

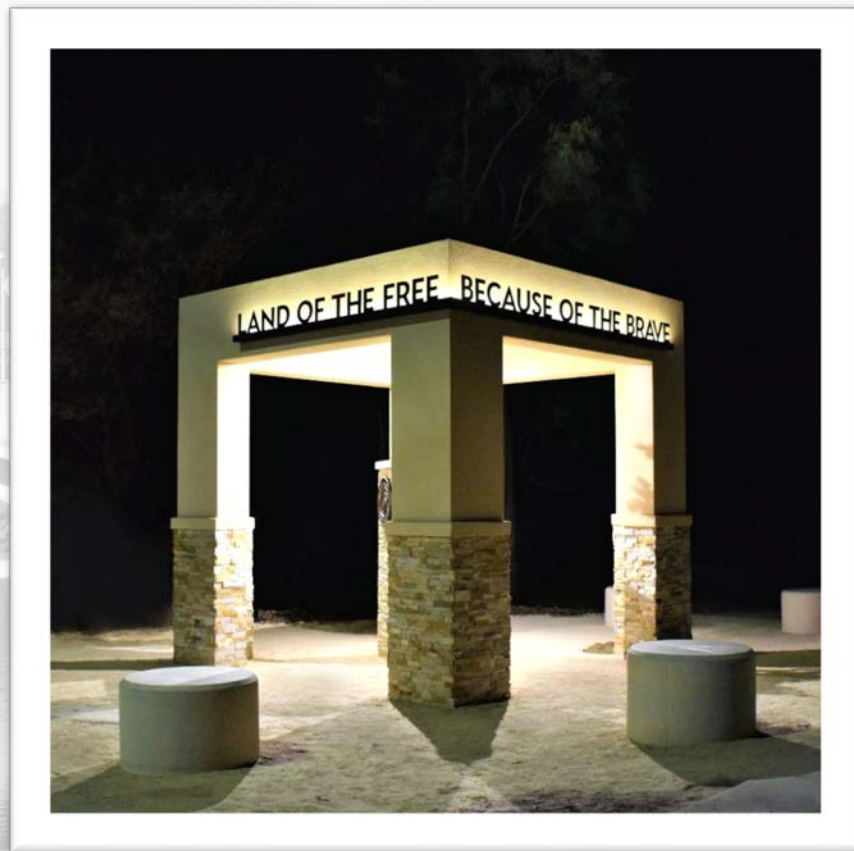


**Annual Comprehensive
Financial Report
Fiscal Year Ended June 30, 2021**



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2021



Santee Veterans Memorial Bridge & Monument
Dedicated November 11, 2021

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.cityofsanteeca.gov

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CITY OF SANTEE
Annual Comprehensive Financial Report
For Year Ended June 30, 2021

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INTRODUCTORY SECTION

Mayor
John W. Minto
City Council
Ronn Hall
Laura Koval
Rob McNelis
Dustin Trotter

December 29, 2021

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

We are pleased to submit to you the Annual Comprehensive Financial Report of the City of Santee, California (“City”) for the fiscal year ended June 30, 2021. 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, 2021 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, 2021 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 60,000 residents. Santee’s 2020

median household income of \$87,098 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. The four council members are now elected by district to serve four-year terms, staggered so that in each even-numbered year 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.

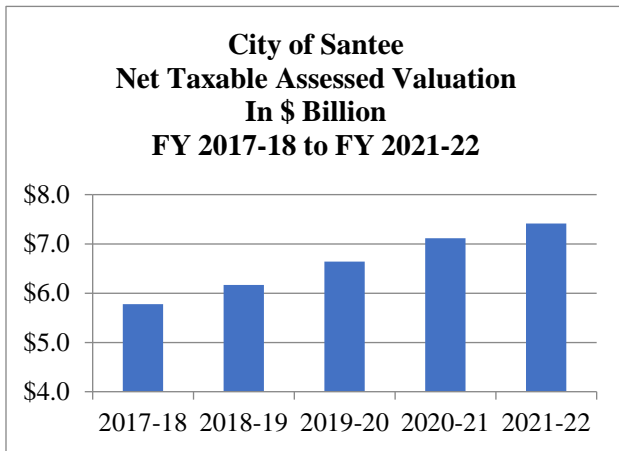
The City is responsible for providing a range of municipal services that includes law enforcement, fire and life safety, street maintenance, traffic circulation, planning and community development, park and landscape maintenance, code enforcement, building inspection and recreation programs for all ages. 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 7th highest of all cities in the county. Santee's unemployment rate of 3.8% as of October 2021 is lower than the national and state unemployment rates and is the 7th lowest in the county. Santee has a five-mile radius market area that includes a population of over 270,000. Santee has 168 national chain retailers and restaurants, with 34 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 strength in the housing market over the past several years, along with new residential and commercial construction activity contributed to a 7.1% increase in net taxable assessed valuation in fiscal year 2020-21 and a 4.2% increase in net taxable assessed valuation for the fiscal year 2021-22 tax roll, the 2nd and 5th highest rate of increase in the county for each of these years respectively. Santee experienced a 10.6% increase in sales tax revenue in FY 2020-21, in spite of the economic slowdown brought on as a result of the COVID-19 pandemic. Overall, General Fund revenues were 11.4% higher in FY 2020-21 than in the prior fiscal year.

Santee has direct access to three regional freeways (State Routes 52, 67 and 125), with State Route 52 providing a link that connects all three freeways serving Santee and which provides direct freeway access into Santee Town Center and to the eastern and western ends of the City. State Route 52 provides people living or doing business in Santee a direct connection to most of the major freeway corridors in the region. State Routes 67 and 125 both provide quick access to Interstate 8. Light-rail service via the San Diego Trolley provides direct access to San Diego State University, Mission Valley, downtown San Diego and the San Diego Convention Center.

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. The COVID-19 pandemic caused Sportsplex USA to be temporarily closed from March 2020 until mid-March 2021 when normal operations were able to be resumed.

Another major attraction is the Santee Lakes Recreation Preserve and Regional Campground, owned and operated by Padre Dam Municipal Water District, which generates over 760,000 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, a restaurant 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, an 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. The five-year financial projection reflects the City's continued compliance with this policy, though challenges continue to be presented from ongoing increases in employee retirement costs as discussed below and contract law enforcement services costs. In addition to directly addressing these impacts, management actively works 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. 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 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 and is approaching full funding of 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 23, 2021 the CIP for fiscal years 2022 through 2026 was adopted which includes a total of \$266.4 million in projects for which \$114.4 million in funding has been identified. The CIP is revised periodically in response to continually evolving needs, priorities and financial conditions.

Major Initiatives

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 nearing buildout with 273 single family homes and 142 detached condominiums, adding an estimated 1,158 residents to Santee. The 4.5-acre developer constructed Weston Park was accepted into the City park system in October 2020, with additional improvements to the park planned over the next year. Two community facilities districts were 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 October 2020 the Sharp Rees-Stealy Santee Medical Center opened. This 86,000 sq. ft. facility provides primary care, pediatrics, OBGYN, laboratory, pharmacy, radiology, urgent care, optical and physical therapy services. The medical center employs approximately 200 persons including 40 physicians and serves an estimated 150,000 patient visits per year. The facility incorporates various sustainability features including 35 electric vehicle charging stations, lockable bicycle spaces, a rooftop photovoltaic system placed on all suitable areas of the roof and biofiltration facilities for the treatment of storm water.

Several key projects are planned or underway in the Santee Town Center area. While some of these planned projects are experiencing various obstacles that have slowed their progress, it is hoped that most if not all of them will proceed. 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.
- 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 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. Construction is well underway and many of the units are now occupied.
- In September 2019 the City entered into an exclusive negotiations agreement to negotiate the terms of a disposition and development agreement for the future construction of a hotel.
- In December 2019 the City Council established an Arts 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. In December 2021 the City Council awarded a contract with a planning and environmental consultant to amend portions of the City's General Plan and the Town Center Specific Plan in order to expand the Arts and Entertainment Overlay District, to develop goals and policies based on data collection, public surveys and workshops to formulate a visioning package and to complete the environmental documents and technical studies required to bring the Arts and Entertainment District to fruition.

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 \$50.5 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.

On September 18, 2019 the City Council approved a 122-room Woodspring Suites Hotel. Grading and engineering plans for this project have recently been approved by the City.

On September 23, 2020 the City Council took various actions to approve the 2,949 residential unit Fanita Ranch master-planned community. This project would also include up to 80,000 square feet of commercial uses in addition to 78 acres of parks, 256 acres of open space, a 1,650 acre habitat preserve and agricultural uses. On October 29, 2020 a referendum petition against the enabling City Council resolution was filed with the County Registrar of Voters, and on December 15, 2020 sufficient signatures on the petition were verified to be valid. On January 13,

2021 the City Council determined that the project would be brought to the voters of Santee at the November 8, 2022 general election.

The maintenance, repair and rehabilitation of City streets continues to be a priority for the City Council. The adopted Capital Improvement Program budget allocates more than \$5.0 million to improve the condition of City streets in just fiscal year 2021-22, with additional amounts allocated in future years. Going forward, as available resources are identified, funding allocations to improve the condition of City streets will likely be increased.

The federal American Rescue Plan Act (ARPA) was signed into law on March 11, 2021 and provides \$350 billion in Coronavirus State and Local Fiscal Recovery Funds for state, local, territorial and tribal governments to support their response to the COVID-19 pandemic and its economic impacts. The City will receive a total of more than \$7.3 million in ARPA funds, half of which was received in fiscal year 2020-21 with the other half to be received in fiscal year 2021-22. Specific guidelines regarding the use of ARPA funds have been issued by the federal government. In general, these funds may be used to: 1) support public health expenditures; 2) address negative economic impacts caused by the public health emergency; 3) aid the communities and populations hardest hit by the crisis; 4) invest in water, sewer and broadband infrastructure; 5) replace lost public sector revenue; and 6) cover costs incurred in administering the ARPA grant funds. The City's planned uses of these funds include providing support to businesses such as those in the hospitality and personal services industries, providing support to local non-profit organizations, supporting regional efforts to address homelessness issues, invest in storm water and broadband infrastructure projects, and replace lost revenue with investments in street repairs and public safety enhancements for the San Diego River corridor. ARPA expenditures must be incurred or obligated by December 31, 2024.

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, 2020. This was the 17th 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 annual comprehensive 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 Caroline Such 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, 2020

Christopher P. Morill

Executive Director/CEO

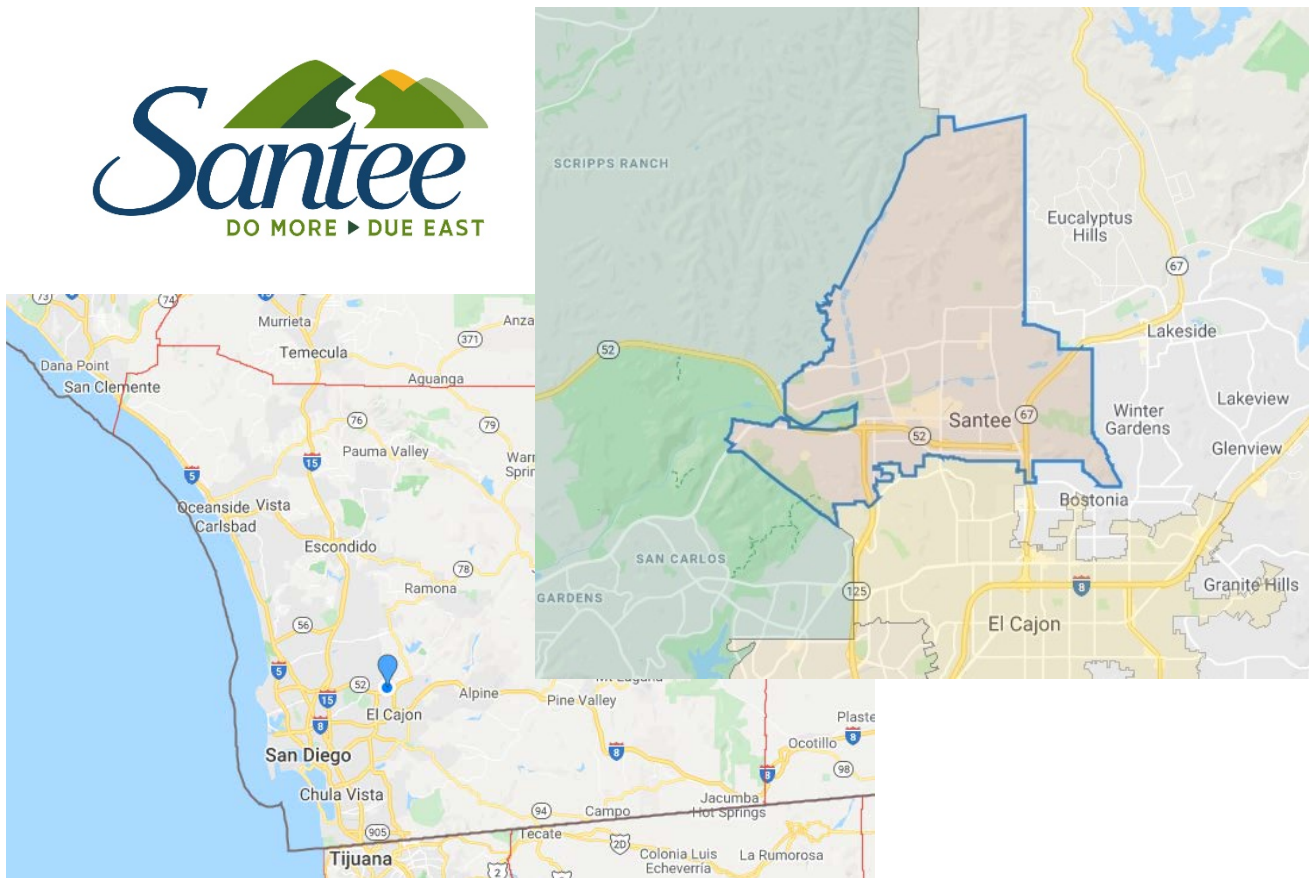
CITY COUNCIL

John W. Minto	Mayor
Rob McNelis	Vice Mayor
Ronn Hall	Council Member, District 2
Laura Koval	Council Member, District 3
Dustin Trotter	Council Member, District 4

