.

**Contribution Description** – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2018 (the measurement date), the active employee contribution rate is 7.952 percent to 12.212 percent of annual pay, and the employer’s contribution rate is from 6.842 percent to 22.346 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

The City’s contributions to each Plan for the year ended June 30, 2019 were as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous 2nd Tier</u>	<u>PEPRA Miscellaneous</u>
Contributions - Employer	\$ 413,239	\$ 105,699	\$ 108,622
	<u>Safety</u>	<u>Safety 2nd Tier</u>	<u>PEPRA Safety</u>
Contributions - Employer	\$ 846,827	\$ 52,617	\$ 150,663

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

*Actuarial Methods and Assumptions used to determine Total Pension Liability* – For the measurement period ending June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 actuarial valuation to determine the June 30, 2018 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Discount Rate** – The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report titled "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.



**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11 + <sup>3</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

<sup>1</sup> In the System's CAFR, Fixed income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.00% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period

***Allocation of Net Pension Liability and Pension Expense to Individual Employers***

The following table shows the City's proportionate share of the net pension liability over the measurement period:

Miscellaneous	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2017	\$ 60,191,787	\$ 44,220,441	\$ 15,971,346
Balance at: 6/30/2018	63,064,809	47,395,629	15,669,180
Net Changes during 2017-18	<u>\$ (2,873,022)</u>	<u>\$ (3,175,188)</u>	<u>\$ 302,166</u>
Safety			
Balance at: 6/30/2017	\$ 86,693,684	\$ 62,503,285	\$ 24,190,399
Balance at: 6/30/2018	89,740,925	65,196,191	24,544,734
Net Changes during 2017-18	<u>\$ (3,047,241)</u>	<u>\$ (2,692,906)</u>	<u>\$ (354,335)</u>
Total			
Balance at: 6/30/2017	\$ 146,885,471	\$ 106,723,726	\$ 40,161,745
Balance at: 6/30/2018	152,805,734	112,591,820	40,213,914
Net Changes during 2017-18	<u>\$ (5,920,263)</u>	<u>\$ (5,868,094)</u>	<u>\$ (52,169)</u>

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

The proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the plan as of June 30, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2017	0.40515%	0.40485%
Proportion - June 30, 2018	0.41577%	0.41831%
Change - Increase (Decrease)	0.01062%	0.01346%

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>Discount Rate</u> 6.15%	<u>Current</u> 7.15%	<u>Discount Rate</u> 8.15%
Net Pension Liability - Miscellaneous	\$ 24,200,032	\$ 15,669,180	\$ 8,627,103
Net Pension Liability - Safety	36,916,095	24,544,734	14,408,618
Net Pension Liability - Total	\$ 61,116,127	\$ 40,213,914	\$ 23,035,721

***Amortization of Deferred Outflows and Deferred Inflows of Resources*** – Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

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

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments at the measurement date is to be amortized over the remaining four-year period. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the EARS L of members provided with pensions through the Plan. The EARS L for the Plan for the June 30, 2018 measurement date is 3.8 years, which was obtained by dividing the total services years by the total number of participants (active, inactive, and retired) in the Plan.

Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

For the year ended June 30, 2019, the City recognized a pension expense of \$1,488,797 for the Miscellaneous Plan and \$2,705,614 for the Safety Plan, which totaled \$4,194,411. As of June 30, 2019, the City reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 627,561	\$ -	\$ 1,050,107	\$ -	\$ 1,677,668	\$ -
Differences between actual contributions made and proportionate share of contributions	-	1,580,394	-	2,030,510	-	3,610,904
Differences between expected and actual experience	601,199	204,584	527,384	2,001	1,128,583	206,585
Changes of assumptions	1,786,333	437,796	2,408,266	324,918	4,194,599	762,714
Net difference between projected and actual earnings on pension plan investments	77,464	-	166,179	-	243,643	-
Adjustment due to differences in proportions	13,743	82,035	586,353	193,816	600,096	275,851
<b>Total</b>	<b>\$ 3,106,300</b>	<b>\$ 2,304,809</b>	<b>\$ 4,738,289</b>	<b>\$ 2,551,245</b>	<b>\$ 7,844,589</b>	<b>\$ 4,856,054</b>

\$1,677,668 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources in the previous table will be recognized in future pension expense as follows:

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

Fiscal Year Ended June 30,	Deferred Outflows/Inflows of Resources		
	Miscellaneous	Safety	Total
2020	\$ 718,731	\$ 1,445,788	\$ 2,164,519
2021	335,412	722,418	1,057,830
2022	(739,278)	(861,260)	(1,600,538)
2023	(140,935)	(170,009)	(310,944)
2024	-	-	-
Thereafter	-	-	-

**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 and administers the retirement plan.

The minimum contribution level is 3.75% for employees and 3.75% for the employer, for a total of 7.50%. All employees are 100% vested upon entering the system. PARS contributions are invested in fixed income pension contracts. The plan's provisions and all other requirements were established by federal statutes. For the year ended June 30, 2019, the City's payroll covered by the plan was \$332,834. The City made employer contributions of \$12,481 (3.75% of covered payroll), and employees contributed \$12,481 (3.75% of covered payroll).

**C) 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.

The City provides a retiree health premium assistance program to certain executive management personnel who retire with at least eight years of service with the City and who meet other program eligibility requirements. The program was revised on January 10, 2018 to limit the application to certain individuals, modifying the benefit to a fixed amount of \$400 per month until age 65, and to sunset the program.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

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.

Employees Covered

As of the June 30, 2018 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	120
Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>169</u>

Contributions

City contributions to the Plan occur as benefits are paid to retirees and/or to an OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes (explicit subsidies) or indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies). In June 2018, the City joined the California Employers' Retiree Benefit Trust (CERBT), an OPEB trust administrator and affiliate program of CalPERS, for the purpose of prefunding obligations for past services.

Net OPEB Liability

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

<b>Actuarial Cost Method:</b>	Entry Age Normal, Level Percent of Pay
<b>Actuarial Assumptions:</b>	
Discount Rate	6.50%
Inflation	2.75% per year
Salary Increases	3.25% per year
Investment Rate of Return	6.50%
Mortality Rate	MacLeod Watts Scale 2017 applied generationally.
Healthcare Trend Rate	Medical plan premiums and claims by costs by age are assumed to increase once each year.

***Discount Rate***

The discount rate used to measure the net OPEB liability was 6.50 percent.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

*Changes in the OPEB Liability*

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability / (Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date: June 30, 2017)	\$ 3,998,957	\$ -	\$ 3,998,957
Changes recognized for the measurement period:			
Service Cost	139,120	-	139,120
Interest	142,834	-	142,834
Changes of assumptions	(866,987)	-	(866,987)
Changes of benefit terms	(129,392)		(129,392)
Contributions - employer	-	583,580	(583,580)
Net investment income	-	1,793	(1,793)
Benefit payments	(183,580)	(183,580)	-
Administrative expense	-	(1)	1
Net Changes	<u>(898,005)</u>	<u>401,792</u>	<u>(1,299,797)</u>
Balance at June 30, 2019 (Measurement Date: June 30, 2018)	<u>\$ 3,100,952</u>	<u>\$ 401,792</u>	<u>\$ 2,699,160</u>

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

The following presents the net OPEB Liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$2,955,270	\$2,699,160	\$2,472,586

*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB Liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

	1% Decrease (7.50%) decreasing to 4.00%)	Current Healthcare Cost Trend Rates (8.50%) decreasing to 5.00%)	1% Increase (9.50%) increasing to 6.00%)
Net OPEB Liability	\$2,493,138	\$2,699,160	\$2,943,998

***Recognition of Deferred Outflows and Deferred Inflows of Resources***

Gains and losses related to changes in net OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (8.1 Years at June 30, 2018)

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$9,573. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 710,317	\$ -
Net difference between projected and actual experience	-	1,435
Changes of assumptions	-	949,673
<b>Total</b>	<b>\$ 710,317</b>	<b>\$ 951,108</b>

The \$710,317 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB Liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ (142,990)
2021	(142,990)
2022	(142,990)
2023	(141,197)
2024	(133,863)
Thereafter	(247,078)

**D) Net Position and Fund Balances**

**Net Position**

In the Government-wide Financial Statements, net position is classified in the following categories:

*Net investment in capital assets* describes the portion of net position 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 position 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 position which is not restricted to use.

The details of the restricted other purposes in the Statement of Net Position are presented below:

Community Development	\$ 1,398,314
Law Enforcement	52,980
Traffic Management	803,573
Landscape Maintenance	484,991
Debt Service	525,000
Storm Drains and Channels	2,582,834
Street Lighting	1,781,153
Mobile Home Park Ordinance Administration	105,361
	\$ 7,734,206



**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

**Fund Balances**

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.

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**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

The details of the fund balances as of June 30, 2019 are presented below:

	Governmental					Total Funds
	General Fund	Capital Projects Fund	Public Facilities Fund	CFD 2017 Project Fund	Non-Major Funds	
Nonspendable:						
Prepays	\$ 42,198	\$ -	\$ -	\$ -	\$ -	\$ 42,198
Inventory	2,907	-	-	-	-	2,907
Land held for resale	439,000	-	-	-	-	439,000
Restricted for:						
Law Enforcement	-	-	-	-	52,980	52,980
Traffic Management	-	-	-	-	803,573	803,573
Landscape Maintenance	-	-	-	-	484,991	484,991
Debt Service	525,000	-	-	-	-	525,000
Community Development	-	-	-	-	1,398,314	1,398,314
Streets and Roads	-	-	-	-	5,064,222	5,064,222
Storm Drains and Channels	-	-	-	-	2,582,834	2,582,834
Capital Projects	-	834,460	6,380,928	8,709,843	618,938	16,544,169
Street Lighting	-	-	-	-	1,781,153	1,781,153
Mobile Home Park Ordinance Admin	-	-	-	-	105,361	105,361
Committed to:						
General Contracts	199,773	-	-	-	-	199,773
Fire Equipment and Supplies	503,745	-	-	-	20,008	523,753
Capital Projects	-	1,941,611	-	-	202,103	2,143,714
Subsequent Year's Budget	855,370	-	-	-	-	855,370
Software Upgrade	-	52,915	-	-	-	52,915
Assigned to:						
General Contracts	65,000	-	-	-	-	65,000
Fire Equipment and Supplies	36,415	-	-	-	-	36,415
Public Works	41,657	-	-	-	-	41,657
Employee Development	18,414	-	-	-	-	18,414
Paramedic Program	98,373	-	-	-	-	98,373
Recreation Programs	145,424	-	-	-	-	145,424
Self Insurance	1,053,616	-	-	-	-	1,053,616
Vehicle Replacement	860,930	-	-	-	-	860,930
Library	8,711	-	-	-	-	8,711
Other Purposes	85,343	-	-	-	-	85,343
Unassigned	10,917,902	-	-	-	(13,389)	10,904,513
<b>Total Fund Balances</b>	<b>\$ 15,899,778</b>	<b>\$ 2,828,986</b>	<b>\$ 6,380,928</b>	<b>\$ 8,709,843</b>	<b>\$ 13,101,088</b>	<b>\$ 46,920,623</b>

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

**E) Commitments and Contingencies**

The City participates in several 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, 2019, 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 a 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.

**F) Tax Abatements**

The City negotiates tax abatement agreements on an individual basis. The City has one tax abatement agreement as of June 30, 2019:

In June 2013, the City Council adopted a resolution to abate 50 percent of local sales tax revenues actually received by the City to a supply company for maintaining permanent office space within the City limits. The abatement amounted was \$1,501,498 during fiscal year 2019.

**G) Successor Agency Long-term Obligations**

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, 2014, a portion of the assets have been accepted and transferred to the County Housing Authority. The remaining assets are currently reported in the Successor Agency Private Purpose Trust Fiduciary Fund. 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.

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).

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

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

The following is a summary of changes in the Successor Agency long-term obligations for the year:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>Fiduciary Fund:</b>					
Bonds Payable	\$ 42,580,000	\$ -	\$ (1,525,000)	\$ 41,055,000	\$ 1,545,000
Premium on Bonds	<u>4,956,659</u>	<u>-</u>	<u>(214,729)</u>	<u>4,741,930</u>	<u>-</u>
Total	<u>\$ 47,536,659</u>	<u>\$ -</u>	<u>\$ (1,739,729)</u>	<u>\$ 45,796,930</u>	<u>\$ 1,545,000</u>

Tax Allocation Bonds

**2016 Tax Allocation Bonds Series A and Series B**

On November 8, 2016 the Community Development Commission Successor Agency of the City of Santee issued 2016 Tax Allocation Refunding Bonds Series A in the amount of \$39,125,000 and 2016 Tax Allocation Refunding Bonds Series B in the amount of \$5,445,000 respectively. Proceeds from the 2016 Bonds Series A and Series B were used to refund the 2005 Tax Allocation Bonds and advance refund the 2011 Series A and Series B Tax Allocation Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7,780,080, which is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations through the year 2041. The balance at June 30, 2019, net of amortization is \$5,980,794.