EXECUTIVE MANAGEMENT TEAM

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





Santee is ideally located between the Pacific Ocean and the mountains of the Cleveland National Forest. While Santee is considered part of the East County Region, the city is only 18 freeway miles from the San Diego's premier beaches. Santee is connected to the coastline by State Route 52, a six-lane freeway that connects Interstate 5 in La Jolla to State Route 67. State Route 125 also intersects with State Route 52, forming a transportation hub in the heart of Santee.

Santee has nurtured a vibrant local economy by providing for a balance of retail, commercial and residential uses. The 700-acre Town Center district forms a downtown core comprised of business parks, high-density residential and retail businesses that feed off the synergy of Santee Trolley Square shopping complex and the Metropolitan Transit System trolley station.

Surrounded on three sides by chaparral-covered hills, the city is bisected by the San Diego River. 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 for Santee's western flank.

FINANCIAL SECTION

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, 2021, 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.

City Council
City of Santee

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, 2021, 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.

Emphasis of Matter

As described further in note 3K to the financial statements, during the year ended June 30, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84: Fiduciary Activities, resulting in a restatement of net position. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the City of Santee's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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.

City Council
City of Santee

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* are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. 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* 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 29, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 29, 2021

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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, 2021. 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, 2021 by \$176.1 million (*net position*).
- The City's total net position was relatively unchanged for the fiscal year, increasing by \$4,972. General revenues experienced a \$4.7 million increase from the prior fiscal year. However, the net pension liability and related deferred inflows and outflows of resources increased by \$3.3 million and the net investment in capital assets decreased by \$1.2 million.
- At June 30, 2021 the City's governmental funds reported combined fund balances of \$51.1 million, an increase of \$4.0 million during the fiscal year. Approximately \$14.1 million or 28% of this amount is available for spending at the City's discretion (*unassigned fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here 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 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 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 33 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, CFD 2017-1 Project Fund, and the American Rescue Plan Act Fund which are considered to be major funds. Data from the other 29 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 most 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 Private Purpose Trust Fund and the Custodial Fund. The *Private Purpose Trust Fund* is used to report resources held in trust for the Santee Community Development Commission Successor Agency to wind-down the affairs of the former Santee Community Development Commission and to satisfy related enforceable obligations. The *Custodial Fund* is used to report transactions related to the debt service and administration of CFD 2017-1.

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, and 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, 2021 assets and deferred outflows exceeded liabilities and deferred inflows by \$176.1 million, an increase of \$4,972 from the amount reported at June 30, 2020.

**City of Santee
 Summary of Net Position
 June 30, 2021 and 2020**

	Governmental Activities	
	2021	2020
Current and other assets	\$ 63,289,565	\$ 55,708,312
Capital assets	183,824,853	186,395,011
Total assets	247,114,418	242,103,323
Deferred outflows of resources	7,969,566	8,262,041
Noncurrent liabilities	59,563,813	57,774,423
Other liabilities	11,649,863	8,433,239
Total liabilities	71,213,676	66,207,662
Deferred inflows of resources	7,805,625	8,097,991
Net position:		
Net investment in capital assets	175,744,896	176,901,067
Restricted	27,267,595	28,096,742
Unrestricted	(26,947,808)	(28,938,098)
Total net position	\$176,064,683	\$176,059,711

The largest portion of the City's net position, \$175.7 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, \$27.3 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 \$26.9 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 \$46.9 million at June 30, 2021.

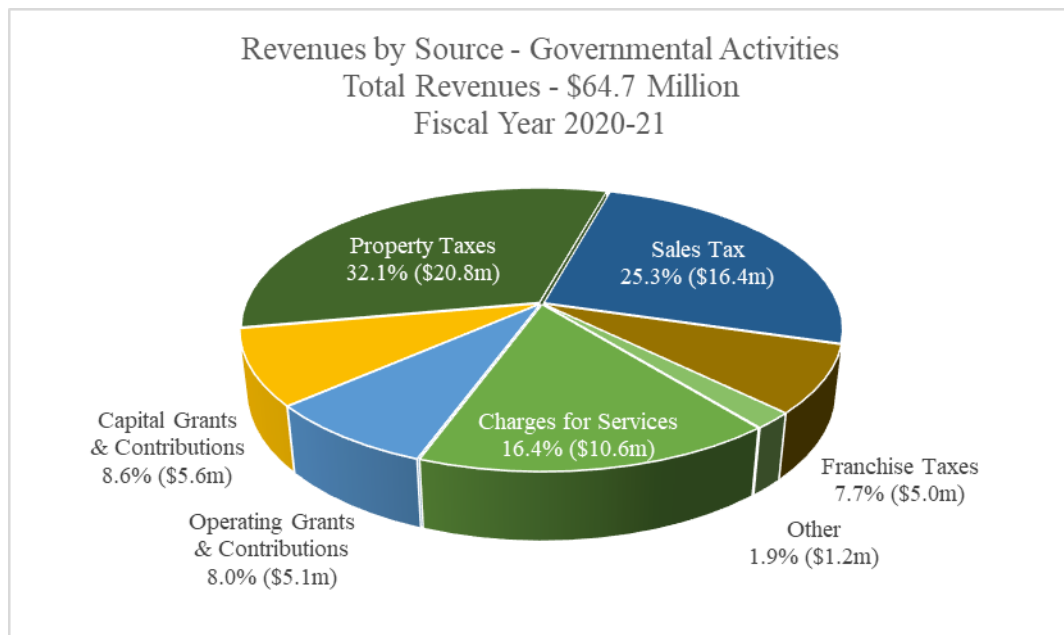
Governmental Activities

Net position increased by \$4,972 million during the fiscal year as a result of the City's governmental activities. Key elements of this increase are as follows:

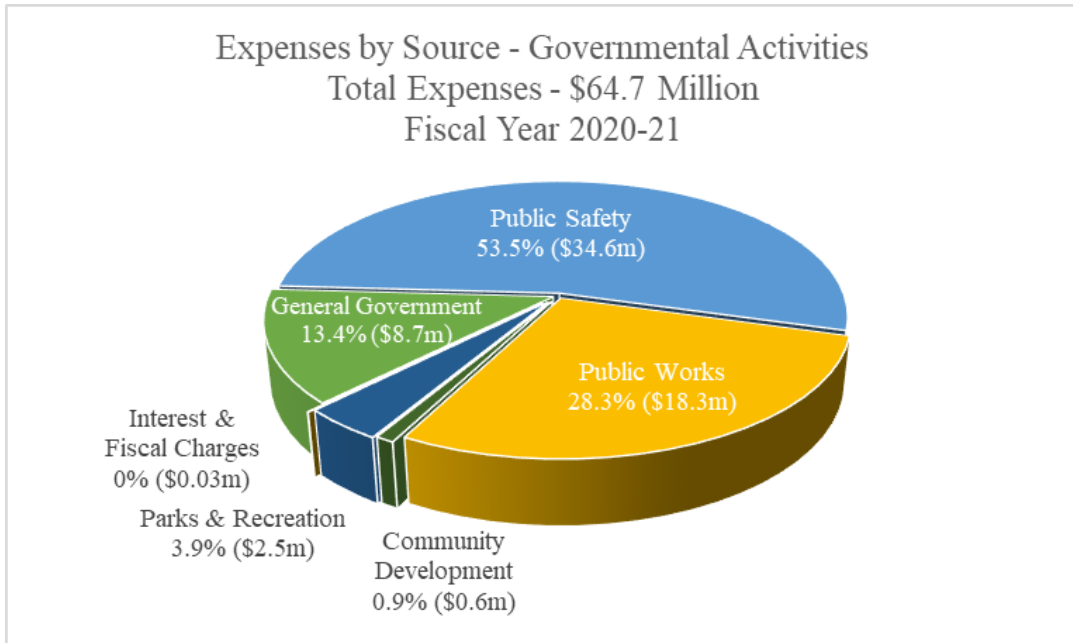
**City of Santee
 Changes in Net Position
 For the Fiscal Years Ended June 30, 2021 and 2020**

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 10,625,701	\$ 10,657,075
Operating grants and contributions	5,139,851	4,049,925
Capital grants and contributions	5,589,506	7,399,277
General revenues:		
Taxes:		
Property taxes	20,790,640	19,414,752
Sales tax	16,363,699	14,794,271
Franchise taxes	4,988,608	3,014,156
Other taxes	1,008,603	854,454
Motor vehicle in lieu, unrestricted	42,538	46,227
Investment income	990	549,728
Miscellaneous	148,823	6,214
Total revenues	<u>64,698,959</u>	<u>60,786,079</u>
Expenses:		
General government	8,681,560	7,674,778
Public safety	34,583,602	33,660,167
Public works	18,278,132	21,912,084
Community development	575,881	168,999
Parks and recreation	2,541,535	2,664,122
Interest and fiscal charges	33,277	256,413
Total expenses	<u>64,693,987</u>	<u>66,336,563</u>
Change in net position	4,972	(5,550,484)
Net position, beginning of year	<u>176,059,711</u>	<u>181,610,195</u>
Net position, end of year	<u><u>\$176,064,683</u></u>	<u><u>\$176,059,711</u></u>

- Operating grants and contributions increased by \$1.1 million from the prior fiscal year. This increase is primarily due to the increase in revenue recognized in the current fiscal year of \$375,821 in federal CARES Act funds that were received from both the County of San Diego and the State of California, the reclassification of flood control revenue of \$420,299 to this category from charges for services, and Community Development Block Grant-CV (coronavirus) revenue of \$338,254.
- Capital grants and contributions decreased by \$1.8 million from the prior fiscal year. This is primarily the result of a \$1.6 million decrease in development impact fees and other developer contributions received for future infrastructure improvements.
- Property tax, the City's largest revenue source, increased by \$1.4 million or 7.1%. Increases in residential real estate values and new construction resulted in a similar 7.1% increase in citywide net assessed valuation.
- Sales tax, the City's second largest revenue source, increased by \$1.6 million or 10.6% from the prior fiscal year, in spite of the recent economic slowdown as a result of the COVID-19 pandemic. This increase was primarily the result of growth in the area of building and construction and in sales tax allocations received through the county pool from online retail sales.
- Franchise taxes increased by \$2.0 million due to a renegotiated contract with the City's solid waste service provider that included a one-time contract signing fee of \$1.75 million.



- General government expenses increased by \$1.0 million from the prior year. The main component of this increase is a \$646,300 increase in federal CARES Act expenditures incurred to assist in mitigating the impact of the COVID-19 pandemic and related economic shutdown on small businesses and residents. Also reflected is a \$138,710 increase in election expense due to the costs associated with two citizen initiatives, one city sponsored ballot measure, and increased cost associated with mail-in ballots for the November 2020 general election.
- Public safety expenses increased by \$923,435 from the prior year. Included in this increase is an increase in contract law enforcement services costs and an increase in fire overtime costs primarily related to fire strike teams and COVID-19 vaccine administration.
- Public works expenses decreased by \$3.6 million from the prior year. This decrease is primarily due to \$3.4 million in reimbursements made in the prior year to a developer for infrastructure costs incurred within CFD 2017-1.



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, 2021, the City’s governmental funds reported combined fund balances of \$51.1 million, an increase of \$4.0 million during the fiscal year. Approximately 28% of this amount (\$14.1 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 (\$0.6 million), 2) restricted for particular purposes (\$27.3 million), 3) committed for particular purposes (\$9.0 million), or 4) assigned for particular purposes (\$0.1 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 \$14.1 million, while the total fund balance was \$23.3 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 29% of total General Fund expenditures for the year, while total fund balance represents approximately 48% of the total General Fund expenditures for the year.

The General Fund balance increased by \$5.5 million during the past fiscal year. General Fund revenues were \$5.5 million more than in the previous fiscal year. As discussed above, property tax revenue increased by \$1.4 million, sales tax revenue increased by \$1.6 million, and other taxes increased by \$2.1 million from the prior fiscal year (primarily due to one-time franchise fee revenue of \$1.75 million). Intergovernmental revenues increased by \$1.2 million with the receipt and expenditure of federal CARES Act grant funds and an increase in reimbursements received for Fire Department costs incurred in strike teams and COVID-19 vaccine administration. General Fund expenditures were \$2.5 million more than in the previous fiscal year. This increase is due to several factors including a \$725,652 increase in contract law enforcement services costs, a \$529,663 increase in CalPERS retirement costs, a \$526,649 increase in reimbursable Fire Department overtime costs and a \$646,300 increase in federal CARES Act expenditures.

The Capital Projects Fund, a major fund, had a \$602,300 decrease in fund balance during the fiscal year reflecting monies spent on various projects, bringing the fund's total fund balance to \$1.6 million, all of which is legally restricted or committed for various capital improvement projects. Capital Projects Fund expenditures totaled \$3.5 million, a \$4.5 million decrease from the prior fiscal year.

The CFD 2017-1 Project Fund, a major fund, is used to account for monies received from CFD 2017-1 which are being used for the installation of infrastructure and a public park for the Weston residential development. Fund expenditures totaled \$4.0 million for the current fiscal year, bringing the fund's total fund balance to \$1.5 million.

The American Rescue Plan Act Fund, a major fund, received the first of two installments of nearly \$3.7 million each in May 2021. The second equivalent installment is expected to be received in May 2022. No funds were spent in FY 2020-21 therefore no revenue was recognized as it has not yet been earned.

The Nonmajor Governmental Funds balance increased by a combined \$3.0 million during the year, bringing the Nonmajor Governmental Funds total fund balance to \$24.8 million, all of which is legally restricted or committed for various purposes. The primary reason for this increase is the accumulation of development impact fees and other revenues for planned 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 \$4.3 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 COVID-19 response activities, fire strike team activities, corrugated metal pipe repair and replacement, San Diego River fire break activities, election costs, funding for the retiree health/other post-employment benefits (OPEB) trust, and other incidental adjustments.

Actual General Fund revenues were \$169,085 more than budgeted. Property tax revenue was \$230,640 higher than budgeted, sales tax revenue was \$759,699 higher than budgeted, intergovernmental revenue was \$952,300 less than budgeted and investment earnings were \$142,304 less than budgeted. Various other revenue categories experienced minor variances.

Actual General Fund expenditures were \$3.1 million less than budgeted. Development Services Department expenditures were \$1.2 million less than budgeted due primarily to ongoing grants and projects that were not completed by the end of the year. These unspent budgets will be carried forward to the next year. Community Services Department expenditures were \$825,368 less than budgeted, due to savings in personnel costs, utility costs, facility maintenance and recreation programs cost. City Attorney expenditures were \$234,076 less than budgeted and Human Resources and Risk Management expenditures were \$202,018 less than budgeted. Fire Department expenditures exceeded the budget by \$50,649, due reimbursable overtime costs attributed to fire strike teams and COVID-19 vaccine administration.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of June 30, 2021 was \$183.8 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, 2021 and 2020**

	Governmental Activities	
	2021	2020
Land	\$ 14,545,773	\$ 13,639,087
Parks	5,257,745	5,257,745
Construction in progress	3,202,438	1,594,331
Buildings & improvements	11,512,702	11,592,801
Improvements other than buildings	9,235,093	8,206,897
Equipment	6,444,878	7,109,174
Vehicles	2,519,462	2,895,861
Infrastructure	131,106,762	136,099,115
Totals	<u>\$183,824,853</u>	<u>\$186,395,011</u>

Major capital asset activity during the year included the following:

- \$4.0 million was reimbursed, through CFD 2017-1, to the developer for the construction of a new park at the Weston development. This five-acre park serves as a trail head for the Stowe Trail and includes a restroom, bike repair station, and picnic shelter.
- \$758,456 was spent on the installation of new street lights in two areas of the City that previously did not have street lights.
- \$502,072 was spent for the engineering analysis, design, lining and replacement of corrugated metal storm drainage pipes in various locations throughout the City. A contract was awarded by the City Council for the \$2.6 million Santee Lakes Corrugated Metal Pipe Replacement project which is expected to be completed in early 2022.
- Construction commenced on audio/visual system and related upgrades to the City Council Chamber which enables the live broadcast of City Council meetings, boards, committees, and commission meetings. This \$630,400 project is substantially complete with final completion expected in January 2022.
- \$364,215 was spent for the rehabilitation of various City streets. An additional \$868,102 was spent for slurry and crack sealing of various City streets.
- \$294,980 was spent for the purchase of three new vehicles including the remount of an existing ambulance onto a new chassis.

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, 2021 the City had \$59.6 million in long-term debt outstanding.

**City of Santee
 Long-term Debt
 June 30, 2021 and 2020**

	Governmental Activities	
	2021	2020
Notes and loans payable	\$ 7,123,750	\$ 7,771,147
Capital leases payable	848,189	1,115,969
Claims and judgments	1,383,750	1,547,917
Compensated absences	1,666,070	1,537,506
Other post-employment benefits (OPEB)	1,091,740	1,620,327
Net pension liability	47,342,296	43,574,729
Premiums on long-term debt	108,018	606,828
Totals	\$59,563,813	\$57,774,423

The City's outstanding debt increased by \$1.8 million during the past fiscal year. This increase is primarily attributable to a \$3.8 million increase in the City's net pension liability. A slight increase was also realized in the City's liabilities for compensated absences. Decreases were realized in the liability for notes and loans payable and related premiums on long-term debt from the refinancing of certain debt by the San Diego Association of Governments. The claims and judgement liability also decreased. A reduction in the City's OPEB liability was the result of the continued prefunding of an OPEB trust. Other reductions in long-term debt occurred primarily as a result of principal payments made on various notes, loans and capital leases payable. 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 decrease by 4.2% or \$2.2 million. However, after adjusting for \$2.9 million in non-recurring revenues received in fiscal year 2020-21, ongoing revenues reflect a \$779,770 or 1.6% in fiscal year 2021-22.
- The net assessed valuation of property in the City is anticipated to increase by 4.2%. 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. Due to the economic impacts from the COVID-19 pandemic, an increase in property tax payment delinquencies may be experienced that could somewhat erode a portion of the gains in net assessed valuation.
- Sales tax revenue is projected to increase by 2.7% next fiscal year. Growth is expected to continue in the building and construction category as well as general consumer goods. County pool allocations (online sales), are expected to level out, while the other categories are expected to show modest growth.
- With the exception of one-time revenue received in fiscal year 2020-21, franchise fee revenue is expected to increase by 4.4% next year, with increases in revenues from solid waste and gas & electricity franchisees expected to be partially offset by a decrease in the revenues to be received from telecommunications franchisees.
- Federal American Rescue Plan Act funds totaling \$7.3 million, have been allocated to a variety of programs including storm water and broadband infrastructure projects, support to industries and non-profit organizations adversely affected by the pandemic, regional efforts to address homelessness issues and support the ongoing

public health response. These monies must be committed by December 31, 2024 and spent by December 31, 2026.

- The General Fund adopted budget for next fiscal year reflects a 3.0% increase in operating expenditures over the FY 2020-21 budgeted expenditures.
- Law enforcement services contract costs will increase by 4.5% over the next year with a nearly \$0.8 million impact to the budget. This will be the final year of the current five-year contract.
- Next year's budget provides for 1.5% across the board salary increases for all employee groups and a 1.0% across the board stipend 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 continue to result in sharp increases in retirement costs as the impact of these changes continues to be phased in over the next several years. While the FY 2021-22 budget is balanced, the impact of these changes will provide continued challenges for the City in balancing its budget in future years. Taking steps to reduce the City's pension liability and minimize pension cost impacts on the budget 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 in the amount of \$4.6 million will be used to augment funding for the City's capital improvement program. Other planned uses of supplemental General Fund reserves include \$500,000 for an additional payment to reduce the City's unfunded CalPERS pension liability, and \$200,000 to increase the worker's compensation insurance reserve balance.

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.

BASIC FINANCIAL STATEMENTS

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CITY OF SANTEE
Statement of Net Position

June 30, 2021

(with comparative information for prior year)

	Governmental Activities	
	2021	2020
ASSETS		
Cash and Investments (Note 2A)	\$ 54,478,648	\$ 43,283,608
Cash and Investments with Fiscal Agent (Note 2A)	1,457,572	5,455,630
Accounts Receivable	1,028,714	919,058
Loans Receivable (Note 2C)	1,198,500	1,238,500
Interest Receivable	91,019	168,465
Due From Other Governments	4,483,498	4,167,196
Inventory	2,687	3,081
Prepaid Items	109,927	33,774
Land Held for Resale	439,000	439,000
Capital Assets, Not Being Depreciated (Note 2D)	23,005,956	20,491,163
Capital Assets, Being Depreciated, Net (Note 2D)	160,818,897	165,903,848
Total Assets	<u>247,114,418</u>	<u>242,103,323</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pension (Note 3B)	7,573,836	7,506,258
Related to OPEB (Note 3C)	395,730	755,783
Total Deferred Outflows of Resources	<u>7,969,566</u>	<u>8,262,041</u>
LIABILITIES		
Accounts Payable	3,956,492	4,729,957
Accrued Salaries and Benefits	1,006,802	922,925
Accrued Liabilities	701,943	645,043
Interest Payable	24,480	31,787
Deposits Payable	2,153,780	2,005,528
Unearned Revenue	3,806,366	97,999
Noncurrent Liabilities		
Due Within One Year - Long-Term Liabilities (Note 2F)	2,549,538	2,510,119
Due in More Than One Year		
Long-Term Liabilities (Note 2F)	8,580,239	10,069,248
Net Pension Liability (Note 3B)	47,342,296	43,574,729
Net OPEB Liability (Note 3C)	1,091,740	1,620,327
Total Liabilities	<u>71,213,676</u>	<u>66,207,662</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions (Note 3B)	5,266,188	5,624,127
Related to OPEB (Note 3C)	1,176,598	1,405,508
Gain on Refinancing (Note 2F)	1,362,839	1,068,356
Total Deferred Inflows of Resources	<u>7,805,625</u>	<u>8,097,991</u>
NET POSITION		
Net Investment in Capital Assets	175,744,896	176,901,067
Restricted For:		
Capital Projects	20,733,437	21,847,985
Community Development	1,322,272	1,345,475
Debt Service	175,000	350,000
General Government	202,360	173,154
Public Safety	61,656	62,227
Public Works	4,772,870	4,317,901
Unrestricted	(26,947,808)	(28,938,098)
Total Net Position	<u>\$ 176,064,683</u>	<u>\$ 176,059,711</u>

The notes to financial statements are an integral part of this statement.

CITY OF SANTEE
Statement of Activities
For the Year Ended June 30, 2021
(with comparative information for prior years)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2021	2020
General Government	\$ 8,681,560	\$ 405,164	\$ 1,432,431	\$ 152,691	\$ (6,691,274)	\$ (6,205,202)
Public Safety	34,583,602	6,252,339	194,652	-	(28,136,611)	(28,009,147)
Public Works	18,278,132	3,616,939	2,953,113	4,607,843	(7,100,237)	(11,413,891)
Community Development	575,881	9,929	559,655	-	(6,297)	67,140
Parks and Recreation	2,541,535	341,330	-	828,972	(1,371,233)	1,587,227
Interest and Fiscal Charges	33,277	-	-	-	(33,277)	(256,413)
Total Governmental Activities	<u>\$ 64,693,987</u>	<u>\$ 10,625,701</u>	<u>\$ 5,139,851</u>	<u>\$ 5,589,506</u>	<u>(43,338,929)</u>	<u>(44,230,286)</u>
General Revenues:						
					20,790,640	19,414,752
					16,363,699	14,794,271
					4,988,608	3,014,156
					1,008,603	854,454
					42,538	46,227
					990	549,728
					148,823	6,214
					<u>43,343,901</u>	<u>38,679,802</u>
					4,972	(5,550,484)
					<u>176,059,711</u>	<u>181,610,195</u>
					<u>\$ 176,064,683</u>	<u>\$ 176,059,711</u>

The notes to financial statements are an integral part of this statement.