The 2016 Series A consist of \$32,965,000 of serial bonds and \$6,160,000 of term bonds. The serial bonds accrue interest at rates between 3.125% and 5.000% and mature between August 1, 2020 and August 1, 2036. The term bonds accrue interest rates between 3.250% and 3.375% and mature between August 1, 2038 and August 1, 2041.

The 2016 Series B consist of \$5,445,000 of serial bonds. The serial bonds accrue interest at rates between 1.270% and 2.000% and mature between August 1, 2017 and August 1, 2020.

As of June 30, 2019, the outstanding balance on the 2016 Series A and B Tax Allocation Bonds was \$39,125,000 and \$1,930,000, respectively.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

Annual debt service requirements to maturity on this debt at June 30, 2019 are as follows:

Year Ending June 30,	2016 Series A		2016 Series B	
	Principal	Interest	Principal	Interest
2020	\$ -	\$ 1,736,581	\$ 1,545,000	\$ 33,965
2021	1,185,000	1,736,581	385,000	7,700
2022	1,625,000	1,689,181	-	-
2023	1,695,000	1,624,181	-	-
2024	1,775,000	1,539,431	-	-
2025-2029	10,295,000	6,274,155	-	-
2030-2034	13,135,000	3,429,905	-	-
2035-2039	5,600,000	1,196,800	-	-
2040-2044	3,815,000	260,381	-	-
Total	<u>\$ 39,125,000</u>	<u>\$ 19,487,196</u>	<u>\$ 1,930,000</u>	<u>\$ 41,665</u>

***Contingencies***

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

**H) Joint Powers Authorities**

The City is a member of two joint powers authorities at June 30, 2019. Complete financial statements for each joint powers’ authority may be obtained at the City of El Cajon, Finance Department, 200 Civic Center Way, El Cajon, California 92020. A summary of each joint powers authority, the City’s participation and any related party transactions with each authority are as follows:

Heartland Fire Training Authority

The purpose of the Heartland Fire Training Authority (HFTA) is to provide a fire-fighting training facility and training courses for personnel of the member agencies. On December 1, 1973, an agreement was entered into by the City of El Cajon, City of La Mesa and the Fire Protection Districts of Santee, Lakeside and Spring Valley to form a Joint Powers Authority for training. In later years the agreement was amended to change the name of Spring Valley to San Miguel as well as recognizing the incorporation of the City of Santee. The Authority is governed by a Commission which is comprised of elected officials from each member jurisdiction, along with a Board of Fire Chiefs which includes each respective Fire Chief.

The annual budget is derived from fees paid by participating agencies which are based on a formula using the number of on-duty personnel from each agency. Funds are also generated from contract agencies, the rental of the facility to other public safety agencies, and from the delivery of College Fire Science classes.

**City of Santee**  
**Notes to Financial Statements**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

Contract agencies have the ability to utilize all of the available resources but are not voting members. The Barona Fire Protection District and Viejas Fire Department contract with HFTA, which allows their personnel to participate in training activities offered by HFTA. For fiscal year 2018-19, the JPA members included the Cities of El Cajon, La Mesa, Lemon Grove, and Santee; County of San Diego, and the following fire protection districts; Alpine, Bonita-Sunnyside, Lakeside, and San Miguel.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2019. Upon dissolution of HTFA, all surplus money and property of HFTA would be conveyed or distributed to each member in proportion to all funds provided by HFTA by that member on behalf of that member during its membership.

Heartland Communications Facility Authority

The purpose of the Heartland Communication Facility Authority (HCFA) is to equip, maintain, operate and staff a facility to provide emergency call receiving and dispatching services to member agencies. HCFA was created on June 25, 1986, by a Joint Powers Agreement (JPA) between several cities and fire protection districts in San Diego County. For fiscal year 2018-19, the JPA members included: Cities of El Cajon, La Mesa, Lemon Grove, and Santee, and the following fire protection districts, Alpine, Bonita-Sunnyside, Lakeside and Viejas Fire Department. One elected official from each participating entity is appointed to HCFA as a board member of the commission. The commission approves an annual budget based on the costs of operating the Authority. Additionally, the Barona Fire Protection District and Sycuan Fire Department contract with HCFA for emergency call receiving and dispatching.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2019. Upon dissolution of HCFA, all surplus money and property of HCFA would be conveyed or distributed to each member in proportion to all funds provided to HCFA by that member on behalf of that member during its membership.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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**City of Santee**  
**Schedule of the City's Proportionate Share of Net Pension Liability**  
**CalPERS Miscellaneous Pension Plan**  
**Last Ten Years<sup>(1)</sup>**

	Measurement Date				
	06/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the Collective Net Pension Liability	0.41577%	0.40515%	0.39934%	0.41368%	0.14923%
Proportionate Share of the Collective Net Pension Liability	\$ 15,669,180	\$ 15,971,346	\$ 13,872,609	\$ 11,349,237	\$ 9,285,501
Covered Payroll	\$ 5,591,109	\$ 5,571,435	\$ 5,666,347	\$ 5,441,575	\$ 5,525,467
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	280.25%	286.66%	244.82%	208.57%	168.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.69%	75.39%	75.87%	79.89%	81.30%

**Notes to Schedule:**

- 1) Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only five years are shown.
- 2) Benefit Changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes, as well as any offers of Two Years Additional Service Credit (aka Golden Handshakes).
- 3) Changes in Assumptions. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.500 percent to 7.000 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2018-19 determined in this valuation were calculated using a discount rate of 7.375 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 7.500 percent (net of administrative expense) to 7.650 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.500 percent discount rate.

**City of Santee**  
**Schedule of the City's Proportionate Share of Net Pension Liability**  
**CalPERS Safety Pension Plan**  
**Last Ten Years<sup>(1)</sup>**

	Measurement Date				
	06/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the Collective Net Pension Liability	0.41831%	0.40485%	0.40708%	0.36819%	0.22363%
Proportionate Share of the Collective Net Pension Liability	\$ 24,544,734	\$ 24,190,399	\$ 21,083,383	\$ 15,171,247	\$ 13,915,540
Covered Payroll	\$ 5,214,863	\$ 4,875,857	\$ 4,646,375	\$ 4,601,259	\$ 4,804,533
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	470.67%	496.13%	453.76%	329.72%	289.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.39%	71.74%	72.69%	77.27%	81.11%

**Notes to Schedule:**

- 1) Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only five years are shown.
- 2) Benefit Changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes, as well as any offers of Two Years Additional Service Credit (aka Golden Handshakes).
- 3) Changes in Assumptions. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.500 percent to 7.000 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2018-19 determined in this valuation were calculated using a discount rate of 7.375 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 7.500 percent (net of administrative expense) to 7.650 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.500 percent discount rate.

**City of Santee**  
**Schedule of Employer Contributions**  
**CalPERS Miscellaneous Pension Plan**  
**Last Ten Years<sup>(1)</sup>**

	Fiscal Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially Determined Contribution	\$ 627,561	\$ 574,812	\$ 618,112	\$ 576,328	\$ 1,600,974
Contributions in Relation to the Actuarially Determined Contribution	<u>627,561</u>	<u>574,812</u>	<u>618,112</u>	<u>576,328</u>	<u>1,600,974</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 6,160,160	\$ 5,591,109	\$ 5,571,435	\$ 5,666,347	\$ 5,441,575
Contributions as a Percentage of Covered Payroll	10.19%	10.28%	11.09%	10.17%	29.42%

**Notes to Schedule:**

Fiscal Year End: 06/30/19  
Valuation Date: 06/30/16

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll
Asset Valuation Method	Market Value
Discount Rate	7.375%
Projected Salary Increase	3.20% to 12.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of

<sup>(1)</sup> Fiscal year 2015 was the first year of implementation, therefore only five years are shown

**City of Santee**  
**Schedule of Employer Contributions**  
**CalPERS Safety Pension Plan**  
**Last Ten Years<sup>(1)</sup>**

	Fiscal Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially Determined Contribution	\$ 1,050,107	\$ 1,026,156	\$ 978,484	\$ 943,856	\$ 1,446,146
Contributions in Relation to the Actuarially Determined Contribution	<u>1,050,107</u>	<u>1,026,156</u>	<u>978,484</u>	<u>943,856</u>	<u>1,446,146</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,223,569	\$ 5,214,863	\$ 4,875,857	\$ 4,646,375	\$ 4,601,259
Contributions as a Percentage of Covered Payroll	20.10%	19.68%	20.07%	20.31%	31.43%

**Notes to Schedule:**

Fiscal Year End: 06/30/19  
Valuation Date: 06/30/16

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll
Asset Valuation Method	Market Value
Discount Rate	7.375%
Projected Salary Increase	3.20% to 12.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of

<sup>(1)</sup> Fiscal year 2015 was the first year of implementation, therefore only five years are shown

**City of Santee**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Ten Years <sup>(1)</sup>**

Measurement Period June 30,	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 139,120	\$ 150,770
Interest on the total OPEB liability	142,834	120,577
Actual and expected experience difference	-	-
Changes in assumptions	(866,987)	(258,131)
Changes in benefit terms	(129,392)	-
Benefit payments	(183,580)	(188,513)
Net change in total OPEB liability	(898,005)	(175,297)
Total OPEB liability - beginning	3,998,957	4,174,254
Total OPEB liability - ending (a)	\$ 3,100,952	\$ 3,998,957
<b>Plan Fiduciary Net Position</b>		
Contribution - employer	\$ 583,580	\$ 188,513
Net investment income	1,793	-
Benefit payments	(183,580)	(188,513)
Administrative expense	(1)	-
Net change in plan fiduciary net position	401,792	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 401,792	\$ -
Net OPEB liability - ending (a)-(b)	\$ 2,699,160	\$ 3,998,957
Covered-employee payroll	\$ 12,810,026	\$ 10,190,974
Net OPEB liability as a percentage of covered-employee payroll	21.07%	39.24%

**Notes to Schedule:**

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**City of Santee**  
**Schedule of OPEB Contributions**  
**Last Ten Fiscal Years <sup>(1)</sup>**

Fiscal Year Ended June 30	2019	2018
Actuarially Determined Contribution (ADC)	\$ 304,439	\$ 297,863
Contributions in relation to the ADC	710,317	583,580
Contribution deficiency (excess)	\$ (405,878)	\$ (285,717)
Covered-employee payroll	\$ 13,811,937	\$ 12,810,026
Contributions as a percentage of covered-employee payroll	5.14%	4.56%

**Notes to Schedule:**

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

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay; 30 years closed
Asset Valuation Method	Market value of assets
Inflation	2.75% per annum
Healthcare cost-trend rates	8.5% initial to 5.0%, in steps of 0.5%
Payroll Growth	3.25% per annum, in aggregate
Investment Rate of Return	6.50% per annum.
Retirement age	From 50 to 75
Discount Rates	6.5% As of June 30,2017
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.
Mortality Improvement	MW Scale 2017 generationally

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property Taxes	\$ 17,953,400	\$ 18,225,700	\$ 18,255,129	\$ 29,429
Sales	12,804,000	13,353,800	14,089,139	735,339
Other	3,768,000	3,865,000	3,877,670	12,670
Special Assessments	1,084,500	1,091,800	1,092,326	526
Intergovernmental	257,100	702,387	841,070	138,683
Licenses and Permits	180,800	151,500	141,647	(9,853)
Fines and Forfeitures	157,300	186,800	233,544	46,744
Charges for Services	6,524,150	7,378,650	7,610,710	232,060
Investment Earnings	154,600	167,500	585,001	417,501
Other Revenue	33,800	91,498	87,644	(3,854)
<b>Total Revenues</b>	<u>42,917,650</u>	<u>45,214,635</u>	<u>46,813,880</u>	<u>1,599,245</u>
<b>EXPENDITURES</b>				
Current:				
City Council	428,330	448,970	428,919	20,051
City Manager	894,350	985,802	898,146	87,656
City Attorney	494,000	636,686	636,587	99
City Clerk	381,400	491,583	397,947	93,636
Information Technology	404,610	405,960	374,601	31,359
Finance	1,187,110	1,274,565	1,140,958	133,607
Human Resources & Risk Management	979,900	1,048,780	1,031,209	17,571
Law Enforcement	14,570,400	14,571,400	14,565,700	5,700
Fire	13,997,270	15,387,577	14,458,275	929,302
Animal Control	434,800	434,800	424,804	9,996
Development Services	3,709,530	4,175,547	3,850,596	324,951
Community Services	4,458,790	4,707,505	4,245,239	462,266
Non-Departmental	1,474,900	1,365,800	1,501,498	(135,698)
Debt Service:				
Principal	502,840	502,840	502,828	12
Interest and Fiscal Charges	61,210	61,210	61,171	39
<b>Total Expenditures</b>	<u>43,979,440</u>	<u>46,499,025</u>	<u>44,518,478</u>	<u>1,980,547</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,061,790)</u>	<u>(1,284,390)</u>	<u>2,295,402</u>	<u>3,579,792</u>

Continued



**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund - Continued**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	<u>-</u>	<u>(608,610)</u>	<u>(608,610)</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>-</u>	 <u>(608,610)</u>	 <u>(608,610)</u>	 <u>-</u>
 Net Change in Fund Balance	 (1,061,790)	 (1,893,000)	 1,686,792	 3,579,792
Fund Balance, Beginning	<u>14,212,986</u>	<u>14,212,986</u>	<u>14,212,986</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 13,151,196</u>	<u>\$ 12,319,986</u>	<u>\$ 15,899,778</u>	<u>\$ 3,579,792</u>

**City of Santee**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2019**

**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 Capital Projects Funds. However, no budget is prepared for the Paramedic Equipment and HOME Investment Partnership Special Revenue Funds.
3. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles. A one-year operating budget was adopted on June 13, 2018 for 2018-19 fiscal year. A multi-year Capital Program budget was adopted June 28, 2017 that authorized the capital project budgets for fiscal years 2017-18 and 2018-19. Budgetary comparisons are not presented for Capital Project Funds. Because of the long-term nature of projects, “annual” budget comparisons are not considered meaningful, and accordingly, are not 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. The final budget expenditure amounts represent original appropriations adjusted by prior year encumbrances, designated amounts carried forward, and supplemental appropriations adjustments approved by City Council during the year. For the General Fund, during 2018-19, the City made prior year encumbrance adjustments of \$627,945, designated carryforward adjustments of \$295,340, and supplemental appropriations totaling \$1,596,300. 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, 2019, based on the calculations by City management, proceeds of taxes did not exceed the appropriations limit.