CITY OF SANTEE

Balance Sheet

Governmental Funds

June 30, 2021

(with comparative information for prior year)

	<u>General</u>	<u>Capital Projects</u>
ASSETS		
Cash and Investments	\$ 25,591,654	\$ 1,812,180
Cash and Investments with Fiscal Agents	-	-
Accounts Receivable	979,498	-
Loans Receivable	-	-
Interest Receivable	50,312	-
Due From Other Funds	26,648	-
Due From Other Governments	3,578,966	380,782
Inventories	2,687	-
Land Held for Resale	439,000	-
Prepaid Items	109,520	-
Advances to Other Funds	19,081	-
	<u>30,797,366</u>	<u>2,192,962</u>
Total Assets	<u>\$ 30,797,366</u>	<u>\$ 2,192,962</u>
LIABILITIES		
Accounts Payable	\$ 3,414,838	\$ 161,165
Accrued Salaries and Benefits	1,005,718	-
Deposits Payable	2,098,694	55,086
Unearned Revenue	134,498	-
Due to Other Funds	-	-
Accrued Liabilities	701,943	-
Advances From Other Funds	-	-
Total Liabilities	<u>7,355,691</u>	<u>216,251</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Intergovernmental	121,642	380,782
Total Deferred Inflow of Resources	<u>121,642</u>	<u>380,782</u>
FUND BALANCES (DEFICITS)		
Nonspendable	567,519	-
Restricted	175,000	1,250,276
Committed	8,344,724	345,653
Assigned	108,267	-
Unassigned	14,124,523	-
Total Fund Balances (Deficits)	<u>23,320,033</u>	<u>1,595,929</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,797,366</u>	<u>\$ 2,192,962</u>

The notes to financial statements are an integral part of this statement.

CFD 2017-1	American Rescue Plan Act	Non-Major Governmental Funds	Total Governmental Funds	
			2021	2020
\$ 553	\$ 3,662,763	\$ 23,411,498	\$ 54,478,648	\$ 43,283,608
1,457,572	-	-	1,457,572	5,455,630
-	-	49,216	1,028,714	919,058
-	-	1,198,500	1,198,500	1,238,500
8	-	40,699	91,019	168,465
-	-	-	26,648	32,668
-	-	523,750	4,483,498	4,167,196
-	-	-	2,687	3,081
-	-	-	439,000	439,000
-	-	407	109,927	33,774
-	-	-	19,081	24,933
<u>\$ 1,458,133</u>	<u>\$ 3,662,763</u>	<u>\$ 25,224,070</u>	<u>\$ 63,335,294</u>	<u>\$ 55,765,913</u>
\$ -	\$ -	\$ 380,489	\$ 3,956,492	\$ 4,729,957
-	-	1,084	1,006,802	922,925
-	-	-	2,153,780	2,005,528
-	3,662,763	9,105	3,806,366	97,999
-	-	26,648	26,648	32,668
-	-	-	701,943	645,043
-	-	19,081	19,081	24,933
-	<u>3,662,763</u>	<u>436,407</u>	<u>11,671,112</u>	<u>8,459,053</u>
-	-	16,356	518,780	124,185
-	-	<u>16,356</u>	<u>518,780</u>	<u>124,185</u>
-	-	407	567,926	497,964
1,458,133	-	24,384,187	27,267,596	28,096,742
-	-	386,713	9,077,090	5,293,498
-	-	-	108,267	342,685
-	-	-	14,124,523	12,951,786
<u>1,458,133</u>	<u>-</u>	<u>24,771,307</u>	<u>51,145,402</u>	<u>47,182,675</u>
<u>\$ 1,458,133</u>	<u>\$ 3,662,763</u>	<u>\$ 25,224,070</u>	<u>\$ 63,335,294</u>	<u>\$ 55,765,913</u>

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CITY OF SANTEE

**Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position**

June 30, 2021

Fund Balances of Governmental Funds \$ 51,145,402

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. 183,824,853

Receivables which are not considered to be available to finance current expenditures are reported as unavailable revenue in the governmental funds. 518,780

Deferred outflows and inflows of resources related to pensions, OPEB and a gain on refinancing that are required to be recognized over a defined closed period.

Pension Related Deferred Outflows of Resources	\$ 7,573,836	
OPEB Related Deferred Outflows of Resources	395,730	
Pension Related Deferred Inflows of Resources	(5,266,188)	
OPEB Related Deferred Inflows of Resources	(1,176,598)	
Gain on Refinancing	<u>(1,362,839)</u>	163,941

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	\$ (7,123,750)	
Capital Lease Payable	(848,189)	
Claims and Judgments	(1,383,750)	
Compensated Absences	(1,666,070)	
Net OPEB Liability	(1,091,740)	
Net Pension Liability	(47,342,296)	
Unamortized Premiums on Long-term Debt	<u>(108,018)</u>	(59,563,813)

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (24,480)

Net Position of Governmental Activities \$ 176,064,683

The notes to financial statements are an integral part of this statement.

CITY OF SANTEE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

(with comparative information for prior year)

	<u>General</u>	<u>Capital Projects</u>
REVENUES		
Property Taxes	\$ 20,790,640	\$ -
Sales Taxes	16,363,699	-
Other Taxes	5,997,211	-
Special Assessments	1,111,800	-
Intergovernmental	2,256,314	533,181
Licenses and Permits	171,734	-
Fines and Forfeitures	167,634	-
Developer Fees	-	423,145
Charges for Services	6,730,207	-
Investment Earnings	16,896	-
Other Revenue	614,400	-
Total Revenues	<u>54,220,535</u>	<u>956,326</u>
EXPENDITURES		
Current:		
General Government	8,072,643	500,770
Public Safety	31,934,168	-
Public Works	7,167,178	2,964,147
Community Development	162,645	-
Parks and Recreation	769,502	35,990
Debt Service:		
Principal Retirement	267,778	-
Interest	35,091	-
Total Expenditures	<u>48,409,005</u>	<u>3,500,907</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,811,530</u>	<u>(2,544,581)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	11,097	1,942,281
Transfers Out	(293,925)	-
Total Other Financing Sources (Uses)	<u>(282,828)</u>	<u>1,942,281</u>
Net Change in Fund Balances	5,528,702	(602,300)
Fund Balances, Beginning of Year	17,791,331	2,198,229
Fund Balances, End of Year	<u>\$ 23,320,033</u>	<u>\$ 1,595,929</u>

The notes to financial statements are an integral part of this statement.

CFD 2017-1	American Rescue Plan Act	Non-Major Governmental Funds	Total Governmental Funds	
			2021	2020
\$ -	\$ -	\$ 778,527	\$ 21,569,167	\$ 20,148,751
-	-	-	16,363,699	14,794,271
-	-	2,536,785	8,533,996	6,406,886
-	-	950,130	2,061,930	2,008,277
-	-	1,891,425	4,680,920	4,433,623
-	-	-	171,734	162,205
-	-	-	167,634	223,296
-	-	2,888,352	3,311,497	4,931,260
-	-	-	6,730,207	7,349,108
192	-	23,398	40,486	1,184,778
-	-	58,697	673,097	244,027
<u>192</u>	<u>-</u>	<u>9,127,314</u>	<u>64,304,367</u>	<u>61,886,482</u>
-	-	46,871	8,620,284	7,663,516
-	-	238,335	32,172,503	30,829,669
-	-	2,874,550	13,005,875	15,924,549
-	-	413,237	575,882	168,999
3,998,400	-	3,116	4,807,008	5,611,364
-	-	647,397	915,175	1,004,561
-	-	209,822	244,913	368,137
<u>3,998,400</u>	<u>-</u>	<u>4,433,328</u>	<u>60,341,640</u>	<u>61,570,795</u>
<u>(3,998,208)</u>	<u>-</u>	<u>4,693,986</u>	<u>3,962,727</u>	<u>315,687</u>
-	-	73,331	2,026,709	5,760,808
-	-	(1,732,784)	(2,026,709)	(5,760,808)
-	-	(1,659,453)	-	-
(3,998,208)	-	3,034,533	3,962,727	315,687
5,456,341	-	21,736,774	47,182,675	46,866,988
<u>\$ 1,458,133</u>	<u>\$ -</u>	<u>\$ 24,771,307</u>	<u>\$ 51,145,402</u>	<u>\$ 47,182,675</u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 3,962,727

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	\$ 6,731,342	
Depreciation Expense	(9,257,824)	
Loss on Disposal of Assets	<u>(43,676)</u>	(2,570,158)

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	\$ 915,177	
Amortization of Notes Payable Premium	42,102	
Amortization of Gain on Refunding	<u>162,225</u>	1,119,504

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. 7,307

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. 394,595

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	\$ 164,167	
Net Change in Compensated Absences	(128,564)	
Net Change in Net Pension Liability	(3,767,567)	
Net Change in Pension and OPEB Related Deferred Outflows and Inflows of Resources	294,374	
Net Change in Net OPEB Liability	<u>528,587</u>	<u>(2,909,003)</u>

Change in Net Position of Governmental Activities \$ 4,972

The notes to financial statements are an integral part of this statement.

CITY OF SANTEE
Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Investments (Note 2A)	\$ 1,966,326	\$ 442,965
Cash and Investments with Fiscal Agents (Note 2A)	812,515	527,033
Loans Receivable (Note 2C)	334,532	-
Interest Receivable	1,506	669
Due From Other Governments	-	3,627
Total Assets	3,114,879	974,294
DEFERRED OUTFLOW OF RESOURCES		
Deferred Refunding Charge (Note 3G)	5,021,064	-
Total Deferred Outflows of Resources	5,021,064	-
LIABILITIES		
Accounts Payable	-	1,322
Interest Payable	703,826	-
Noncurrent Liabilities		
Due Within One Year (Note 3G)	1,625,000	-
Due in More Than One Year (Note 3G)	40,627,472	-
Total Liabilities	42,956,298	1,322
NET POSITION		
Net Position (Deficit) Held in Trust	(34,820,355)	-
Net Position Restricted for Bondholders	-	972,972
Total Net Position (Deficit)	\$ (34,820,355)	\$ 972,972

The notes to financial statements are an integral part of this statement.

CITY OF SANTEE
Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2021

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS		
Taxes	\$ 3,349,467	\$ 558,250
Investment Earnings (Loss)	(14,671)	(1,468)
Total Additions	<u>3,334,796</u>	<u>556,782</u>
DEDUCTIONS		
Administrative Costs	42,715	7,651
Interest and Fiscal Charges	1,766,868	381,363
Principal Payments	-	140,000
Total Deductions	<u>1,809,583</u>	<u>529,014</u>
Change in Fiduciary Net Position	1,525,213	27,768
Net Position (Deficit), Beginning of the Year - As Restated (Note 3K)	<u>(36,345,568)</u>	<u>945,204</u>
Net Position (Deficit), End of the Year	<u>\$ (34,820,355)</u>	<u>\$ 972,972</u>

The notes to financial statements are an integral part of this statement.

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 the Authority is therefore reported as a blended component unit of the City. However, with the final debt service payment having been made by the Authority on its Lease Revenue Bonds in February 2019 there are no financial transactions to be reported for the year ended June 30, 2021 and no current separate financial statements are available for the Authority.

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:

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

CFD 2107-1 – This capital projects fund is used to account for public infrastructure related to the Weston development.

American Rescue Plan Act – This fund is used to account for funds received through the American Rescue Plan Act. These federal funds are restricted for use as outlined in the American Rescue Plan Act.

Additionally, the City reports the following fund type:

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

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

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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, PEG Fees, Gas Tax, Gas Tax RMRA 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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Property taxes become delinquent on December 10th and April 10th. 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 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 each year based on inflation but no more than 2% per year. The City receives a share of this basic levy based on complex formulas.

Inventories and Prepaid Items

Inventory consisting of office supplies, is stated at cost on an average cost basis and is adjusted to reflect periodic physical counts. These inventories are recorded as expenditures when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items under the consumption method in both government-wide and fund financial statements.

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value. At June 30, 2021 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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Buildings	50 years
System Infrastructure	20 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 financial statements include 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, 2021 is recorded as a long-term liability.

For governmental funds, the cost of accumulated vacation and compensatory 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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 arise 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 item 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 four 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 arise 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. And lastly, the City has deferred inflows related to gains on the refinancing of two loan agreements with the San Diego Association of Governments (SANDAG). These gains represent the savings derived from the refunding of SANDAG's underlying bonds that supported the loan. These items are reported only in the government-wide statement of net position and are amortized over the remaining life of the loan.

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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

G) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, 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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 are classified in the accompanying financial statements as follows:

Governmental Activities:	
Cash and Investments	\$ 54,478,648
Cash and Investments with Fiscal Agent	1,457,572
Fiduciary Funds:	
Cash and Investments	2,409,291
Cash and Investments with Fiscal Agent	1,339,548
Total Cash and Investments	<u>\$ 59,685,059</u>

Cash and investments as of June 30, 2021 consist of the following:

Cash on Hand	\$ 6,050
Deposits with Financial Institutions	975,581
Investments	58,703,428
Total Cash and Investments	<u>\$59,685,059</u>

2) DETAILED NOTES ON ALL FUNDS (Continued)

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.

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity⁽¹⁾</u>	<u>Maximum Percentage of Portfolio⁽¹⁾</u>	<u>Maximum Investment in One Issuer⁽¹⁾</u>
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% ⁽²⁾	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	90 Days	10%	None
Reverse Repurchase Agreements	Yes	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

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

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

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:

2) DETAILED NOTES ON ALL FUNDS (Continued)

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months Or Less	12+ to 36 Months	36+ to 60 Months
Treasury Securities	\$ 6,866,797	\$ 2,023,203	\$ 3,557,031	\$ 1,286,563
Federal Agency Securities	8,033,266	1,010,864	4,057,911	2,964,491
Medium Term Notes	3,269,076	1,974,713	542,389	751,974
Local Agency Investment Fund (LAIF)	37,416,466	37,416,466	-	-
California Asset Management Program (CAMP)	62,388	62,388	-	-
Money Market Funds	258,316	258,316	-	-
Investments with Fiscal Agent:				
Money Market Funds	2,797,119	2,979,119	-	-
Total	\$58,703,428	\$45,725,069	\$ 8,157,331	\$ 5,003,028

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/A-1+	AA	A	Not Rated
Treasury Securities	\$ 6,866,797	N/A	\$6,866,797	\$ -	\$ -	\$ -	\$ -
Federal Agency Securities	8,033,266	AA	-	-	8,033,266	-	-
Medium Term Notes	3,269,076	A	-	500,102	1,352,482	1,416,492	-
Local Agency Investment Fund (LAIF)	37,416,466	N/A	-	-	-	-	37,416,466
California Asset Management Program (CAMP)	62,388	N/A	-	62,388	-	-	-
Money Market Funds	258,316	A-1+	-	258,316	-	-	-
Investments with Fiscal Agent:							
Money Market Funds	2,797,119	A-1+	-	2,797,119	-	-	-
Total	\$58,703,428		\$6,866,797	\$ 3,617,925	\$9,385,748	\$ 1,416,492	\$37,416,466

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	\$ 5,508,846	9.38%

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.

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.

2) DETAILED NOTES ON ALL FUNDS (Continued)

B) Fair Value Measurements

The City categorizes certain assets and liabilities within the fair value hierarchy established by generally accepted accounting principles as discussed in Note 1E. The City has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasury Securities	\$ 6,866,797	\$ 6,866,797	\$ -	\$ -
Federal Agency Securities	8,033,266	-	8,033,266	-
Medium Term Notes	<u>3,269,076</u>	<u>-</u>	<u>3,269,076</u>	<u>-</u>
Total Investments by Fair Value Level	18,169,139	<u>\$ 6,866,797</u>	<u>\$ 11,302,342</u>	<u>\$ -</u>
Not Subject to the Fair Value Hierarchy:				
California Asset Management Program (CAMP)	62,388			
Local Agency Investment Fund (LAIF)	37,416,466			
Money Market Funds	<u>3,055,435</u>			
Total Investments	<u>\$ 58,703,428</u>			

The City's Level 2 investments are valued based on the input of a pricing service that uses matrix pricing.

C) Loans Receivable

The City has made various First Time Home Buyer Loans to individuals with Federal HOME and State 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, 2021 was \$1,198,500.

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, 2021, net of an allowance for doubtful accounts is \$334,532.

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, 2021:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 13,639,087	\$ 906,686	\$ -	\$ 14,545,773
Parks	5,257,745	-	-	5,257,745
Construction in Progress	<u>1,594,331</u>	<u>1,820,467</u>	<u>(212,360)</u>	<u>3,202,438</u>
Total capital assets, not being depreciated	<u>20,491,163</u>	<u>2,727,153</u>	<u>(212,360)</u>	<u>23,005,956</u>
Capital assets, being depreciated:				
Buildings & Improvements	22,279,243	591,472	-	22,870,715
Improvements other than buildings	12,526,632	1,654,092	-	14,180,724
Equipment	13,793,945	120,279	(6,665)	13,907,559
Vehicles	7,718,634	294,980	(27,033)	7,986,581
Infrastructure	<u>275,284,209</u>	<u>1,555,726</u>	<u>(162,753)</u>	<u>276,677,182</u>
Total capital assets, being depreciated	<u>331,602,663</u>	<u>4,216,549</u>	<u>(196,451)</u>	<u>335,622,761</u>
Less accumulated depreciation for:				
Buildings & Improvements	(10,686,442)	(671,571)	-	(11,358,013)
Improvements other than buildings	(4,319,735)	(625,896)	-	(4,945,631)
Equipment	(6,684,771)	(784,575)	6,665	(7,462,681)
Vehicles	(4,822,773)	(671,377)	27,031	(5,467,119)
Infrastructure	<u>(139,185,094)</u>	<u>(6,504,405)</u>	<u>119,079</u>	<u>(145,570,420)</u>
Total accumulated depreciation	<u>(165,698,815)</u>	<u>(9,257,824)</u>	<u>152,775</u>	<u>(174,803,864)</u>
Total capital assets, being depreciated, net	<u>165,903,848</u>	<u>(5,041,275)</u>	<u>(43,676)</u>	<u>160,818,897</u>
Governmental activities capital assets, net	<u>\$ 186,395,011</u>	<u>\$ (2,314,122)</u>	<u>\$ (256,036)</u>	<u>\$ 183,824,853</u>

Depreciation expense was charged to the functions of the governmental activities as follows:

General Government	\$ 189,204
Public Safety	834,197
Public Works	6,638,460
Parks & Recreation	<u>1,595,963</u>
Total Governmental Activities	
Depreciation Expense	<u>\$ 9,257,824</u>

2) DETAILED NOTES ON ALL FUNDS (Continued)

E) Interfund Receivables, Payables and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	<u>\$26,648</u>

The outstanding balance between funds is the result of an advance made by the General Fund to cover the cost of landscape improvements in one zone of the Santee Landscape Maintenance District. The advance is interest free with a term of ten years.

Advances to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	<u>\$19,081</u>

Transfers are recorded to reflect the reimbursement of expenditures incurred in one fund with resources from other funds. Most of the transfers below were made to fund various capital projects.

<i>Transfers In:</i>				
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<i>Transfers Out:</i>				
General Fund	\$ -	\$ 242,573	\$ 51,352	\$ 293,925
Non-Major Governmental Funds	11,097	1,699,708	21,979	1,732,784
Total	<u>\$ 11,097</u>	<u>\$ 1,942,281</u>	<u>\$ 73,331</u>	<u>\$ 2,026,709</u>

2) DETAILED NOTES ON ALL FUNDS (Continued)

F) Long-term Liabilities

Changes in Long-term Liabilities

Long-term liability activity for the governmental activities for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes and Loans Payable	\$ 7,771,147	\$ -	\$ 647,397	\$ 7,123,750	\$ 672,500
Capital Leases Payable	1,115,969	-	267,780	848,189	231,118
Claims and Judgments	1,547,917	336,100	500,267	1,383,750	355,860
Compensated Absences	1,537,506	1,235,397	1,106,833	1,666,070	1,249,553
Premiums on Long-term Debt	606,828	-	498,810	108,018	40,507
Total	<u>\$ 12,579,367</u>	<u>\$ 4,441,497</u>	<u>\$ 5,891,087</u>	<u>\$ 11,129,777</u>	<u>\$ 2,549,538</u>

Notes and Loans Payable

SANDAG 2010 Agreement

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 for flood channel improvements and street repair and rehabilitation projects. In accordance with the agreement, the City is responsible for paying its proportionate share of SANDAG's bond debt service through the maturity date of the note in fiscal year ending 2030. In February 2020, the bonds originally issued by SANDAG were refunded. As a result of the refunding, the principal balance owed by the City decreased by \$830,000, and the City's share of the premium on the original issuance, \$273,845, was eliminated. This resulted in a gain on refinancing of \$1,114,806 which is recognized as a deferred inflow and amortized over the remaining 10 years of the borrowing. The amortized amount for fiscal year 2020-21 was \$111,481. Interest on the note is 0.8674%.

The repayment of debt is the first priority on the use of the City's annual TransNet revenues. As of June 30, 2021, the City's total debt outstanding on this note was \$3,542,500.

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. These revenues total approximately \$1,500,000 per year. Total principal and interest remaining on the note payable is \$4,434,789 payable through fiscal year 2030. For the current year, principal and interest paid were \$315,000 and \$188,675, respectively.

2) DETAILED NOTES ON ALL FUNDS (Continued)

Annual debt service requirements to maturity on this debt at June 30, 2021 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 335,000	\$ 172,925
2023	353,750	156,175
2024	370,000	138,488
2025	388,750	119,988
2026	405,000	100,550
2027-2030	1,690,000	204,163
Total	<u>\$ 3,542,500</u>	<u>\$ 892,289</u>

HUD Section 108 Loan

On November 17, 2011 the City received a \$1,400,000 Section 108 loan from the U.S. Department of Housing and Urban Development for street and drainage improvements located in a qualifying low-income census tract. The loan is secured by a pledge of future Community Development Block Grant revenues. The City 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. As of August 2021, the loan has been paid in full.

Annual debt service requirement to maturity on this debt at June 30, 2021 is as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 140,000	\$ 1,792
Total	<u>\$ 140,000</u>	<u>\$ 1,792</u>

SANDAG 2014 Agreement

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 for street repairs and rehabilitation projects. 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. In February 2021, \$2,870,000 of the City's share of the bonds originally issued by SANDAG was refunded. The remaining principal balance of \$571,250 remains in the original issuance. As a result of the refunding, a portion of the City's share of the premium on the original issuance, \$456,707, was eliminated and the maturity date of the non-refunded portion of the bonds changed to 2024. This resulted in a gain on refinancing of \$456,507 which is recognized as a deferred inflow and amortized over the remaining three years of the non-refunded portion of the issuance. The amortized

2) DETAILED NOTES ON ALL FUNDS (Continued)

amount for fiscal year 2020-21 was \$50,744. Thereafter it will be \$162,024 per year. The portion of the original premium that was not refunded, \$121,521, will also be amortized over three years. The amortized amount for fiscal year 2020-21 was \$42,102. Thereafter it will be \$40,507 per year. Interest on the note is 3.851% on the non-refunded portion of the note and 2.214% on the refunded portion.

The repayment of debt is the first priority on the use of the City’s annual TransNet revenues. As of June 30, 2021, the City’s total debt outstanding on this note was \$3,441,250.

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. These revenues total approximately \$1,500,000 per year. Total principal and interest remaining on the note payable is \$4,189,068 payable through fiscal year 2034. For the current year, principal and interest paid were \$192,322 and \$16,692, respectively.

Annual debt service requirements to maturity on this debt at June 30, 2021 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 197,500	\$ 92,169
2023	208,750	81,731
2024	222,500	71,240
2025	232,500	62,696
2026	242,500	61,093
2027-2031	1,407,500	267,945
2032-2034	930,000	110,944
Total	<u>\$ 3,441,250</u>	<u>\$ 747,818</u>

Capital Leases Payable

2014 Vactor

On December 16, 2013, the City entered into an 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.

2) DETAILED NOTES ON ALL FUNDS (Continued)

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
2022	\$ 30,466	\$ 2,146
2023	31,402	1,210
2024	16,062	245
Total	<u>\$ 77,930</u>	<u>\$ 3,601</u>

2016 Pierce Arrow XT Pumper

On August 17, 2015, the City entered into an 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
2022	\$ 91,254	\$ 5,576
2023	94,001	2,829
Total	<u>\$ 185,255</u>	<u>\$ 8,405</u>

2016 Pierce Arrow XT Tiller

On August 17, 2015, the City entered into an 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
2022	109,398	19,656
2023	113,074	15,981
2024	116,873	12,181
2025	120,800	8,254
2026	124,859	4,195
Total	<u>\$ 585,004</u>	<u>\$ 60,267</u>

2) DETAILED NOTES ON ALL FUNDS (Continued)

Claims and Judgments

The outstanding liability for claims payable at June 30, 2021 was \$1,383,750. This liability is primarily liquidated from the General Fund.

Compensated Absences, Net OPEB Liability and Net Pension Liability

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

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 PRISM Insurance Risk Sharing Pool 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, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Claims payable, beginning of year	\$ 1,547,917	\$ 1,377,881
Current year claims and changes in estimates	336,100	517,573
Current year claims payments	<u>(500,267)</u>	<u>(347,537)</u>
Claims payable, end of year	<u>\$ 1,383,750</u>	<u>\$ 1,547,917</u>

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2019-20 to fiscal year 2020-21. Furthermore, there was no settlement which exceeded the insurance coverage for the past three years.