# **SUPPLEMENTARY INFORMATION**

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**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**  
**(with comparative information for prior year)**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds	
			2019	2018
<b>ASSETS</b>				
Cash and Investments	\$ 4,148,046	\$ 7,676,331	\$ 11,824,377	\$ 13,591,955
Accounts Receivable	-	-	-	400
Loans Receivable	1,278,500	-	1,278,500	1,318,500
Interest Receivable	21,635	39,153	60,788	49,661
Due from Other Governments	<u>255,992</u>	<u>-</u>	<u>255,992</u>	<u>245,463</u>
 Total Assets	 <u>\$ 5,704,173</u>	 <u>\$ 7,715,484</u>	 <u>\$ 13,419,657</u>	 <u>\$ 15,205,979</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 294,179	\$ -	\$ 294,179	\$ 259,930
Accrued Liabilities	776	-	776	638
Due to other funds	<u>19,786</u>	<u>-</u>	<u>19,786</u>	<u>-</u>
 Total Liabilities	 <u>314,741</u>	 <u>-</u>	 <u>314,741</u>	 <u>260,568</u>
Deferred Inflows of Resources:				
Unavailable Revenues - Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,560</u>
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>4,560</u>
Fund Balances:				
Restricted	5,382,120	7,510,246	12,892,366	14,745,309
Committed	20,008	202,103	222,111	16,636
Assigned	-	-	-	178,906
Unassigned	<u>(13,389)</u>	<u>-</u>	<u>(13,389)</u>	<u>-</u>
 Total Fund Balances	 <u>5,388,739</u>	 <u>7,712,349</u>	 <u>13,101,088</u>	 <u>14,940,851</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 5,703,480</u>	 <u>\$ 7,712,349</u>	 <u>\$ 13,415,829</u>	 <u>\$ 15,205,979</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2019**  
**(with comparative information for prior year)**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds	
			2019	2018
<b>REVENUES</b>				
Property Taxes	\$ 695,501	\$ -	\$ 695,501	\$ 661,810
Other Taxes	2,138,242	-	2,138,242	1,546,929
Special Assessments	833,913	-	833,913	799,570
Intergovernmental	409,278	1,298,370	1,707,648	2,192,401
Developer Fees	-	1,544,786	1,544,786	5,923,420
Investment Earnings	114,498	245,362	359,860	97,612
Other Revenue	73,141	-	73,141	49,208
	<u>4,264,573</u>	<u>3,088,518</u>	<u>7,353,091</u>	<u>11,270,950</u>
<b>EXPENDITURES</b>				
Current:				
General Government	46,205	-	46,205	32,818
Public Safety	147,479	-	147,479	164,151
Public Works	2,096,012	7,400	2,103,412	1,946,926
Community Development	508,050	-	508,050	315,174
Debt Service:				
Principal	147,107	539,469	686,576	665,042
Interest and Fiscal Charges	11,123	415,095	426,218	450,718
	<u>2,955,976</u>	<u>961,964</u>	<u>3,917,940</u>	<u>3,574,829</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,308,597</u>	<u>2,126,554</u>	<u>3,435,151</u>	<u>7,696,121</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	23,500	-	23,500	25,149
Transfers Out	(814,057)	(4,484,357)	(5,298,414)	(3,536,079)
	<u>(790,557)</u>	<u>(4,484,357)</u>	<u>(5,274,914)</u>	<u>(3,510,930)</u>
Net Change in Fund Balances	518,040	(2,357,803)	(1,839,763)	4,185,191
Fund Balances - Beginning of Year	<u>4,870,699</u>	<u>10,070,152</u>	<u>14,940,851</u>	<u>10,755,660</u>
Fund Balances - End of Year	<u>\$ 5,388,739</u>	<u>\$ 7,712,349</u>	<u>\$ 13,101,088</u>	<u>\$ 14,940,851</u>



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**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2019**

**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.

**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, and the Road Repair and Accountability Act of 2017 (SB1). These funds are used for maintenance and rehabilitation of local streets and roads.

**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 purposes.

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

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

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

**Street Lighting Tax Fund** - is used to account for property taxes to provide and maintain general benefit streetlight services.

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

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

**CFD 2015-1** - is used to account for property tax assessments on benefitting properties, for the cost of certain municipal maintenance services, including storm water facilities.

**SAFE Program Fund** – is used to account for SAFE (Service Authority for Freeway Emergencies) program fund which provides for the expenditure of Santee’s share of excess program reserve funds that were distributed to all cities and the county in accordance with Assembly Bill 1572. This funding is used to support traffic management and traffic operations center activities.

**CASp Certification** - is used to account for State mandated fees collected during the issuance of new and renewed business licenses, for increased certified access specialist (CASp) training and certification within the jurisdiction and to facilitate compliance with construction-related accessibility requirements.



**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2019**

**Special Revenue Funds (Continued)**

**CFD 2017-2** – is used to account for property tax assessments collected in order to provide various public services related to the Weston Development.

**Highway 52 Coalition Fund** – is used to account for public and private donations to be utilized for educating local, state and federal lawmakers and officials about funding needed to improve Highway 52 and the surrounding corridors.

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2019**  
**(with comparative information for prior year)**

	Supplemental Law Enforcement	Asset Seizure	Gas Tax	HOME Investment Partnership
<b>ASSETS</b>				
Cash and Investments	\$ 73,263	\$ 2,754	\$ 1,265,138	\$ 126,156
Accounts Receivable	-	-	-	-
Loans Receivable	-	-	-	1,278,500
Interest Receivable	368	15	6,385	679
Due From Other Governments	-	-	192,680	-
	<u>-</u>	<u>-</u>	<u>192,680</u>	<u>-</u>
 Total Assets	 <u>\$ 73,631</u>	 <u>\$ 2,769</u>	 <u>\$ 1,464,203</u>	 <u>\$ 1,405,335</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 23,420	\$ -	\$ 155,440	\$ 49,202
Accrued Liabilities	-	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>23,420</u>	 <u>-</u>	 <u>155,440</u>	 <u>49,202</u>
 Deferred Inflows of Resources:				
Unavailable Revenue - Intergovernmental	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balances:				
Restricted	50,211	2,769	1,308,763	1,356,133
Committed	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>50,211</u>	 <u>2,769</u>	 <u>1,308,763</u>	 <u>1,356,133</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 73,631</u>	 <u>\$ 2,769</u>	 <u>\$ 1,464,203</u>	 <u>\$ 1,405,335</u>

Continued

<u>Zone 2 Flood Control District</u>	<u>Community Development Block Grant</u>	<u>Town Center Landscape Maintenance</u>	<u>Santee Landscape Maintenance</u>
\$ 187,242	\$ -	\$ 326,171	\$ 173,336
-	-	-	-
-	-	-	-
951	-	1,614	922
<u>4,287</u>	<u>44,556</u>	<u>8,246</u>	<u>280</u>
<u>\$ 192,480</u>	<u>\$ 44,556</u>	<u>\$ 336,031</u>	<u>\$ 174,538</u>

\$ 6,244	\$ 13,101	\$ 18,467	\$ 7,113
-	-	-	-
-	-	-	-
-	11,382	-	-
<u>6,244</u>	<u>24,483</u>	<u>18,467</u>	<u>7,113</u>

-      -      -      -

-      -      -      -

186,236	20,073	317,564	167,425
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>186,236</u>	<u>20,073</u>	<u>317,564</u>	<u>167,425</u>

\$ 192,480      \$ 44,556      \$ 336,031      \$ 174,538

Continued

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds - Continued**  
**June 30, 2019**  
**(with comparative information for prior year)**

	Mobile Home Park Assessment	Street Lighting Tax	Roadway Lighting District	Paramedic Equipment
<b>ASSETS</b>				
Cash and Investments	\$ 106,767	\$ 1,187,269	\$ 593,755	\$ 19,903
Accounts Receivable	-	-	-	-
Loans Receivable	-	-	-	-
Interest Receivable	581	6,387	3,182	105
Due From Other Governments	-	3,492	2,160	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 107,348</u>	<u>\$ 1,197,148</u>	<u>\$ 599,097</u>	<u>\$ 20,008</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 517	\$ 6,585	\$ 8,508	\$ -
Accrued Liabilities	776	-	-	-
Unearned Revenue	693	-	-	-
Due to Other Funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>1,986</u>	<u>6,585</u>	<u>8,508</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Intergovernmental	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	105,362	1,190,563	590,589	-
Committed	-	-	-	20,008
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>105,362</u>	<u>1,190,563</u>	<u>590,589</u>	<u>20,008</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 107,348</u>	<u>\$ 1,197,148</u>	<u>\$ 599,097</u>	<u>\$ 20,008</u>

Continued

CFD 2015-1	SAFE Program	CASp Certification	CFD 2017-2	Highway 52 Coalition	Total Non-Major Special Revenue Funds	
					2019	2018
\$ 3,854	\$ 60,123	\$ 18,259	\$ 4,052	\$ 4	\$ 4,148,046	\$ 3,553,543
-	-	-	-	-	-	400
-	-	-	-	-	1,278,500	1,318,500
20	326	-	89	11	21,635	13,912
-	-	-	291	-	255,992	245,463
<u>\$ 3,874</u>	<u>\$ 60,449</u>	<u>\$ 18,259</u>	<u>\$ 4,432</u>	<u>\$ 15</u>	<u>\$ 5,704,173</u>	<u>\$ 5,131,818</u>
\$ -	\$ -	\$ 560	\$ 22	\$ 5,000	\$ 294,179	\$ 259,930
-	-	-	-	-	776	638
-	-	-	-	-	693	-
-	-	-	-	8,404	19,786	-
-	-	560	22	13,404	315,434	260,568
-	-	-	-	-	-	551
-	-	-	-	-	-	551
3,874	60,449	17,699	4,410	-	5,382,120	4,854,063
-	-	-	-	-	20,008	16,636
-	-	-	-	(13,389)	(13,389)	-
<u>3,874</u>	<u>60,449</u>	<u>17,699</u>	<u>4,410</u>	<u>(13,389)</u>	<u>5,388,739</u>	<u>4,870,699</u>
<u>\$ 3,874</u>	<u>\$ 60,449</u>	<u>\$ 18,259</u>	<u>\$ 4,432</u>	<u>\$ 15</u>	<u>\$ 5,704,173</u>	<u>\$ 5,131,818</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**Year Ended June 30, 2019**  
**(with comparative information for prior year)**

	Supplemental Law Enforcement	Asset Seizure	Gas Tax	HOME Investment Partnership
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	2,138,242	-
Special Assessments	-	-	-	-
Intergovernmental	148,747	-	-	-
Investment Earnings	1,864	78	30,298	11,471
Other Revenue	-	-	9,708	-
	<u>-</u>	<u>-</u>	<u>9,708</u>	<u>-</u>
Total Revenues	<u>150,611</u>	<u>78</u>	<u>2,178,248</u>	<u>11,471</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	140,520	-	-	-
Public Works	-	-	1,151,272	-
Community Development	-	-	-	49,202
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>140,520</u>	<u>-</u>	<u>1,151,272</u>	<u>49,202</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,091</u>	<u>78</u>	<u>1,026,976</u>	<u>(37,731)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(813,931)	-
	<u>-</u>	<u>-</u>	<u>(813,931)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(813,931)</u>	<u>-</u>
Net Change in Fund Balances	10,091	78	213,045	(37,731)
Fund Balances - Beginning of Year	<u>40,120</u>	<u>2,691</u>	<u>1,095,718</u>	<u>1,393,864</u>
Fund Balances (Deficit) - End of Year	<u>\$ 50,211</u>	<u>\$ 2,769</u>	<u>\$ 1,308,763</u>	<u>\$ 1,356,133</u>