3) OTHER INFORMATION (Continued)

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.

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, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013 ⁽¹⁾
Hire date		
Benefit formula ⁽²⁾	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 ⁽³⁾	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	9.00%	6.75%
Required employer contribution rates	13.194%	7.732%
	Miscellaneous 2nd Tier	
	Prior to January 1, 2013	On or after January 1, 2013 ⁽¹⁾
Hire date		
Benefit formula ⁽²⁾	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 ⁽³⁾	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	9.484%	7.732%

3) OTHER INFORMATION (Continued)

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013 ⁽¹⁾
Hire date		
Benefit formula ⁽²⁾	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 ⁽³⁾	3.00%	2.0% to 2.7%
Required employee contribution rates	12.00%	13.75%
Required employer contribution rates	22.540%	13.884%
	Safety 2nd Tier	
	Prior to January 1, 2013	On or after January 1, 2013 ⁽¹⁾
Hire date		
Benefit formula ⁽²⁾	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 ⁽³⁾	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	12.00%	13.75%
Required employer contribution rates	19.397%	13.884%

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

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

⁽³⁾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, 2020 (the measurement date), the active employee contribution rate is 6.75 percent to 13.75 percent of annual pay, and the employer’s contribution rate is from 7.732 percent to 22.540 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.

3) OTHER INFORMATION (Continued)

The City’s contributions to each Plan for the year ended June 30, 2021 were as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous 2nd Tier</u>	<u>PEPRA Miscellaneous</u>
Contributions - Employer	\$ 467,463	\$ 121,385	\$ 154,552
Contributions - Employer (Paid by Employee)	35,430	12,799	-

	<u>Safety</u>	<u>Safety 2nd Tier</u>	<u>PEPRA Safety</u>
Contributions - Employer	\$ 825,025	\$ 60,344	\$ 256,443
Contributions - Employer (Paid by Employee)	92,358	9,333	-

Actuarial Methods and Assumptions used to determine Total Pension Liability – For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 actuarial valuation to determine the June 30, 2020 total pension liability. The June 30, 2020 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 ¹	Derived using CalPERS’ Membership Data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

3) OTHER INFORMATION (Continued)

Long-term Expected Rate of Return – 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. 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 adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)

⁽¹⁾ In the System's ACFR , 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.

⁽²⁾ An expected inflation of 2.00% used for this period.

⁽³⁾ An expected inflation of 2.92% used for this period.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine to total pension liability.

3) OTHER INFORMATION (Continued)

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:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Miscellaneous			
Balance at: 6/30/2019	\$ 64,737,682	\$ 47,693,101	\$ 17,044,581
Balance at: 6/30/2020	68,106,007	49,721,915	18,384,092
Net Changes during 2019-20	\$ (3,368,325)	\$ (2,028,814)	\$ (1,339,511)
Safety			
Balance at: 6/30/2019	\$ 93,504,163	\$ 66,974,015	\$ 26,530,148
Balance at: 6/30/2020	97,553,807	68,595,603	28,958,204
Net Changes during 2019-20	\$ (4,049,644)	\$ (1,621,588)	\$ (2,428,056)
Total			
Balance at: 6/30/2019	\$ 158,241,845	\$ 114,667,116	\$ 43,574,729
Balance at: 6/30/2020	165,659,814	118,317,518	47,342,296
Net Changes during 2019-20	\$ (7,417,969)	\$ (3,650,402)	\$ (3,767,567)

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, 2019 and 2020 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2019	0.42564%	0.42499%
Proportion - June 30, 2020	0.43584%	0.43465%
Change - Increase (Decrease)	0.01020%	0.00966%

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:

3) OTHER INFORMATION (Continued)

	Discount Rate - 1% <u>6.15%</u>	Current Discount Rate <u>7.15%</u>	Discount Rate + 1% <u>8.15%</u>
Net Pension Liability - Miscellaneous	\$ 27,447,339	\$ 18,384,092	\$ 10,895,415
Net Pension Liability - Safety	<u>42,206,373</u>	<u>28,958,204</u>	<u>18,086,828</u>
Net Pension Liability - Total	<u>\$ 69,653,712</u>	<u>\$ 47,342,296</u>	<u>\$ 28,982,243</u>

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

3) OTHER INFORMATION (Continued)

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

For the year ended June 30, 2021, the City recognized a pension expense of \$2,009,555 for the Miscellaneous Plan and \$3,367,627 for the Safety Plan, which totaled \$5,377,182. As of June 30, 2021, 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	\$ 791,629	\$ -	\$ 1,243,503	\$ -	\$ 2,035,132	\$ -
Differences between actual contributions made and proportionate share of contributions	-	2,019,369	-	3,006,381	-	5,025,750
Differences between expected and actual experience	546,129		629,383	-	1,175,512	-
Changes of assumptions		131,123	736,339	-	736,339	131,123
Net difference between projected and actual earnings on pension plan investments	947,387		2,245,562	-	3,192,949	-
Adjustment due to differences in proportions	433,904	12,855	-	96,460	433,904	109,315
Total	<u>\$ 2,719,049</u>	<u>\$ 2,163,347</u>	<u>\$ 4,854,787</u>	<u>\$ 3,102,841</u>	<u>\$ 7,573,836</u>	<u>\$ 5,266,188</u>

\$2,035,132 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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources in the previous table will be recognized in future pension expense as follows:

Fiscal Year Ended	Deferred Outflows/Inflows of Resources		
	Miscellaneous	Safety	Total
June 30, 2022	\$ (631,449)	\$ (424,466)	\$ (1,055,915)
2023	(20,968)	262,159	241,191
2024	154,551	355,394	509,945
2025	261,939	315,356	577,295
2026	-	-	-
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%.

3) OTHER INFORMATION (Continued)

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, 2021, the City's payroll covered by the plan was \$200,729. The City made employer contributions of \$7,528 (3.75% of covered payroll), and employees contributed \$7,528 (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 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 current executive management employees at that time, modifying the benefit to a fixed amount of \$400 per month until age 65, and to sunset the program.

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, 2020 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	129
Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to, but not yet receiving benefits	<u>-</u>
Total	<u><u>178</u></u>

3) OTHER INFORMATION (Continued)

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, 2020 and the net OPEB liability used to calculate the net OPEB Liability was determined by an actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50% per year
Salary Increases	3.00% per year
Mortality Rate	MacLeod Watts Scale 2020 applied generationally.
Healthcare Cost Trend Rate	5.46% in 2021, fluctuates until ultimate rate of 4% in 2076

Expected Long-term Return on Assets

The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are summarized in the following table:

Major Asset Classification	Target Allocation	Years 1-10 Expected Rate of Return	Years 11+ Expected Rate of Return
Global Equity	59%	4.80%	5.98%
Fixed Income	25%	1.10%	2.62%
Global Real Estate(REIT)	8%	3.20%	5.00%
Treasury Inflation Protected Securities	5%	0.25%	1.46%
Commodities	3%	1.50%	2.87%
Total	100%		

Notes:

1. Years 1-10 assumes a general inflation rate of 2.00%
2. Years 11+ assumes a general inflation rate of 2.92%

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, 2021 (Measurement Date: June 30, 2020)	\$ 2,582,631	\$ 962,304	\$ 1,620,327
Changes recognized for the measurement period:			
Service Cost	74,534	-	74,534
Interest	165,977	-	165,977
Expected investment income	-	78,781	(78,781)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	707,352	(707,352)
Net investment income	-	(16,470)	16,470
Benefit payments	(207,352)	(207,352)	-
Plan experience	-	-	-
Administrative expense	-	(565)	565
Net Changes	33,159	561,746	(528,587)
Balance at June 30, 2021 (Measurement Date: June 30, 2020)	\$ 2,615,790	\$ 1,524,050	\$ 1,091,740

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trends

The discount rate used for the fiscal year end 2021 is 6.5%. Healthcare Cost Trend Rate was assumed to start at 5.4% (effective January 2021) and then grade down to 4.0% for years 2076 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity of the Net OPEB Liability

	Current - 1%	Current	Current + 1%
Changes in Discount Rate	5.50%	6.50%	7.50%
Net OPEB Liability	\$ 1,306,402	\$ 1,091,740	\$ 901,314
Changes in Healthcare Cost Trend Rate	Current Trend	Current Trend	Current Trend
	- 1%	Trend	+ 1%
Net OPEB Liability	\$ 938,547	\$ 1,091,740	\$ 1,269,571

3) OTHER INFORMATION (Continued)

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) Separate EARSL periods applied to Different employee benefit groups.

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

For the fiscal year ended June 30, 2021, the City recognized OPEB expense (income) of (\$38,032). As of fiscal year ended June 30, 2021, the City reported deferred inflows and 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	\$ 359,412	\$ -
Net difference between expected and actual experience	34,279	496,549
Net difference between projected and actual earnings on investments	1,492	-
Changes of assumptions	547	680,049
Total	\$ 395,730	\$ 1,176,598

Of the \$395,730 reported as deferred outflows of resources, \$359,412 is related to contributions subsequent to the June 30, 2020 measurement date and will be recognized as a reduction of the net OPEB Liability during the fiscal year ending June 30, 2022. In addition, other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized as expense as follows:

3) OTHER INFORMATION (Continued)

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ (200,327)
2023	(198,534)
2024	(197,186)
2025	(196,486)
2026	(173,169)
Thereafter	(174,578)

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.

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.

3) OTHER INFORMATION (Continued)

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
For the Year Ended June 30, 2021

3) OTHER INFORMATION (Continued)

The details of the fund balances as of June 30, 2021 are presented below:

	Governmental				
	General Fund	Capital Projects Fund	CFD 2017 Project Fund	Non-Major Funds	Total Funds
Nonspendable:					
Prepays	\$ 109,520	\$ -	\$ -	\$ 407	\$ 109,927
Inventory	2,687	-	-	-	2,687
Land Held For Resale	439,000	-	-	-	439,000
Advances to Other Funds	16,312	-	-	-	16,312
Total Nonspendable	<u>567,519</u>	<u>-</u>	<u>-</u>	<u>407</u>	<u>567,926</u>
Restricted for:					
Public Safety	-	-	-	61,656	61,656
Debt Service	175,000	-	-	-	175,000
Community Development	-	-	-	1,322,272	1,322,272
Public Works	-	-	-	4,772,870	4,772,870
Capital Projects	-	1,250,276	1,458,133	18,025,029	20,733,438
General Government	-	-	-	202,360	202,360
Total Restricted	<u>175,000</u>	<u>1,250,276</u>	<u>1,458,133</u>	<u>24,384,187</u>	<u>27,267,596</u>
Committed to:					
General Contracts	88,642	-	-	-	88,642
Fire Equipment and Supplies	-	-	-	3,293	3,293
Community Development	14,896	-	-	-	14,896
Public Works	36,763	-	-	-	36,763
Capital Projects	4,570,040	345,653	-	212,660	5,128,353
Community Choice Aggregation	300,000	-	-	-	300,000
Highway 52 Improvements	492,013	-	-	-	492,013
Other Purposes	8,711	-	-	170,760	179,471
Subsequent Year's Budget	750,860	-	-	-	750,860
Recreation Programs	194,217	-	-	-	194,217
Self Insurance	1,082,799	-	-	-	1,082,799
Vehicle Replacement	805,783	-	-	-	805,783
Total Committed	<u>8,344,724</u>	<u>345,653</u>	<u>-</u>	<u>386,713</u>	<u>9,077,090</u>
Assigned to:					
General Contracts	39,800	-	-	-	39,800
Fire Equipment and Supplies	19,406	-	-	-	19,406
Public Works	10,000	-	-	-	10,000
Recreation Programs	16,951	-	-	-	16,951
Other Purposes	22,110	-	-	-	22,110
Total Assigned	<u>108,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,267</u>
Unassigned	<u>14,124,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,124,523</u>
Total Fund Balances	<u><u>\$ 23,320,033</u></u>	<u><u>\$ 1,595,929</u></u>	<u><u>\$ 1,458,133</u></u>	<u><u>\$ 24,771,307</u></u>	<u><u>\$ 51,145,402</u></u>

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, 2021, 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.

The effects of the COVID-19 outbreak and governmental actions responsive to it are altering the behavior of businesses and consumers in a manner that is having significant impacts on global and local economies. In addition, financial markets in the United States and globally have experienced significant volatility attributed to COVID-19 concerns. Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to maintain a safe community, uncertainty regarding future COVID 19 restrictions, and disruption of the regional and local economy.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City is unknown. The City continues to actively monitor the regional and local economy so that any further financial impacts can be anticipated and disruption to services can be avoided.

F) Tax Abatements

The City negotiates tax abatement agreements on an individual basis. The City has one tax abatement agreement as of June 30, 2021.

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 a permanent business location within the City limits. The abatement amount was \$1,653,744 during fiscal year 2021.

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

3) OTHER INFORMATION (Continued)

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).

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>
Fiduciary Fund:					
Bonds Payable	\$ 39,510,000	\$ -	\$ (1,570,000)	\$ 37,940,000	\$ 1,625,000
Premium on Bonds	4,527,200	-	(214,730)	4,312,470	-
Total	<u>\$ 44,037,200</u>	<u>\$ -</u>	<u>\$ (1,784,730)</u>	<u>\$ 42,252,470</u>	<u>\$ 1,625,000</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, 2021, net of amortization is \$5,021,064.

3) OTHER INFORMATION (Continued)

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, 2021, the outstanding balance on the 2016 Series A Tax Allocation Bonds was \$37,940,000. The 2016 Series B Tax Allocation Bonds matured in August 2020 and therefore is no longer displayed.

Annual debt service requirements to maturity on this debt at June 30, 2021 are as follows:

Year Ending	2016 Series A	
June 30,	Principal	Interest
2022	\$ 1,625,000	\$ 1,656,681
2023	1,695,000	1,581,806
2024	1,775,000	1,495,056
2025	1,860,000	1,404,181
2026	1,960,000	1,308,681
2027-2031	11,350,000	4,934,907
2032-2036	10,400,000	2,034,751
2037-2041	5,960,000	731,193
2042	1,315,000	22,191
	\$37,940,000	\$ 15,169,447

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, 2021. 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:

3) OTHER INFORMATION (Continued)

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.

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 2020-21, the JPA members included the Cities of El Cajon, La Mesa, Lemon Grove, and Santee; 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, 2021. 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 2020-21, the JPA members included: Cities of El Cajon, La Mesa, Lemon Grove, and Santee, and the following fire protection districts, Alpine, Bonita-Sunnyside, Lakeside, Viejas, and San Miguel 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, 2021. 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.

3) OTHER INFORMATION (Continued)

I) Debt Without Government Commitment

Special Tax Bonds

Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bond issuance disclosed below. Therefore, the bonds are not recorded in the financial statements.

In June 2019 Community Facilities District No. 2017-1 (Weston Infrastructure) of the City of Santee (“District”) issued 2019 Special Tax Bonds in the amount of \$8,665,000. These bonds were issued under the provisions of the Mello-Roos Community Facilities Act of 1982 and were used to finance public improvements within the District. The bonds are payable from the proceeds of annual special taxes levied on property located within the District and are secured by a pledge of the special tax revenues and certain funds pledged under the fiscal agent agreement. At June 30, 2021, the outstanding balance of the bonds was \$8,525,000.

J) Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the Santee Landscape Maintenance Fund reflected expenditures in excess of the budget amount as follows:

	Appropriation	Expenditures	Excess
Public Works	\$ 102,275	\$ 110,893	\$ (8,618)

K) Prior Period Adjustment

During the year ended June 30, 2021, the City adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements for custodial funds. Custodial funds now report fund transactions on the Statement of Changes in Fiduciary Net Position and report ending net position which was not previously required. Beginning net position has been restated to \$945,204 to reflect this change.

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**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⁽¹⁾

	Measurement Date		
	6/30/2020	6/30/2019	6/30/2018
Proportion of the Collective Net Pension Liability	0.43584%	0.42564%	0.41577%
Proportionate Share of the Collective Net Pension Liability	\$ 18,384,092	\$ 17,044,581	\$ 15,669,180
Covered Payroll	\$ 6,499,114	\$ 6,160,160	\$ 5,591,109
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	282.87%	276.69%	280.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.71%	77.73%	77.69%

Notes to Schedule:

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).

Changes in Assumptions: There were no new assumptions in 2020. 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 2020-21 determined in this valuation were calculated using a discount rate of 7.00 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.

¹⁾ Measurement date of June 30, 2014 was the first year of implementation; therefore only seven years are shown.

Measurement Date			
6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.40515%	0.39934%	0.41368%	0.14923%
\$ 15,971,346	\$ 13,872,609	\$ 11,349,237	\$ 9,285,501
\$ 5,571,435	\$ 5,666,347	\$ 5,441,575	\$ 5,525,467
286.66%	244.82%	208.57%	168.05%
75.39%	75.87%	79.89%	81.30%

CITY OF SANTEE

Schedule of the City's Proportionate Share of Net Pension Liability CalPERS Safety Pension Plan

Last Ten Years⁽¹⁾

	Measurement Date		
	6/30/2020	6/30/2019	6/30/2018
Proportion of the Collective Net Pension Liability	0.43465%	0.42499%	0.41831%
Proportionate Share of the Collective Net Pension Liability	\$ 28,958,204	\$ 26,530,148	\$ 24,544,734
Covered Payroll	\$ 5,633,332	\$ 5,223,569	\$ 5,214,863
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	514.05%	507.89%	470.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.12%	73.37%	73.39%

Notes to Schedule:

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).

Changes in Assumptions: There were no new assumptions in 2020. 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 2020-21 determined in this valuation were calculated using a discount rate of 7.00 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.

¹⁾ Measurement date of June 30, 2014 was the first year of implementation; therefore only seven years are shown.

Measurement Date			
6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.40485%	0.40708%	0.36819%	0.22363%
\$ 24,190,399	\$ 21,083,383	\$ 15,171,247	\$ 13,915,540
\$ 4,875,857	\$ 4,646,375	\$ 4,601,259	\$ 4,804,533
496.13%	453.76%	329.72%	289.63%
71.74%	72.69%	77.27%	81.11%

CITY OF SANTEE
Schedule of Employer Contributions
 CalPERS Miscellaneous Pension Plan
 Last Ten Years⁽¹⁾

	Fiscal Year		
	2020-21	2019-20	2018-19
Actuarially Determined Contribution	\$ 791,629	\$ 699,557	\$ 627,561
Contributions in Relation to the Actuarially Determined Contribution	791,629	699,557	627,561
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,821,749	\$ 6,499,114	\$ 6,160,160
Contributions as a Percentage of Covered Payroll	11.60%	10.76%	10.19%

Notes to Schedule:

Fiscal Year End: 06/30/21
 Valuation Date: 06/30/18

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	7.00%
Projected Salary Increase	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%
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 0.25%.

⁽¹⁾ Fiscal year 2015 was the first year of implementation; therefore only seven years are shown.

Fiscal Year

2017-18	2016-17	2015-16	2014-15
\$ 574,812	\$ 618,112	\$ 576,328	\$ 1,600,974
<u>574,812</u>	<u>618,112</u>	<u>576,328</u>	<u>1,600,974</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,591,109	\$ 5,571,435	\$ 5,666,347	\$ 5,441,575
10.28%	11.09%	10.17%	29.42%

CITY OF SANTEE
Schedule of Employer Contributions
 CalPERS Safety Pension Plan
 Last Ten Years⁽¹⁾

	Fiscal Year		
	2020-21	2019-20	2018-19
Actuarially Determined Contribution	\$ 1,243,503	\$ 1,176,227	\$ 1,050,107
Contributions in Relation to the Actuarially Determined Contribution	1,243,503	1,176,227	1,050,107
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,750,086	\$ 5,633,332	\$ 5,223,569
Contributions as a Percentage of Covered Payroll	21.63%	20.88%	20.10%

Notes to Schedule:

Fiscal Year End: 06/30/21
 Valuation Date: 06/30/18

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	7.00%
Projected Salary Increase	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%
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 0.25%.

⁽¹⁾ Fiscal year 2015 was the first year of implementation; therefore only seven years are shown.

Fiscal Year				
2017-18	2016-17	2015-16	2014-15	
\$ 1,026,156	\$ 978,484	\$ 943,856	\$ 1,446,146	
<u>1,026,156</u>	<u>978,484</u>	<u>943,856</u>	<u>1,446,146</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 5,214,863	\$ 4,875,857	\$ 4,646,375	\$ 4,601,259	
19.68%	20.07%	20.31%	31.43%	

CITY OF SANTEE

Schedule of Changes in Net OPEB Liability and Related Ratios

Last Ten Years ⁽¹⁾

Measurement Period June 30,	2020	2019
Total OPEB Liability		
Service cost	\$ 74,534	\$ 83,176
Interest on the total OPEB liability	165,977	200,133
Actual and expected experience difference	-	-
Changes in assumptions	-	(572,022)
Changes in benefit terms	-	(19,291)
Benefit payments	(207,352)	(210,317)
Net change in total OPEB liability	33,159	(518,321)
Total OPEB liability - beginning	2,582,631	3,100,952
Total OPEB liability - ending (a)	2,615,790	2,582,631
Plan Fiduciary Net Position		
Contribution - employer	707,352	710,317
Net investment income	62,311	60,639
Benefit payments	(207,352)	(210,317)
Administrative expense	(565)	(127)
Net change in plan fiduciary net position	561,746	560,512
Plan fiduciary net position - beginning	962,304	401,792
Plan fiduciary net position - ending (b)	1,524,050	962,304
 Net OPEB liability - ending (a)-(b)	 \$ 1,091,740	 \$ 1,620,327
 Covered-employee payroll ⁽²⁾	 \$ 14,005,601	 \$ 13,811,937
Net OPEB liability as a percentage of covered-employee payroll	7.80%	11.73%

Notes to Schedule:

⁽¹⁾ 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.

⁽²⁾ Contributions to the OPEB plan are not based on a measure of pay.

<u>2018</u>	<u>2017</u>
\$ 139,120	\$ 150,770
142,834	120,577
-	-
(866,987)	(258,131)
(129,392)	-
<u>(183,580)</u>	<u>(188,513)</u>
(898,005)	(175,297)
<u>3,998,957</u>	<u>4,174,254</u>
3,100,952	3,998,957
583,580	188,513
1,793	-
(183,580)	(188,513)
<u>(1)</u>	<u>-</u>
401,792	-
-	-
<u>401,792</u>	<u>-</u>
<u>\$ 2,699,160</u>	<u>\$ 3,998,957</u>
\$ 12,810,026	\$ 10,190,974
21.07%	39.24%

CITY OF SANTEE

Schedule of OPEB Contributions

Last Ten Fiscal Years ⁽¹⁾

Fiscal Year Ended June 30	2021	2020
Actuarially Determined Contribution (ADC)	\$ 164,670	\$ 200,039
Contributions in relation to the ADC	359,412	707,352
Contribution deficiency (excess)	\$ (194,742)	\$ (507,313)
Covered-employee payroll	\$ 14,951,695	\$ 14,005,601
Contributions as a percentage of covered-employee payroll	2.40%	5.05%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021 were from the June 30, 2019 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	2.50% per annum
Healthcare cost-trend rates	5.4% in 2021 fluctuates until ultimate rate of 4% in 2076
Payroll Growth	3.0% 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 2017 CalPERS 1997-2015 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.
Mortality Improvement	MW Scale 2020 generationally

⁽¹⁾ 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.

<u>2019</u>	<u>2018</u>
\$ 304,439	\$ 297,863
710,317	583,580
\$ (405,878)	\$ (285,717)

\$ 13,811,937	\$ 12,810,026
---------------	---------------

5.14%

4.56%

CITY OF SANTEE

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Property Taxes	\$ 20,232,500	\$ 20,560,000	\$ 20,790,640	\$ 230,640
Sales Taxes	13,558,000	15,604,000	16,363,699	759,699
Other Taxes	3,717,700	5,872,500	5,997,211	124,711
Special Assessments	1,111,300	1,108,600	1,111,800	3,200
Intergovernmental	502,300	3,208,614	2,256,314	(952,300)
Licenses and Permits	164,200	161,270	171,734	10,464
Fines and Forfeitures	189,500	159,410	167,634	8,224
Charges for Services	6,720,090	6,625,096	6,730,207	105,111
Investment Earnings	171,400	159,200	16,896	(142,304)
Other Revenue	403,830	592,760	614,400	21,640
Total Revenues	<u>46,770,820</u>	<u>54,051,450</u>	<u>54,220,535</u>	<u>169,085</u>
EXPENDITURES				
Current:				
City Council	445,200	479,900	407,107	72,793
City Manager	990,750	1,099,269	1,034,051	65,218
City Attorney	728,120	768,120	534,044	234,076
City Clerk	440,300	658,047	551,123	106,924
Information Technology	471,380	485,920	465,886	20,034
Finance	1,286,230	1,332,915	1,235,920	96,995
Human Resources & Risk Management	1,142,960	1,152,710	950,692	202,018
Law Enforcement	15,986,278	15,988,642	15,946,163	42,479
Fire	14,549,430	15,502,535	15,553,184	(50,649)
Animal Control	435,000	435,000	435,000	-
Development Services	4,204,910	5,453,577	4,253,500	1,200,077
Community Services	4,611,482	5,138,151	4,312,783	825,368
Non-Departmental	1,639,700	1,909,400	1,653,744	255,656
Emergency Declaration	25,000	821,000	772,939	48,061
Debt Service:				
Principal Retirement	279,080	279,080	267,778	11,302
Interest	39,560	39,560	35,091	4,469
Total Expenditures	<u>47,275,380</u>	<u>51,543,826</u>	<u>48,409,005</u>	<u>3,134,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(504,560)</u>	<u>2,507,624</u>	<u>5,811,530</u>	<u>3,303,906</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	23,710	11,097	(12,613)
Transfers Out	(108,220)	(316,173)	(293,925)	22,248
Total Other Financing Sources (Uses)	<u>(108,220)</u>	<u>(292,463)</u>	<u>(282,828)</u>	<u>9,635</u>
Net Change in Fund Balances	(612,780)	2,215,161	5,528,702	3,313,541
Fund Balance, Beginning of Year	17,791,331	17,791,331	17,791,331	-
Fund Balance, End of Year	<u>\$ 17,178,551</u>	<u>\$ 20,006,492</u>	<u>\$ 23,320,033</u>	<u>\$ 3,313,541</u>

CITY OF SANTEE
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

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 24, 2020 for the 2020-21 fiscal year. A multi-year Capital Improvement Program budget was adopted June 26, 2019 that authorized the capital project budgets for fiscal years 2019-20 and 2020-21. 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 2020-21, the City made prior year encumbrance adjustments of \$163,201, designated carryforward adjustments of \$589,271, and supplemental appropriations totaling \$3,515,974. Budget appropriations for the various governmental funds become effective each July 1. Unexpended lapse at year-end unless specifically authorized for carryforward.
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 excesses 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, 2021, based on the calculations by City management, proceeds of taxes did not exceed the appropriations limit.