Continued

<u>Zone 2 Flood Control District</u>	<u>Community Development Block Grant</u>	<u>Town Center Landscape Maintenance</u>	<u>Santee Landscape Maintenance</u>
\$ 375,366	\$ -	\$ -	\$ -
-	-	-	-
-	-	322,560	106,465
-	250,271	-	-
4,578	125	8,183	4,562
-	-	-	-
<u>379,944</u>	<u>250,396</u>	<u>330,743</u>	<u>111,027</u>
-	-	-	-
-	-	-	-
-	-	326,017	88,756
359,698	99,150	-	-
-	140,000	-	-
-	11,123	-	-
<u>359,698</u>	<u>250,273</u>	<u>326,017</u>	<u>88,756</u>
<u>20,246</u>	<u>123</u>	<u>4,726</u>	<u>22,271</u>
-	-	23,500	-
<u>(126)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(126)</u>	<u>-</u>	<u>23,500</u>	<u>-</u>
20,120	123	28,226	22,271
<u>166,116</u>	<u>19,950</u>	<u>289,338</u>	<u>145,154</u>
<u>\$ 186,236</u>	<u>\$ 20,073</u>	<u>\$ 317,564</u>	<u>\$ 167,425</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, 2019**  
**(with comparative information for prior year)**

	<u>Mobile Home Park Assessment</u>	<u>Street Lighting Tax</u>	<u>Roadway Lighting District</u>	<u>Paramedic Equipment</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ 320,135	\$ -	\$ -
Other Taxes	-	-	-	-
Special Assessments	41,517	-	333,387	-
Intergovernmental	-	-	-	-
Investment Earnings	2,833	31,279	16,457	522
Other Revenue	<u>-</u>	<u>-</u>	<u>245</u>	<u>2,850</u>
Total Revenues	<u>44,350</u>	<u>351,414</u>	<u>350,089</u>	<u>3,372</u>
<b>EXPENDITURES</b>				
Current:				
General Government	21,931	-	-	-
Public Safety	-	-	-	-
Public Works	-	132,475	322,329	-
Community Development	-	-	-	-
Debt Service:				
Principal	-	-	7,107	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>21,931</u>	<u>132,475</u>	<u>329,436</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>22,419</u>	<u>218,939</u>	<u>20,653</u>	<u>3,372</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	22,419	218,939	20,653	3,372
Fund Balances - Beginning of Year	<u>82,943</u>	<u>971,624</u>	<u>569,936</u>	<u>16,636</u>
Fund Balances (Deficit) - End of Year	<u>\$ 105,362</u>	<u>\$ 1,190,563</u>	<u>\$ 590,589</u>	<u>\$ 20,008</u>

Continued



CFD 2015-1	SAFE Program	CASp Certification	CFD 2017-2	Highway 52 Coalition	Total Non-Major Special Revenue Funds	
					2019	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 695,501	\$ 661,810
-	-	-	-	-	2,138,242	1,546,929
1,561	-	-	28,423	-	833,913	799,570
-	-	10,260	-	-	409,278	386,934
103	1,786	-	261	98	114,498	23,270
-	-	-	-	60,338	73,141	11,026
<u>1,664</u>	<u>1,786</u>	<u>10,260</u>	<u>28,684</u>	<u>60,436</u>	<u>4,264,573</u>	<u>3,429,539</u>
-	-	-	24,274	-	46,205	32,818
-	6,959	-	-	-	147,479	164,151
1,084	-	254	-	73,825	2,096,012	1,939,526
-	-	-	-	-	508,050	315,174
-	-	-	-	-	147,107	147,107
-	-	-	-	-	11,123	13,440
<u>1,084</u>	<u>6,959</u>	<u>254</u>	<u>24,274</u>	<u>73,825</u>	<u>2,955,976</u>	<u>2,612,216</u>
<u>580</u>	<u>(5,173)</u>	<u>10,006</u>	<u>4,410</u>	<u>(13,389)</u>	<u>1,308,597</u>	<u>817,323</u>
-	-	-	-	-	23,500	25,149
-	-	-	-	-	(814,057)	(277,354)
-	-	-	-	-	(790,557)	(252,205)
580	(5,173)	10,006	4,410	(13,389)	518,040	565,118
<u>3,294</u>	<u>65,622</u>	<u>7,693</u>	<u>-</u>	<u>-</u>	<u>4,870,699</u>	<u>4,305,581</u>
<u>\$ 3,874</u>	<u>\$ 60,449</u>	<u>\$ 17,699</u>	<u>\$ 4,410</u>	<u>\$ (13,389)</u>	<u>\$ 5,388,739</u>	<u>\$ 4,870,699</u>

**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, 2019**

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 100,000	\$ 148,747	\$ 48,747
Investment Earnings	<u>500</u>	<u>1,864</u>	<u>1,364</u>
Total Revenues	<u>100,500</u>	<u>150,611</u>	<u>50,111</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>140,520</u>	<u>140,520</u>	<u>-</u>
Total Expenditures	<u>140,520</u>	<u>140,520</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,020)	10,091	50,111
Fund Balance, Beginning of Year	<u>40,120</u>	<u>40,120</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 100</u>	<u>\$ 50,211</u>	<u>\$ 50,111</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, 2019**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Fines and Forfeitures	\$ -	\$ -	\$ -
Investment Earnings	<u>-</u>	<u>78</u>	<u>78</u>
Total Revenues	<u>-</u>	<u>78</u>	<u>78</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	78	78
Fund Balance, Beginning of Year	<u>2,691</u>	<u>2,691</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,691</u>	<u>\$ 2,769</u>	<u>\$ 78</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, 2019**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Other Taxes	\$ 2,207,100	\$ 2,138,242	\$ (68,858)
Investment Earnings	5,000	30,298	25,298
Other Revenue	<u>-</u>	<u>9,708</u>	<u>9,708</u>
 Total Revenues	 <u>2,212,100</u>	 <u>2,178,248</u>	 <u>(33,852)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>1,463,168</u>	<u>1,151,272</u>	<u>311,896</u>
 Total Expenditures	 <u>1,463,168</u>	 <u>1,151,272</u>	 <u>311,896</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>748,932</u>	 <u>1,026,976</u>	 <u>278,044</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(635,655)</u>	<u>(813,931)</u>	<u>(178,276)</u>
 Total Other Financing Sources (Uses)	 <u>(635,655)</u>	 <u>(813,931)</u>	 <u>(178,276)</u>
 Net Change in Fund Balance	 113,277	 213,045	 99,768
 Fund Balance - Beginning of Year	 <u>1,095,718</u>	 <u>1,095,718</u>	 <u>-</u>
 Fund Balance - End of Year	 <u>\$ 1,208,995</u>	 <u>\$ 1,308,763</u>	 <u>\$ 99,768</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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 11,471	\$ 11,471
Total Revenues	-	11,471	11,471
<b>EXPENDITURES</b>			
Current:			
Community Development	-	49,202	(49,202)
Total Expenditures	-	49,202	(49,202)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(37,731)	(37,731)
Fund Balance, Beginning of Year	1,393,864	1,393,864	-
Fund Balance, End of Year	\$ 1,393,864	\$ 1,356,133	\$ (37,731)

**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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property Taxes	\$ 373,600	\$ 375,366	\$ 1,766
Investment Earnings	<u>500</u>	<u>4,578</u>	<u>4,078</u>
Total Revenues	<u>374,100</u>	<u>379,944</u>	<u>5,844</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	<u>478,284</u>	<u>359,698</u>	<u>118,586</u>
Total Expenditures	<u>478,284</u>	<u>359,698</u>	<u>118,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(104,184)</u>	<u>20,246</u>	<u>124,430</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(1,004)</u>	<u>(126)</u>	<u>878</u>
Total Other Financing Sources (Uses)	<u>(1,004)</u>	<u>(126)</u>	<u>878</u>
Net Change in Fund Balance	(105,188)	20,120	125,308
Fund Balance, Beginning of Year	<u>166,116</u>	<u>166,116</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 60,928</u>	<u>\$ 186,236</u>	<u>\$ 125,308</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, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Intergovernmental	\$ 458,311	\$ 250,271	\$ (208,040)
Investment Earnings	<u>          -</u>	<u>          125</u>	<u>          125</u>
Total Revenues	<u>458,311</u>	<u>250,396</u>	<u>(207,915)</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	102,341	99,150	3,191
Debt Service:			
Principal	280,000	140,000	140,000
Interest and Fiscal Charges	<u>16,065</u>	<u>11,123</u>	<u>4,942</u>
Total Expenditures	<u>398,406</u>	<u>250,273</u>	<u>148,133</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,905	123	(59,782)
Fund Balance, Beginning of Year	<u>19,950</u>	<u>19,950</u>	<u>          -</u>
Fund Balance, End of Year	<u><u>\$ 79,855</u></u>	<u><u>\$ 20,073</u></u>	<u><u>\$ (59,782)</u></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, 2019**

	Final	Actual	Variance with
	Budget	Amounts	Final Budget
			Positive
			(Negative)
<b>REVENUES</b>			
Special Assessments	\$ 321,780	\$ 322,560	\$ 780
Investment Earnings	<u>2,730</u>	<u>8,183</u>	<u>5,453</u>
Total Revenues	<u>324,510</u>	<u>330,743</u>	<u>6,233</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>382,014</u>	<u>326,017</u>	<u>55,997</u>
Total Expenditures	<u>382,014</u>	<u>326,017</u>	<u>55,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(57,504)</u>	<u>4,726</u>	<u>62,230</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>26,400</u>	<u>23,500</u>	<u>(2,900)</u>
Total Other Financing Sources (Uses)	<u>26,400</u>	<u>23,500</u>	<u>(2,900)</u>
Net Changes in Fund Balance	(31,104)	28,226	59,330
Fund Balance, Beginning of Year	<u>289,338</u>	<u>289,338</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 258,234</u>	<u>\$ 317,564</u>	<u>\$ 59,330</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, 2019**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Special Assessments	\$ 106,420	\$ 106,465	\$ 45
Investment Earnings	<u>1,590</u>	<u>4,562</u>	<u>2,972</u>
Total Revenues	<u>108,010</u>	<u>111,027</u>	<u>3,017</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>109,050</u>	<u>88,756</u>	<u>20,294</u>
Total Expenditures	<u>109,050</u>	<u>88,756</u>	<u>20,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,040)	22,271	23,311
Fund Balance, Beginning of Year	<u>145,154</u>	<u>145,154</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 144,114</u>	<u>\$ 167,425</u>	<u>\$ 23,311</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, 2019**

	Final	Actual	Variance with
	Budget	Amounts	Final Budget
			Positive
			(Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Special Assessments	\$ 41,700	\$ 41,517	\$ (183)
Investment Earnings	<u>1,100</u>	<u>2,833</u>	<u>1,733</u>
Total Revenues	<u>42,800</u>	<u>44,350</u>	<u>1,550</u>
<b>EXPENDITURES</b>			
Current:			
General Government	<u>40,250</u>	<u>21,931</u>	<u>18,319</u>
Total Expenditures	<u>40,250</u>	<u>21,931</u>	<u>18,319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,550	22,419	19,869
Fund Balance, Beginning of Year	<u>82,943</u>	<u>82,943</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 85,493</u>	<u>\$ 105,362</u>	<u>\$ 19,869</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Street Lighting Tax Special Revenue Fund**  
**Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property Taxes	\$ 314,570	\$ 320,135	\$ 5,565
Investment Earnings	<u>12,000</u>	<u>31,279</u>	<u>19,279</u>
Total Revenues	<u>326,570</u>	<u>351,414</u>	<u>24,844</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>166,642</u>	<u>132,475</u>	<u>34,167</u>
Total Expenditures	<u>166,642</u>	<u>132,475</u>	<u>34,167</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	159,928	218,939	59,011
Fund Balance, Beginning of Year	<u>971,624</u>	<u>971,624</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,131,552</u></u>	<u><u>\$ 1,190,563</u></u>	<u><u>\$ 59,011</u></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, 2019**

	Final	Actual	Variance with
	Budget	Amounts	Final Budget
			Positive
			(Negative)
	<u>        </u>	<u>        </u>	<u>        </u>
<b>REVENUES</b>			
Special Assessments	\$ 332,940	\$ 333,387	\$ 447
Investment Earnings	6,400	16,457	10,057
Other Revenue	<u>        -</u>	<u>        245</u>	<u>        245</u>
 Total Revenues	 <u>339,340</u>	 <u>350,089</u>	 <u>10,749</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	368,874	322,329	46,545
Debt Service:			
Principal	<u>        7,110</u>	<u>        7,107</u>	<u>                3</u>
 Total Expenditures	 <u>375,984</u>	 <u>329,436</u>	 <u>46,548</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (36,644)	 20,653	 57,297
 Fund Balance, Beginning of Year	 <u>569,936</u>	 <u>569,936</u>	 <u>        -</u>
 Fund Balance, End of Year	 <u><u>\$ 533,292</u></u>	 <u><u>\$ 590,589</u></u>	 <u><u>\$ 57,297</u></u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Paramedic Equipment Special Revenue Fund**  
**Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 522	\$ 522
Other Revenues	<u>-</u>	<u>2,850</u>	<u>2,850</u>
Total Revenues	<u>-</u>	<u>3,372</u>	<u>3,372</u>
<b>EXPENDITURES</b>			
Public Safety	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,372	3,372
Fund Balance, Beginning of Year	<u>16,636</u>	<u>16,636</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 16,636</u>	<u>\$ 20,008</u>	<u>\$ 3,372</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - CFD 2015-1 Special Revenue Fund**  
**Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ 50	\$ 103	\$ 53
Other Revenues	-	-	-
Total Revenues	50	103	53
<b>EXPENDITURES</b>			
Public Works	1,250	1,084	166
Total Expenditures	1,250	1,084	166
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,200)	(981)	219
Fund Balance, Beginning of Year	3,294	3,294	-
Fund Balance, End of Year	\$ 2,094	\$ 2,313	\$ 219

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - SAFE Program Special Revenue Fund**  
**Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Investment Earnings	\$ 500	\$ 1,786	\$ 1,286
Total Revenues	<u>500</u>	<u>1,786</u>	<u>1,286</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>25,000</u>	<u>6,959</u>	<u>18,041</u>
Total Expenditures	<u>25,000</u>	<u>6,959</u>	<u>18,041</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,500)	(5,173)	19,327
Fund Balance, Beginning of Year	<u>65,622</u>	<u>65,622</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 41,122</u>	<u>\$ 60,449</u>	<u>\$ 19,327</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - CASp Certification Special Revenue Fund**  
**Year Ended June 30, 2019**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 8,200	\$ 10,260	\$ 2,060
Investment Earnings	<u>100</u>	<u>-</u>	<u>(100)</u>
Total Revenues	<u>8,300</u>	<u>10,260</u>	<u>1,960</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>-</u>	<u>254</u>	<u>(254)</u>
Total Expenditures	<u>-</u>	<u>254</u>	<u>(254)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,300	10,006	1,706
Fund Balance, Beginning of Year	<u>7,693</u>	<u>7,693</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 15,993</u>	<u>\$ 17,699</u>	<u>\$ 1,706</u>



**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - CFD 2017-2 Special Revenue Fund**  
**Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Special Assessments	\$ 46,450	\$ 28,423	\$ (18,027)
Investment Earnings	<u>200</u>	<u>261</u>	<u>61</u>
Total Revenues	<u>46,650</u>	<u>28,684</u>	<u>(17,966)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	<u>25,000</u>	<u>24,274</u>	<u>726</u>
Total Expenditures	<u>25,000</u>	<u>24,274</u>	<u>726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,650	4,410	(17,240)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 21,650</u>	<u>\$ 4,410</u>	<u>\$ (17,240)</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Highway 52 Coalition Special Revenue Fund**  
**Year Ended June 30, 2019**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>        </u>	<u>        </u>	<u>        </u>
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 98	\$ 98
Other Revenues	<u>60,230</u>	<u>60,338</u>	<u>108</u>
Total Revenues	<u>60,230</u>	<u>60,436</u>	<u>206</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>84,850</u>	<u>73,825</u>	<u>11,025</u>
Total Expenditures	<u>84,850</u>	<u>73,825</u>	<u>11,025</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,620)	(13,389)	11,231
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (24,620)</u>	<u>\$ (13,389)</u>	<u>\$ 11,231</u>

**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2019**

**Capital Projects Funds**

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

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

**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.

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

**TransNet Fund** - is used to account for the City's share of the one-half cent sales tax.

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

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

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

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**June 30, 2019**  
**(with comparative information for prior year)**

	Regional Transportation Congestion Improvements	Traffic Signal	Drainage	Park In-Lieu
<b>ASSETS</b>				
Cash and Investments	\$ 1,452,019	\$ 739,204	\$ 2,380,514	\$ 561,517
Interest Receivable	<u>7,443</u>	<u>3,920</u>	<u>12,210</u>	<u>2,911</u>
 Total Assets	 <u>\$ 1,459,462</u>	 <u>\$ 743,124</u>	 <u>\$ 2,392,724</u>	 <u>\$ 564,428</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Unearned Revenue	\$ -	\$ -	\$ -	\$ -
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balances:				
Restricted	1,459,462	743,124	2,392,724	564,428
Committed	-	-	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>1,459,462</u>	 <u>743,124</u>	 <u>2,392,724</u>	 <u>564,428</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 1,459,462</u>	 <u>\$ 743,124</u>	 <u>\$ 2,392,724</u>	 <u>\$ 564,428</u>

<u>TransNet</u>	<u>TDA</u>	<u>Traffic Mitigation</u>	<u>Utility Undergrounding</u>	<u>Total Non-Major Capital Projects Funds</u>	
				<u>2019</u>	<u>2018</u>
\$ 689	\$ 57,330	\$ 2,284,037	\$ 201,021	\$ 7,676,331	\$ 10,038,412
<u>1</u>	<u>315</u>	<u>11,271</u>	<u>1,082</u>	<u>39,153</u>	<u>35,749</u>
<u>\$ 690</u>	<u>\$ 57,645</u>	<u>\$ 2,295,308</u>	<u>\$ 202,103</u>	<u>\$ 7,715,484</u>	<u>\$ 10,074,161</u>
\$ -	\$ 3,135	\$ -	\$ -	\$ 3,135	\$ 4,009
<u>-</u>	<u>3,135</u>	<u>-</u>	<u>-</u>	<u>3,135</u>	<u>4,009</u>
690	54,510	2,295,308	-	7,510,246	9,891,246
-	-	-	202,103	202,103	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,906</u>
<u>690</u>	<u>54,510</u>	<u>2,295,308</u>	<u>202,103</u>	<u>7,712,349</u>	<u>10,070,152</u>
<u>\$ 690</u>	<u>\$ 57,645</u>	<u>\$ 2,295,308</u>	<u>\$ 202,103</u>	<u>\$ 7,715,484</u>	<u>\$ 10,070,152</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Capital Projects Funds**  
**Year Ended June 30, 2019**  
**(with comparative information for prior year)**

	Regional Transportation Congestion Improvements	Traffic Signal	Drainage	Park In-Lieu
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Developer Fees	255,798	89,302	444,059	79,529
Investment Earnings	40,296	20,390	71,307	42,558
Contributions From Property Owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>296,094</u>	 <u>109,692</u>	 <u>515,366</u>	 <u>122,087</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>296,094</u>	 <u>109,692</u>	 <u>515,366</u>	 <u>122,087</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(254,427)</u>	<u>(75,885)</u>	<u>(899,341)</u>	<u>(1,939,297)</u>
 Total Other Financing Sources (Uses)	 <u>(254,427)</u>	 <u>(75,885)</u>	 <u>(899,341)</u>	 <u>(1,939,297)</u>
 Net Change in Fund Balances	 41,667	 33,807	 (383,975)	 (1,817,210)
 Fund Balances - Beginning of Year	 <u>1,417,795</u>	 <u>709,317</u>	 <u>2,776,699</u>	 <u>2,381,638</u>
 Fund Balances - End of Year	 <u>\$ 1,459,462</u>	 <u>\$ 743,124</u>	 <u>\$ 2,392,724</u>	 <u>\$ 564,428</u>

TransNet	TDA	Traffic Mitigation	Utility Undergrounding	Total Non-Major Capital Projects Funds	
				2019	2018
\$ 1,200,790	\$ 97,580	\$ -	\$ -	\$ 1,298,370	\$ 1,805,467
-	-	658,314	17,784	1,544,786	5,923,420
4	1,453	63,941	5,413	245,362	74,342
-	-	-	-	-	38,182
<u>1,200,794</u>	<u>99,033</u>	<u>722,255</u>	<u>23,197</u>	<u>3,088,518</u>	<u>7,841,411</u>
7,400	-	-	-	7,400	7,400
539,469	-	-	-	539,469	517,935
<u>415,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,095</u>	<u>437,278</u>
<u>961,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>961,964</u>	<u>962,613</u>
<u>238,830</u>	<u>99,033</u>	<u>722,255</u>	<u>23,197</u>	<u>2,126,554</u>	<u>6,878,798</u>
<u>(238,140)</u>	<u>(45,399)</u>	<u>(1,031,868)</u>	<u>-</u>	<u>(4,484,357)</u>	<u>(3,258,725)</u>
<u>(238,140)</u>	<u>(45,399)</u>	<u>(1,031,868)</u>	<u>-</u>	<u>(4,484,357)</u>	<u>(3,258,725)</u>
690	53,634	(309,613)	23,197	(2,357,803)	3,620,073
-	876	2,604,921	178,906	10,070,152	6,450,079
<u>\$ 690</u>	<u>\$ 54,510</u>	<u>\$ 2,295,308</u>	<u>\$ 202,103</u>	<u>\$ 7,712,349</u>	<u>\$ 10,070,152</u>



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# **STATISTICAL SECTION**

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**City of Santee**  
**Description of Statistical Section Contents**  
**June 30, 2019**

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.	110-117
<u>Revenue Capacity</u> – these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	118-123
<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.	124-130
<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.	131-133
<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.	134-136

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

	Fiscal Year			
	2010	2011	2012	2013
<b>GOVERNMENTAL ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 110,906,766	\$ 147,929,745	\$ 160,604,789	\$ 159,505,509
Restricted	29,617,019	33,791,161	18,434,571	21,242,368
Unrestricted	9,339,445	6,410,313	4,922,805	6,632,478
 Total Governmental Activities Net Position	 <u>\$ 149,863,230</u>	 <u>\$ 188,131,219</u>	 <u>\$ 183,962,165</u>	 <u>\$ 187,380,355</u>

<sup>(1)</sup> Reduction in FY 2015 net position is due primarily to the implementation of GASB 68 and GASB 71 related to pension liability.

Fiscal Year					
2014	2015 <sup>(1)</sup>	2016	2017	2018	2019
\$ 167,953,925	\$ 181,378,029	\$ 176,071,642	\$ 174,642,185	\$ 172,108,751	\$ 176,411,913
22,882,344	20,088,351	19,771,922	16,828,134	23,944,194	29,342,598
7,614,356	(18,330,721)	(15,907,455)	(17,759,223)	(24,076,572)	(24,090,681)
<u>\$ 198,450,625</u>	<u>\$ 183,135,659</u>	<u>\$ 179,936,109</u>	<u>\$ 173,711,096</u>	<u>\$ 171,976,373</u>	<u>\$ 181,663,830</u>

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

	Fiscal Year			
	2010	2011	2012	2013
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 8,542,271	\$ 4,682,937	\$ 3,526,811	\$ 3,461,397
Public Safety	22,545,498	21,861,690	22,637,123	21,912,185
Public Works	11,020,154	13,079,415	11,444,433	12,633,715
Community Development	3,858,262	3,770,231	1,966,844	112,300
Parks and Recreation	1,623,225	2,343,298	2,177,699	2,081,222
Interest and Fiscal Charges	1,007,602	1,775,353	2,018,935	369,970
	<u>48,597,012</u>	<u>47,512,924</u>	<u>43,771,845</u>	<u>40,570,789</u>
Total Governmental Activities Expenses				
	<u>48,597,012</u>	<u>47,512,924</u>	<u>43,771,845</u>	<u>40,570,789</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
General Government	196,858	199,368	507,618	636,843
Public Safety	4,015,758	3,848,784	4,065,732	3,781,291
Public Works	1,874,517	1,978,691	2,075,855	2,640,602
Community Development	1,025,890	609,272	501,688	-
Parks and Recreation	365,291	374,573	408,696	608,905
Operating Grants and Contributions	1,971,632	2,390,589	2,241,007	2,725,883
Capital Grants and Contributions	5,887,508	4,026,070	4,288,068	6,695,663
	<u>15,337,454</u>	<u>13,427,347</u>	<u>14,088,664</u>	<u>17,089,187</u>
Total Governmental Activities Program Revenues				
	<u>15,337,454</u>	<u>13,427,347</u>	<u>14,088,664</u>	<u>17,089,187</u>
Net Revenues (Expenses) From Governmental Activities	(33,259,558)	(34,085,577)	(29,683,181)	(23,481,602)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities:				
Taxes:				
Property Taxes	22,593,962	21,610,723	13,610,976	13,242,248
Sales Taxes	7,123,397	7,984,974	7,898,623	8,227,675
Franchise Taxes	280,549	2,681,909	2,289,425	3,922,344
Other Taxes	2,253,092	106,357	269,764	366,834
Motor Vehicle In Lieu, Unrestricted	167,621	262,529	28,716	29,755
Investment Earnings	496,415	417,358	80,480	44,038
Miscellaneous	188,626	280,286	946,398	298,671
	<u>33,103,662</u>	<u>33,344,136</u>	<u>25,124,382</u>	<u>26,131,565</u>
Total Governmental Activities				
	<u>33,103,662</u>	<u>33,344,136</u>	<u>25,124,382</u>	<u>26,131,565</u>
Extraordinary Item <sup>(1)</sup>	-	-	3,983,001	-
Changes in Net Position From Governmental Activities	<u>\$ (155,896)</u>	<u>\$ (741,441)</u>	<u>\$ (575,798)</u>	<u>\$ 2,649,963</u>

<sup>(1)</sup> Extraordinary item as a result of the dissolution of the Santee Community Development Commission.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 4,152,628	\$ 5,766,971	\$ 6,575,847	\$ 7,772,714	\$ 7,445,329	\$ 7,322,174
23,416,772	23,427,308	24,321,086	26,069,863	28,327,605	30,688,969
13,787,911	15,058,755	21,112,813	19,022,773	16,461,625	15,663,815
96,033	114,060	104,282	106,108	315,174	508,050
2,036,868	2,004,958	2,568,283	2,708,167	3,265,037	2,442,245
369,935	511,712	499,695	489,461	455,071	410,553
<u>43,860,147</u>	<u>46,883,764</u>	<u>55,182,006</u>	<u>56,169,086</u>	<u>56,269,841</u>	<u>57,035,806</u>
657,770	629,965	710,476	1,547,383	473,990	581,691
4,082,952	3,970,360	3,784,014	4,852,436	4,113,655	5,998,396
2,893,212	3,118,374	3,490,444	4,070,185	4,398,192	3,890,190
-	-	-	-	7,693	10,260
649,552	698,557	773,992	754,659	783,200	785,517
2,776,841	2,422,390	2,757,140	1,844,943	2,965,914	2,989,446
17,532,392	18,761,627	8,008,366	4,016,506	11,925,270	15,644,810
<u>28,592,719</u>	<u>29,601,273</u>	<u>19,524,432</u>	<u>17,086,112</u>	<u>24,667,914</u>	<u>29,900,310</u>
(15,267,428)	(17,282,491)	(35,657,574)	(39,082,974)	(31,601,927)	(27,135,496)
13,351,823	14,224,160	14,717,412	16,107,853	17,151,586	18,255,129
9,460,428	11,492,706	13,842,272	12,814,078	12,645,534	14,089,139
2,753,606	2,875,723	2,912,740	2,803,436	2,871,885	2,947,828
574,132	620,267	745,340	854,709	886,764	929,842
24,625	23,787	22,516	25,426	30,057	27,357
94,421	122,434	185,129	103,861	163,160	572,229
78,663	3,397	32,615	148,598	1,458	1,429
<u>26,337,698</u>	<u>29,362,474</u>	<u>32,458,024</u>	<u>32,857,961</u>	<u>33,750,444</u>	<u>36,822,953</u>
-	-	-	-	-	-
<u>\$ 11,070,270</u>	<u>\$ 12,079,983</u>	<u>\$ (3,199,550)</u>	<u>\$ (6,225,013)</u>	<u>\$ 2,148,517</u>	<u>\$ 9,687,457</u>

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

	Fiscal Year			
	2010	2011 <sup>(1)</sup>	2012	2013
<b>GENERAL FUND</b>				
Reserved	\$ 552,035	\$ -	\$ -	\$ -
Unreserved	10,157,084	-	-	-
Nonspendable	-	14,252	18,518	20,512
Restricted	-	6	1,750,001	1,575,001
Committed	-	31,002	23,750	35,680
Assigned	-	2,945,718	3,048,930	3,770,108
Unassigned	-	6,903,668	5,008,142	4,779,461
<b>Total General Fund</b>	<b><u>\$ 10,709,119</u></b>	<b><u>\$ 9,894,646</u></b>	<b><u>\$ 9,849,341</u></b>	<b><u>\$ 10,180,762</u></b>
<b>ALL OTHER GOVERNMENT FUNDS</b>				
Reserved	\$ 12,009,265	\$ -	\$ -	\$ -
Unreserved, Reported In:				
Special Revenue Funds	2,292,415	-	-	-
Debt Service Fund	5,849,173	-	-	-
Capital Projects Funds	10,795,318	-	-	-
Nonspendable	-	71,400	-	-
Restricted	-	64,671,520	17,756,123	20,758,594
Committed	-	375,324	280,658	1,536,726
Assigned	-	737,258	674,637	167,710
Unassigned	-	(354,752)	(314,762)	(166,758)
<b>Total All Other Governmental Funds</b>	<b><u>\$ 30,946,171</u></b>	<b><u>\$ 65,500,750</u></b>	<b><u>\$ 18,396,656</u></b>	<b><u>\$ 22,296,272</u></b>

<sup>(1)</sup> In FY 2011 the City implemented GASB 54 which required changes to the classification of the components of fund balance.



Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
580,563	21,245	1,710,623	23,134	468,208	484,105
1,400,001	1,225,001	1,050,009	875,015	700,017	525,000
117,804	435,805	46,075	160,546	639,025	1,558,888
2,578,208	2,094,317	2,162,409	4,413,608	3,188,318	2,413,883
6,081,591	7,419,965	9,406,341	9,509,653	9,217,418	10,917,902
<u>\$ 10,758,167</u>	<u>\$ 11,196,333</u>	<u>\$ 14,375,457</u>	<u>\$ 14,981,956</u>	<u>\$ 14,212,986</u>	<u>\$ 15,899,778</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	185	-	-
22,217,863	24,280,101	18,721,910	15,953,119	23,244,183	28,817,597
1,230,004	925,180	1,764,251	995,094	1,904,822	2,216,637
171,076	441,060	380,506	431,044	450,616	-
(167,206)	(691,953)	-	-	-	(13,389)
<u>\$ 23,451,737</u>	<u>\$ 24,954,388</u>	<u>\$ 20,866,667</u>	<u>\$ 17,379,442</u>	<u>\$ 25,599,621</u>	<u>\$ 31,020,845</u>

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

	Fiscal Year			
	2010	2011	2012	2013
<b>REVENUES</b>				
Taxes:				
Property	\$ 22,823,768	\$ 22,107,239	\$ 14,266,895	\$ 13,758,489
Sales	7,123,397	7,984,974	7,898,623	8,227,675
Other	3,507,045	4,242,582	4,032,606	5,616,942
Special Assessments	729,894	1,649,594	1,664,583	1,685,246
Intergovernmental	4,192,870	3,424,883	2,327,765	4,579,832
Licenses and Permits	913,222	817,009	97,044	163,157
Fines and Forfeitures	255,907	234,620	151,965	157,459
Developer Fees	2,724,653	1,460,682	2,166,434	2,220,091
Charges for Services	6,677,290	3,512,338	4,741,495	5,027,855
Investment Earnings	746,071	542,125	550,469	167,153
Contributions From Property Owners	-	-	-	-
Other Revenue	369,209	572,394	1,109,946	545,885
	<u>50,063,326</u>	<u>46,548,440</u>	<u>39,007,825</u>	<u>42,149,784</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current:				
General Government	8,450,809	5,148,805	3,597,817	3,788,514
Public Safety	22,377,455	21,685,377	22,497,381	22,005,803
Public Works	9,679,650	10,462,124	10,292,254	10,753,548
Community Development	4,280,822	3,737,357	2,147,005	112,300
Parks and Recreation	13,127,234	1,856,313	1,400,142	3,196,823
Debt Service:				
Principal	670,000	5,137,178	1,007,602	697,917
Interest and Fiscal Charges	1,012,907	1,084,293	2,620,760	372,069
Bond Issuance Costs	-	430,582	-	-
	<u>59,598,877</u>	<u>49,542,029</u>	<u>43,562,961</u>	<u>40,926,974</u>
Total Expenditures				
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(9,535,551)</u>	<u>(2,993,589)</u>	<u>(4,555,136)</u>	<u>1,222,810</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	24,379,163	3,001,510	7,709,261	4,186,442
Transfers Out	(24,379,163)	(3,001,510)	(7,709,261)	(4,186,442)
Capital Lease	-	-	-	-
Issuance of Long-term Debt	4,450,998	35,666,957	3,005,840	3,008,227
Discount on Bonds	-	(618,555)	-	-
Premium on Long-term Debt	-	-	-	-
	<u>4,450,998</u>	<u>35,048,402</u>	<u>3,005,840</u>	<u>3,008,227</u>
Total Other Financing Sources				
Extraordinary Item <sup>(1)</sup>	-	-	(45,600,103)	-
Net Change in Fund Balances	<u>\$ (5,084,553)</u>	<u>\$ 32,054,813</u>	<u>\$ (47,149,399)</u>	<u>\$ 4,231,037</u>
Debt Service as a Percentage of Noncapital Expenditures <sup>(2)</sup>	3.7%	13.6%	9.3%	3.2%

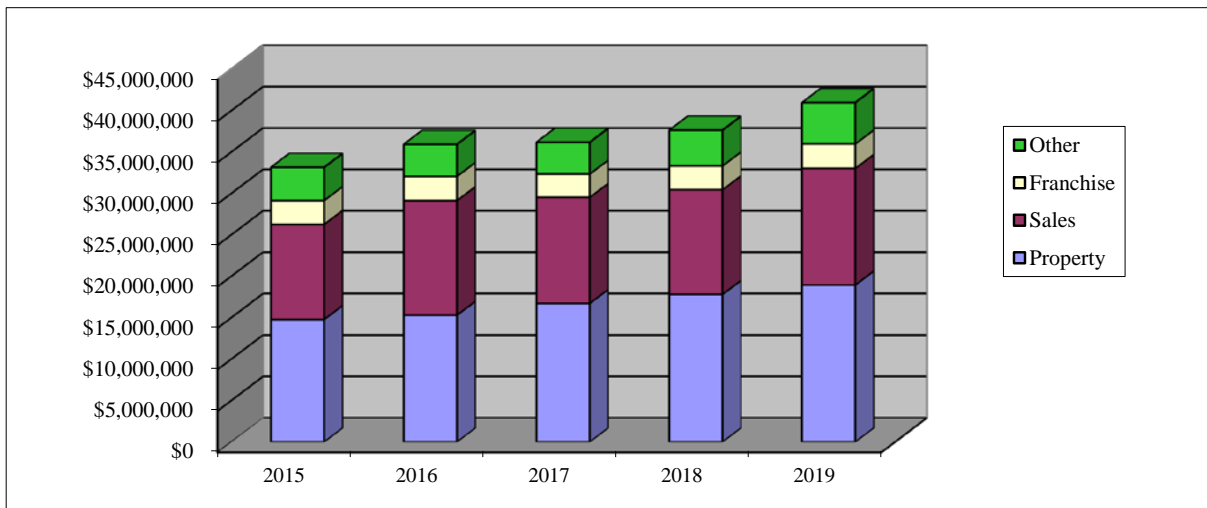
<sup>(1)</sup> Extraordinary item as a result of the dissolution of the Santee Community Development Corporation.

<sup>(2)</sup> Ratio of total debt service to noncapital expenditures is calculated by dividing total debt service expenditures (principal and interest) by total noncapital expenditures (the difference between total expenditures and capital expenditures). For purposes of this calculation capital expenditures are defined as capital asset additions as presented in the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 13,886,610	\$ 14,785,930	\$ 15,311,705	\$ 16,728,874	\$ 17,813,396	\$ 18,950,630
9,460,428	11,492,706	13,842,272	12,814,078	12,645,534	14,089,139
5,153,900	5,148,174	4,977,021	4,765,174	5,305,578	6,015,912
1,687,180	1,724,079	1,799,217	1,874,402	1,883,090	1,926,239
5,505,496	5,740,458	3,752,831	3,498,568	3,268,990	4,427,590
184,984	161,431	165,258	168,512	157,522	141,647
153,385	211,411	218,241	213,785	210,855	233,544
3,148,366	1,373,348	3,703,007	1,960,901	9,002,746	2,302,703
5,504,980	5,083,759	5,663,982	7,198,261	6,723,181	7,610,710
214,129	260,638	361,187	169,156	309,310	1,161,796
-	-	-	-	-	8,703,847
324,676	384,764	717,545	1,288,924	537,159	1,092,683
<u>45,224,134</u>	<u>46,366,698</u>	<u>50,512,266</u>	<u>50,680,635</u>	<u>57,857,361</u>	<u>66,656,440</u>
4,227,876	6,054,182	6,243,184	6,842,093	6,193,346	7,164,557
23,497,665	23,885,753	24,660,671	28,324,248	27,588,902	29,596,254
14,009,804	14,691,262	19,020,068	13,394,895	12,616,533	12,651,373
96,033	114,060	104,282	106,108	315,174	508,050
1,357,107	3,359,775	1,535,812	3,125,495	1,736,471	7,951,397
775,665	930,981	1,016,325	1,201,480	1,193,930	1,189,404
372,185	573,680	524,483	567,042	528,649	487,389
-	-	-	-	-	-
<u>44,336,335</u>	<u>49,609,693</u>	<u>53,104,825</u>	<u>53,561,361</u>	<u>50,173,005</u>	<u>59,548,424</u>
<u>887,799</u>	<u>(3,242,995)</u>	<u>(2,592,559)</u>	<u>(2,880,726)</u>	<u>7,684,356</u>	<u>7,108,016</u>
5,215,185	7,052,320	11,702,655	6,114,047	5,141,199	8,005,283
(5,215,185)	(7,052,320)	(11,702,655)	(6,114,047)	(5,141,199)	(8,005,283)
-	-	1,683,962	-	-	-
895,071	4,500,000	-	-	-	-
-	-	-	-	-	-
-	858,075	-	-	-	-
<u>895,071</u>	<u>5,358,075</u>	<u>1,683,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>\$ 1,782,870</u>	<u>\$ 2,115,080</u>	<u>\$ (908,597)</u>	<u>\$ (2,880,726)</u>	<u>\$ 7,684,356</u>	<u>\$ 7,108,016</u>
4.1%	5.2%	3.4%	3.9%	3.4%	2.8%

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

Fiscal Year	Real Property				Transient			Total
	Property Taxes	Transfer Tax	Special Assessments	Sales Tax	Franchise Taxes	Occupancy Tax	Gas Tax	
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	27,235,589
2013	13,758,489	159,920	1,685,246	8,227,675	3,922,344	206,914	1,327,764	29,288,352
2014	13,886,610	185,883	1,687,180	9,460,428	2,753,606	388,249	1,826,162	30,188,118
2015	14,785,930	188,717	1,724,079	11,492,706	2,875,723	431,550	1,652,184	33,150,889
2016	15,311,705	261,981	1,799,216	13,842,272	2,912,740	483,359	1,318,941	35,930,214
2017	16,728,874	329,650	1,874,402	12,814,078	2,803,436	525,059	1,107,029	36,182,528
2018	17,813,396	351,617	1,883,088	12,645,534	2,871,885	535,417	1,546,929	37,647,866
2019	18,950,630	366,227	1,926,239	14,089,139	2,947,828	563,615	2,138,242	40,981,920



Notes:

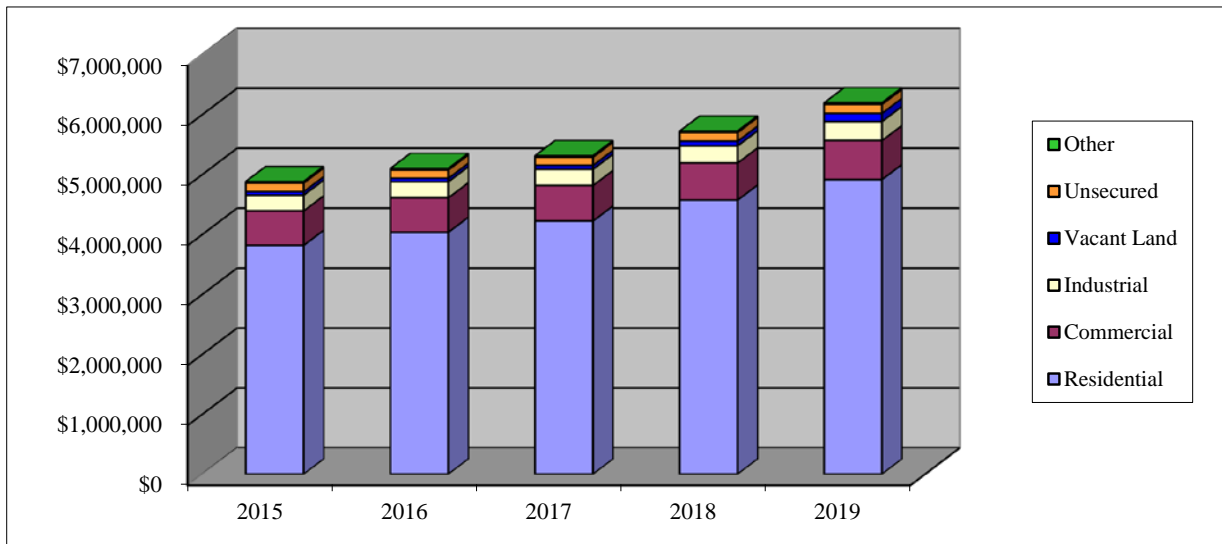
As of FY 2012, the decrease in property tax revenue reflects the dissolution of the Santee Community Development Commission and related loss of property tax increment revenue.

As of FY 2018 Gas Tax includes Road Maintenance and Rehabilitation (RMRA - SB 1) revenue received from the State of California.

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
2010	3,360,411	544,219	265,789	91,253	164,635	23,634	4,449,941	0.1795%
2011	3,341,134	552,502	268,405	83,098	154,831	23,683	4,423,653	0.1795%
2012	3,436,359	534,663	259,526	79,447	141,332	24,656	4,475,983	0.1795%
2013	3,447,383	549,049	263,455	60,273	138,053	22,911	4,481,124	0.1795%
2014	3,566,552	560,440	263,119	58,748	139,045	22,754	4,610,658	0.1795%
2015	3,818,285	574,896	261,474	59,169	144,163	21,162	4,879,149	0.1795%
2016	4,035,982	575,935	266,134	65,512	138,171	21,584	5,103,318	0.1795%
2017	4,224,067	593,048	269,484	79,809	136,335	21,827	5,324,570	0.1795%
2018	4,573,152	619,187	284,028	137,171	143,176	21,710	5,778,424	0.1795%
2019	4,915,383	651,173	315,963	110,681	149,642	22,255	6,165,097	0.1795%



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.

**City of Santee**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of assessed value)**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2010	2011	2012	2013
City of Santee Direct Rate	0.1795 %	0.1795 %	0.1795 %	0.1795 %
Overlapping Rates:				
Santee Elementary School District	0.2201	0.2201	0.2201	0.2201
County of San Diego	0.1997	0.1997	0.1997	0.1997
Grossmont Union High School District	0.1625	0.1625	0.1625	0.1625
Educational Revenue Augmentation Fund	0.1087	0.1087	0.1087	0.1087
Grossmont-Cuyamaca Community College District	0.0616	0.0616	0.0616	0.0616
County Library	0.0269	0.0269	0.0269	0.0269
Padre Dam Municipal Water District	0.0112	0.0112	0.0112	0.0112
Grossmont Healthcare District	0.0105	0.0105	0.0105	0.0105
All Other	0.0193	0.0193	0.0193	0.0193
Total Overlapping Rates	0.8205	0.8205	0.8205	0.8205
Total Direct and Overlapping Rate	1.0000	1.0000	1.0000	1.0000
Voter Approved Rates:				
Santee Elementary School District	0.0292	0.0340	0.0331	0.0339
Grossmont Union High School District	0.0587	0.0594	0.0612	0.0610
Grossmont-Cuyamaca Community College District	0.0280	0.0293	0.0308	0.0317
Metropolitan Water District	0.0043	0.0037	0.0037	0.0035
Grossmont Healthcare District	0.0131	0.0132	0.0201	0.0200
Total Voter Approved Rates	0.1333	0.1396	0.1489	0.1501
Total Tax Rate	1.1333 %	1.1396 %	1.1489 %	1.1501 %

Notes:

The tax rate history above is for Tax Rate Area 016-007 which has the highest total assessed value of all of the tax rate areas in the City of Santee.

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.0% fixed amount. This 1.0% is shared by all taxing agencies in which the subject property resides. In addition to the 1.0% 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

Fiscal Year					
2014	2015	2016	2017	2018	2019
<u>0.1795</u> %	<u>0.1795</u> %	<u>0.1795</u> %	<u>0.1795</u> %	<u>0.1795</u> %	<u>0.1795</u> %
0.2201	0.2201	0.2201	0.2201	0.2201	0.2201
0.1997	0.1997	0.1997	0.1997	0.1997	0.1997
0.1625	0.1625	0.1625	0.1625	0.1625	0.1625
0.1087	0.1087	0.1087	0.1087	0.1087	0.1087
0.0616	0.0616	0.0616	0.0616	0.0616	0.0616
0.0269	0.0269	0.0269	0.0269	0.0269	0.0269
0.0112	0.0112	0.0112	0.0112	0.0112	0.0112
0.0105	0.0105	0.0105	0.0105	0.0105	0.0105
<u>0.0193</u>	<u>0.0193</u>	<u>0.0193</u>	<u>0.0193</u>	<u>0.0193</u>	<u>0.0193</u>
<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>
<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
0.0341	0.0332	0.0328	0.0397	0.0371	0.0347
0.0617	0.0612	0.0605	0.0572	0.0661	0.0648
0.0475	0.0465	0.0454	0.0401	0.0467	0.0423
0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
<u>0.0200</u>	<u>0.0200</u>	<u>0.0235</u>	<u>0.0235</u>	<u>0.0235</u>	<u>0.0235</u>
<u>0.1668</u>	<u>0.1644</u>	<u>0.1657</u>	<u>0.1640</u>	<u>0.1770</u>	<u>0.1688</u>
<u>1.1668</u> %	<u>1.1644</u> %	<u>1.1657</u> %	<u>1.1640</u> %	<u>1.1771</u> %	<u>1.1688</u> %

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

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Parc One LP	\$ 57,684,760	1	0.94%	\$ -	-	-
Vestar Kimco Santee LP	50,329,359	2	0.82%	44,460,743	1	1.00%
Santee Partners LP	32,317,582	3	0.52%	27,104,615	2	0.61%
LLJ Stratford Somerset LLC	30,121,701	4	0.49%	-	-	-
Walmart Stores LP	30,030,089	5	0.49%	26,764,602	3	0.60%
HCA Arbors Apartments LP	29,903,396	6	0.49%	26,356,977	4	0.59%
Union City Investments LLC	28,647,406	7	0.46%	-	-	-
Santee Retail LP	22,532,033	8	0.37%	21,317,392	8	0.48%
MHC Meadowbrook LP	22,358,295	9	0.36%	-	-	-
American Realty Capital Properties Inc	19,608,135	10	0.32%	-	-	-
MB BP Portfolio LLC	-	-	-	25,213,677	5	0.57%
Pacific Castle Santee LP	-	-	-	24,199,293	6	0.54%
Alcott Estates LP	-	-	-	21,425,049	7	0.48%
MHC Financing LP Two	-	-	-	19,840,799	9	0.45%
Cox Communications San Diego	-	-	-	19,743,542	10	0.44%
	<u>\$ 323,532,756</u>		<u>5.26%</u>	<u>\$ 256,426,689</u>		<u>5.76%</u>

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			
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%
2013	8,929,356	8,317,613	93.1%	176,644	8,494,257	95.13%
2014	9,224,570	8,617,190	93.4%	150,748	8,767,938	95.05%
2015	9,533,083	9,008,105	94.5%	128,092	9,136,197	95.84%
2016	9,962,492	9,475,433	95.1%	120,366	9,595,799	96.32%
2017	10,370,213	10,102,957	97.4%	115,710	10,218,667	98.54%
2018	10,988,905	10,514,034	95.7%	125,684	10,639,718	96.82%
2019	11,585,455	11,044,567	95.3%	106,622	11,151,189	96.25%

Notes:

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 FY 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 <sup>(2)</sup>	Debt Per Capita <sup>(2)</sup>
	Tax Allocation Bonds <sup>(1)</sup>	Lease Revenue Bonds	Notes & Loans	Capital Lease Obligations	Total Governmental Activities		
2010	21,255,000	1,505,000	4,334,133	500,998	27,595,131	1.22%	521
2011	52,270,000	1,360,000	3,913,515	471,832	58,015,347	2.46%	1,086
2012	-	1,210,000	6,792,181	405,966	8,408,147	0.34%	155
2013	-	1,055,000	8,441,947	453,284	9,950,231	0.38%	183
2014	-	895,000	7,965,871	1,208,766	10,069,637	0.37%	183
2015	-	730,000	13,165,251	970,128	14,865,379	0.50%	267
2016	-	555,000	12,450,459	2,458,347	15,463,806	0.51%	273
2017	-	375,000	11,733,103	2,085,210	14,193,313	0.45%	250
2018	-	190,000	10,998,851	1,741,324	12,930,175	0.42%	229
2019	-	-	10,243,065	1,428,494	11,671,559	0.37%	203

Notes:

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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 <sup>(3)</sup>	Debt Per Capita
	Tax Allocation Bonds <sup>(1)</sup>	Lease Revenue Bonds <sup>(2)</sup>	Total		
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
2013	-	1,055,000	1,055,000	0.02%	19
2014	-	895,000	895,000	0.02%	16
2015	-	730,000	730,000	0.01%	13
2016	-	555,000	555,000	0.01%	10
2017	-	375,000	375,000	0.01%	7
2018	-	190,000	190,000	0.00%	3
2019	-	-	-	0.00%	-

Notes:

General bonded debt is debt payable with governmental fund resources.

<sup>(1)</sup> 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.

<sup>(2)</sup> Lease Revenue Bonds are repaid with general governmental resources.

<sup>(3)</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.



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**City of Santee  
Direct and Overlapping Debt  
June 30, 2019**

		<u>\$6,165,096,979</u>	
Total Assessed Valuation			Estimated Share of Overlapping Debt
	<u>Percentage Applicable <sup>(1)</sup></u>	<u>Outstanding Debt 6/30/19</u>	<u>Debt</u>
<b>OVERLAPPING DEBT REPAID WITH PROPERTY TAXES</b>			
Grossmont-Cuyamaca Community College District	12.0600%	\$ 324,470,377	\$ 39,131,127
Palomar Community College District	0.0002%	618,718,625	1,237
Grossmont Union High School District	12.4200%	577,331,376	71,704,557
Poway Unified School District Facilities Improvement Districts	0.0010%	308,474,751	3,085
Lakeside Union School District	0.2930%	51,463,179	150,787
Santee School District	90.8780%	51,817,505	47,090,712
Metropolitan Water District	0.2100%	48,050,000	100,905
Grossmont Healthcare District	11.3970%	258,388,330	29,448,518
City of Santee Community Facilities District No. 2017-1	100.0000%	<u>8,665,000</u>	<u>8,665,000</u>
Total Overlapping Debt Repaid with Property Taxes		<u>2,247,379,143</u>	<u>196,295,928</u>
<b>OVERLAPPING OTHER DEBT</b>			
San Diego County General Fund Obligations	1.1720%	255,365,000	2,992,878
San Diego County Pension Obligations	1.1720%	508,765,000	5,962,726
San Diego County Superintendent of Schools Obligations	1.1720%	10,085,000	118,196
Grossmont Cuyamaca Community College Dist. Gen. Fd. Obligation	12.0600%	420,000	50,652
Palomar Community College District General Fund Obligations	0.0002%	2,140,000	4
Poway Unified School District General Fund Obligations	0.0010%	56,110,000	561
Santee School District Certificates of Participation	90.8780%	<u>29,359,849</u>	<u>26,681,644</u>
Total Overlapping Other Debt		<u>862,244,849</u>	<u>35,806,661</u>
Total Overlapping Debt		<u>\$3,109,623,992</u>	232,102,589
City Direct Debt			11,671,559
Overlapping Tax Increment Debt (Successor Agency)			<u>41,055,000</u>
Total Direct and Overlapping Debt			<u>\$ 284,829,148</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.

<sup>(1)</sup> 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: Avenu Insights & Analytics  
HdL, Coren & Cone

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

	Fiscal Year			
	2010	2011	2012	2013
Assessed Valuation	\$ 4,449,941	\$ 4,423,653	\$ 4,475,983	\$ 4,481,124
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	1,112,485	1,105,913	1,118,996	1,120,281
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	166,873	165,887	167,849	168,042
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 166,873</u>	<u>\$ 165,887</u>	<u>\$ 167,849</u>	<u>\$ 168,042</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%	0.0%	0.0%	0.0%

Notes:

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					
2014	2015	2016	2017	2018	2019
\$ 4,610,658	\$ 4,879,149	\$ 5,103,318	\$ 5,324,570	\$ 5,778,424	\$ 6,165,097
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,152,665	1,219,787	1,275,830	1,331,143	1,444,606	1,541,274
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
172,900	182,968	191,374	199,671	216,691	231,191
-	-	-	-	-	-
<u>\$ 172,900</u>	<u>\$ 182,968</u>	<u>\$ 191,374</u>	<u>\$ 199,671</u>	<u>\$ 216,691</u>	<u>\$ 231,191</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	
2010	6,779,176	525,000	908,462	4.73
2011	6,374,690	540,000	893,471	4.45
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-

Note:

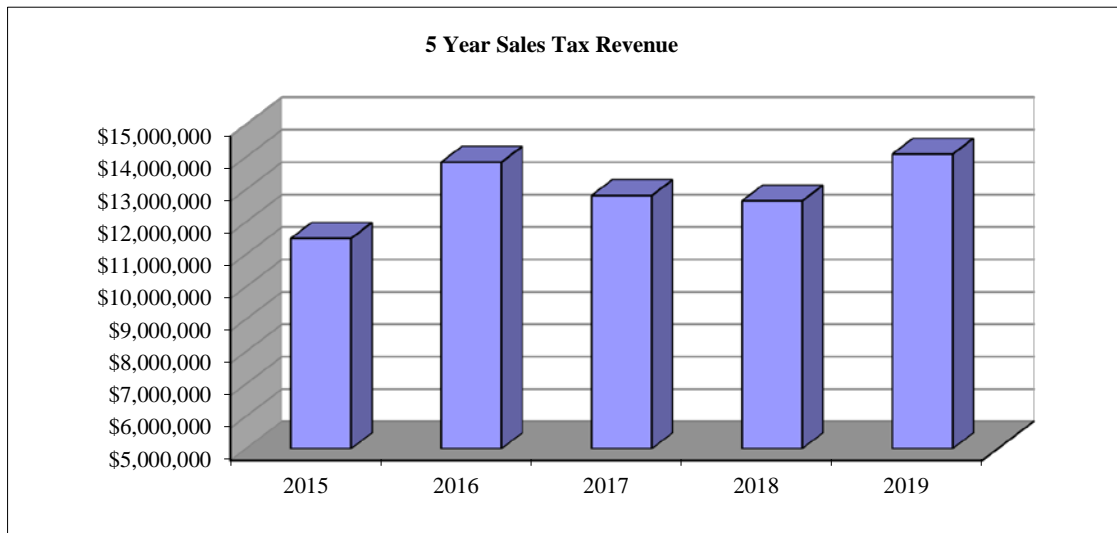
Tax allocation bonds issued by the Santee Community Development Commission are no longer reported as a result of the dissolution of the Santee Community Development Commission on February 1, 2012. Details regarding the City's outstanding debt can be found in the notes to the financial statements.



**City of Santee**  
**Top 25 Principal Sales Tax Producers**  
**Fiscal Year Ended June 30, 2019**

Firm	Business Description
7 Eleven	Service Stations
Best Buy	Electronics/Appliance Stores
Chevron	Service Stations
Circle K	Service Stations
Consolidated Electrical Distributors	Plumbing/Electrical Supplies
Costco	Discount Dept Stores
GTM Wholesale Liquidators	Variety Stores
HD Supply	Building Materials
Holland RV	Trailers/RVs
Home Depot	Building Materials
Kalasho Inc	Service Stations
Kohls	Department Stores
Lowes	Building Materials
Morrison Supply Company	Plumbing/Electrical Supplies
Phils BBQ	Fast-Casual Restaurants
Raising Cane's	Quick-Service Restaurants
Rayo Wholesale Floor	Contractors
RCP Block & Brick	Contractors
Ross	Family Apparel
Target	Discount Dept Stores
TJ Maxx	Family Apparel
USA Gasoline	Service Stations
Verizon Wireless	Electronics/Appliance Stores
Vons	Grocery Stores
Walmart	Discount Dept Stores

Percent of fiscal year total paid by top 25 accounts = 68.26%



Sources: HdL, Coren & Cone  
State Board of Equalization  
City of Santee Finance Department

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

Calendar Year	Population ( <sup>1</sup> )	Personal Income (in millions) ( <sup>2</sup> )	Per Capita Personal Income ( <sup>2</sup> )	Unemployment Rate ( <sup>3</sup> )
2009	52,963	2,261	42,705	7.9%
2010	53,413	2,354	44,075	10.5%
2011	54,102	2,490	45,960	10.1%
2012	54,384	2,621	47,792	8.9%
2013	55,110	2,758	49,385	7.7%
2014	55,658	2,946	52,150	6.3%
2015	56,653	3,034	53,544	5.1%
2016	56,725	3,125	54,976	4.6%
2017	56,434	3,063	54,772	3.6%
2018	57,410	3,145	54,797	3.1%

Sources:

- (<sup>1</sup>) State Department of Finance and San Diego Association of Governments
- (<sup>2</sup>) U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, American Community Survey and San Diego Association of Governments
- (<sup>3</sup>) State of California Employment Development Department and San Diego Association of Governments

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

Employer	2019			2010		
	Number of Employees	Rank	Percent of Total Employment <sup>(1)</sup>	Number of Employees	Rank	Percent of Total Employment
Santee Elementary School District	807	1	2.75%	723	1	2.76%
Las Colinas Detention Facility	427	2	1.46%	-	-	-
HD Supply	419	3	1.43%	-	-	-
Costco Wholesale	375	4	1.28%	235	5	0.90%
Edgemoor Skilled Nursing Facility	362	5	1.24%	350	3	1.33%
San Diego County Sheriff's Department	340	6	1.16%	-	-	-
Walmart	285	7	0.97%	275	4	1.05%
Grossmont Union High School District	230	8	0.78%	188	9	0.72%
T C Construction Co. Inc.	226	9	0.77%	-	-	-
Scantibodies Laboratory	224	10	0.76%	215	6	0.82%
Hartford Financial Services	-	-	-	520	2	1.98%
Home Depot	-	-	-	200	7	0.76%
Target	-	-	-	190	8	0.72%
Lowe's	-	-	-	172	10	0.66%
<b>Total</b>	<b>3,695</b>		<b>12.60%</b>	<b>3,068</b>		<b>11.70%</b>

Notes:

This schedule presents data for the ten principal employers as of June 30, 2019 and June 30, 2010.

<sup>(1)</sup> Total employment of all employers located within City limits as provided by EDD Labor Force Data.  
Total Labor Force FY 2019: 29,300

Source: Avenu Insights & Analytics

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

Function	Full-Time Employees as of June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	23.75	23.75	26.05	26.05	26.05	26.30	28.30	28.30	28.30	28.20
Public Safety	60.40	60.40	54.00	54.00	58.00	58.60	58.60	57.60	57.60	57.60
Public Works	22.15	21.65	30.20	29.70	29.70	33.20	35.20	35.20	35.20	35.30
Community Development	17.00	16.50	-	-	-	-	-	-	-	-
Parks and Recreation	6.35	6.35	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
<b>Total</b>	<b>129.65</b>	<b>128.65</b>	<b>117.25</b>	<b>116.75</b>	<b>120.75</b>	<b>124.10</b>	<b>128.10</b>	<b>127.10</b>	<b>127.10</b>	<b>127.10</b>

Source: City of Santee

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>DEVELOPMENT SERVICES</b>										
Building Permits Issued	752	868	938	909	952	1,516	1,826	1,634	1,922	1,787
Building Inspections Completed <sup>(1)</sup>	5,755	5,310	4,347	4,661	6,946	5,388	6,084	9,838	7,889	5,959
Development Applications Processed	78	99	161	151	111	113	158	129	97	89
Street Resurfacing (miles) <sup>(2)</sup>	5.9	4.7	5.9	9.9	1.1	6.7	41.8	-	9.6	3.5
<b>COMMUNITY SERVICES</b>										
Number of Recreation Classes Offered	419	269	202	347	333	367	403	366	410	400
Number of Recreation Class Participants	3,454	2,141	1,912	1,859	1,711	1,434	1,811	1,369	1,580	1,271
Attendance at City-Wide Special Events	29,230	30,050	30,509	35,599	43,450	48,000	62,096	73,194	71,800	74,324
Number of Facility Rentals	836	1,016	983	1,302	1,287	1,350	1,422	1,349	1,392	1,222
<b>FIRE</b>										
Fire Responses	142	137	135	138	173	157	149	157	203	172
Emergency Medical Responses	4,614	5,149	5,012	5,417	5,534	6,015	6,485	6,439	6,927	6,687
Community Service Calls	325	340	405	389	339	399	374	465	489	454
Other Responses <sup>(3)</sup>	1,216	1,387	1,495	1,770	1,820	1,962	2,133	2,206	2,209	2,193
Fire Prevention & Safety Inspections	449	525	730	572	543	325	235	182	176	179
<b>SHERIFF</b>										
Arrests	2,036	1,889	1,999	2,059	2,398	1,861	1,694	2,033	2,719	1,780
Parking Citations Issued	1,282	1,367	937	920	685	699	489	680	798	2,185
Traffic Citations Issued	5,085	4,244	2,916	3,504	2,129	2,165	1,238	2,552	2,421	3,453
Calls for Service	19,034	19,974	20,591	21,667	20,376	20,686	19,744	16,255	16,645	15,267

<sup>(1)</sup> Building inspections completed for FY 2019 include multiple permit type inspections for one location.

<sup>(2)</sup> Street resurfacing projects were in process during FY 2017 and were completed in early FY 2018.

<sup>(3)</sup> Other responses includes: Good Intent, Call Cancel, Hazardous Condition, False Alarm, Weather and Other types of responses.

Source: City of Santee

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>FIRE</b>										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Apparatus	6	6	6	6	6	6	7	7	7	7
Paramedic Vehicles	4	4	4	4	4	4	4	5	5	6
<b>PUBLIC WORKS</b>										
Streets (centerline miles)	114.22	114.56	114.56	115.32	115.32	115.32	121.42	121.42	121.42	121.46
Street Lights	2,799	2,800	3,171	3,070	3,070	3,207	3,244	3,316	3,335	3,337
Traffic Signals	56	57	57	57	57	58	59	60	61	61
<b>PARKS &amp; RECREATION</b>										
Parks	8	8	8	8	8	8	9	9	9	9

Source: City of Santee