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SUPPLEMENTARY INFORMATION

CITY OF SANTEE
Combining Governmental Balance Sheet
 Non-Major Governmental Funds
 June 30, 2021
(with comparative information for prior year)

	Special	Capital	Total Non-Major	
	Revenue Funds	Projects Funds	Governmental Funds	
			2021	2020
ASSETS				
Cash and Investments	\$ 5,240,228	\$ 18,171,270	\$ 23,411,498	\$ 20,501,400
Accounts Receivable	49,216	-	49,216	50,455
Loans Receivable	1,198,500	-	1,198,500	1,238,500
Interest Receivable	9,145	31,554	40,699	79,805
Due From Other Governments	512,544	11,206	523,750	339,895
Prepaid Items	407	-	407	54
	<u>407</u>	<u>-</u>	<u>407</u>	<u>54</u>
Total Assets	<u>\$ 7,010,040</u>	<u>\$ 18,214,030</u>	<u>\$ 25,224,070</u>	<u>\$ 22,210,109</u>
LIABILITIES				
Accounts Payable	\$ 380,489	\$ -	\$ 380,489	\$ 330,121
Accrued Salaries and Benefits	1,084	-	1,084	1,442
Unearned Revenue	5,526	3,579	9,105	34,845
Due to Other Funds	26,648	-	26,648	32,668
Advances From Other Funds	19,081	-	19,081	24,933
Total Liabilities	<u>432,828</u>	<u>3,579</u>	<u>436,407</u>	<u>424,009</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Intergovernmental	<u>6,635</u>	<u>9,721</u>	<u>16,356</u>	<u>49,326</u>
Total Deferred Inflow of Resources	<u>6,635</u>	<u>9,721</u>	<u>16,356</u>	<u>49,326</u>
FUND BALANCES (DEFICITS)				
Nonspendable	407	-	407	-
Restricted	6,396,117	17,988,070	24,384,187	21,562,589
Committed	174,053	212,660	386,713	208,515
Unassigned	-	-	-	(34,330)
Total Fund Balances	<u>6,570,577</u>	<u>18,200,730</u>	<u>24,771,307</u>	<u>21,736,774</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,010,040</u>	<u>\$ 18,214,030</u>	<u>\$ 25,224,070</u>	<u>\$ 22,210,109</u>

CITY OF SANTEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2021

(with comparative information for prior year)

	Special	Capital	Total Non-Major	
	Revenue	Projects	Governmental Funds	
	Funds	Funds	2021	2020
REVENUES				
Property Taxes	\$ 778,527	\$ -	\$ 778,527	\$ 733,999
Other Taxes	2,536,785	-	2,536,785	2,538,276
Special Assessments	950,130	-	950,130	910,131
Intergovernmental	707,796	1,183,629	1,891,425	1,605,882
Developer Fees	-	2,888,352	2,888,352	4,931,260
Investment Earnings	9,676	13,722	23,398	542,716
Other Revenue	58,697	-	58,697	86,069
Total Revenues	<u>5,041,611</u>	<u>4,085,703</u>	<u>9,127,314</u>	<u>11,348,333</u>
EXPENDITURES				
Current:				
General Government	46,871	-	46,871	39,708
Public Safety	238,335	-	238,335	239,526
Public Works	2,867,150	7,400	2,874,550	2,758,623
Community Development	413,237	-	413,237	168,999
Park and Recreation	3,116	-	3,116	2,424
Debt Service:				
Principal Retirement	140,000	507,397	647,397	692,033
Interest	5,299	204,523	209,822	323,727
Total Expenditures	<u>3,714,008</u>	<u>719,320</u>	<u>4,433,328</u>	<u>4,225,040</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	73,331	-	73,331	101,739
Transfers Out	(767,648)	(965,136)	(1,732,784)	(4,916,639)
Total Other Financing Sources (Uses)	<u>(694,317)</u>	<u>(965,136)</u>	<u>(1,659,453)</u>	<u>(4,814,900)</u>
Net Change in Fund Balance	633,286	2,401,247	3,034,533	2,308,393
Fund Balance, Beginning of Year	<u>5,937,291</u>	<u>15,799,483</u>	<u>21,736,774</u>	<u>19,428,381</u>
Fund Balance, End of Year	<u>\$ 6,570,577</u>	<u>\$ 18,200,730</u>	<u>\$ 24,771,307</u>	<u>\$ 21,736,774</u>

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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 used for law enforcement purposes.

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

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.

PEG Fees Fund – is used to account for revenue received through cable television operators to be used for capital expenditures that support public, educational and governmental broadcasts, including City Council meetings, community events, public service announcements, and other community communication.

CASp Certification & Training Fund - 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.

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. These funds are used for maintenance and rehabilitation of local streets and roads.

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

Gas Tax – Road Maintenance and Rehabilitation Fund - is used to account for receipts and expenditures of monies apportioned to the City under the Road Repair and Accountability Act of 2017 (SB1). These funds are used for maintenance and rehabilitation of local streets and roads.

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.

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.

Special Revenue Funds (Continued)

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

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

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 zones throughout the City.

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.

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

CITY OF SANTEE
Combining Balance Sheet
 Non-Major Special Revenue Funds
 June 30, 2021
(with comparative information for prior year)

	Supplemental Law Enforcement	Asset Seizure	Paramedic Equipment
ASSETS			
Cash and Investments	\$ 84,873	\$ 2,840	\$ 3,287
Accounts Receivable	-	-	-
Loans Receivable	-	-	-
Interest Receivable	150	6	6
Due From Other Governments	-	-	-
Prepaid Items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 85,023</u></u>	<u><u>\$ 2,846</u></u>	<u><u>\$ 3,293</u></u>
LIABILITIES			
Accounts Payable	\$ 26,212	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-
Unearned Revenue	-	-	-
Due to Other Funds	-	-	-
Advances From Other Funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u><u>26,212</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Intergovernmental	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflow of Resources	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	58,811	2,846	-
Committed	-	-	3,293
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u><u>58,811</u></u>	<u><u>2,846</u></u>	<u><u>3,293</u></u>
Total Liabilities, Deferred Outflows of Resources and Fund Balances	<u><u>\$ 85,023</u></u>	<u><u>\$ 2,846</u></u>	<u><u>\$ 3,293</u></u>

Highway 52 Coalition	PEG Fees	CASp Certification and Training	Gas Tax	SAFE Program	Gas Tax - Road Maint and Rehab
\$ 5,500	\$ -	\$ 38,889	\$ 30	\$ 45,209	\$ 1,714,719
4,500	36,958	-	-	-	-
-	-	-	-	-	-
-	-	-	58	80	2,894
-	-	-	144,956	-	195,935
-	-	-	-	-	-
<u>\$ 10,000</u>	<u>\$ 36,958</u>	<u>\$ 38,889</u>	<u>\$ 145,044</u>	<u>\$ 45,289</u>	<u>\$ 1,913,548</u>
\$ 10,000	\$ -	\$ 1,606	\$ 135,690	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,000</u>	<u>-</u>	<u>1,606</u>	<u>135,690</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	36,958	37,283	9,354	45,289	1,913,548
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>36,958</u>	<u>37,283</u>	<u>9,354</u>	<u>45,289</u>	<u>1,913,548</u>
<u>\$ 10,000</u>	<u>\$ 36,958</u>	<u>\$ 38,889</u>	<u>\$ 145,044</u>	<u>\$ 45,289</u>	<u>\$ 1,913,548</u>

Continued

CITY OF SANTEE
Combining Balance Sheet
 Non-Major Special Revenue Funds - Continued
 June 30, 2021
(with comparative information for prior year)

	Zone 2 Flood Control District	Community Development Block Grant	Home Investment Partnership
ASSETS			
Cash and Investments	\$ 171,890	\$ -	\$ 79,449
Accounts Receivable	-	-	-
Loans Receivable	-	-	1,198,500
Interest Receivable	286	-	140
Due From Other Governments	3,095	161,284	-
Prepaid Items	35	-	-
	<u>175,306</u>	<u>161,284</u>	<u>1,278,089</u>
Total Assets	<u>\$ 175,306</u>	<u>\$ 161,284</u>	<u>\$ 1,278,089</u>
LIABILITIES			
Accounts Payable	\$ 4,511	\$ 127,736	\$ -
Accrued Salaries and Benefits	-	-	-
Unearned Revenue	-	-	-
Due to Other Funds	-	26,648	-
Advances From Other Funds	-	-	-
Total Liabilities	<u>4,511</u>	<u>154,384</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Intergovernmental	-	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	35	-	-
Restricted	-	6,900	1,278,089
Committed	170,760	-	-
Unassigned	-	-	-
Total Fund Balances	<u>170,795</u>	<u>6,900</u>	<u>1,278,089</u>
Total Liabilities, Deferred Outflows of Resources and Fund Balances	<u>\$ 175,306</u>	<u>\$ 161,284</u>	<u>\$ 1,278,089</u>

CFD No. 2015-1	CFD No. 2017-2	Town Center Landscape Maintenance	Santee Landscape Maintenance	Street Lighting Tax	Roadway Lighting District
\$ 5,040	\$ 34,191	\$ 387,111	\$ 181,192	\$ 1,597,265	\$ 714,442
-	-	-	-	5,796	1,962
-	-	-	-	-	-
8	157	655	331	2,817	1,253
-	907	1,144	435	2,524	2,264
-	-	-	-	-	-
<u>\$ 5,048</u>	<u>\$ 35,255</u>	<u>\$ 388,910</u>	<u>\$ 181,958</u>	<u>\$ 1,608,402</u>	<u>\$ 719,921</u>
\$ 121	\$ 679	\$ 21,554	\$ 7,934	\$ 14,199	\$ 30,037
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	19,081	-	-
<u>121</u>	<u>679</u>	<u>21,554</u>	<u>27,015</u>	<u>14,199</u>	<u>30,037</u>
-	-	-	-	4,976	1,659
-	-	-	-	4,976	1,659
-	-	-	-	-	-
4,927	34,576	367,356	154,943	1,589,227	688,225
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,927</u>	<u>34,576</u>	<u>367,356</u>	<u>154,943</u>	<u>1,589,227</u>	<u>688,225</u>
<u>\$ 5,048</u>	<u>\$ 35,255</u>	<u>\$ 388,910</u>	<u>\$ 181,958</u>	<u>\$ 1,608,402</u>	<u>\$ 719,921</u>

Continued

CITY OF SANTEE
Combining Balance Sheet
 Non-Major Special Revenue Funds - Continued
 June 30, 2021
(with comparative information for prior year)

	Mobile Home Park Assessment	Total Non-Major Special Revenue Funds	
		2021	2020
ASSETS			
Cash and Investments	\$ 174,301	\$ 5,240,228	\$ 4,733,148
Accounts Receivable	-	49,216	50,455
Loans Receivable	-	1,198,500	1,238,500
Interest Receivable	304	9,145	19,174
Due From Other Governments	-	512,544	339,895
Prepaid Items	372	407	54
	<u>174,977</u>	<u>7,010,040</u>	<u>6,381,226</u>
Total Assets	\$ <u>174,977</u>	\$ <u>7,010,040</u>	\$ <u>6,381,226</u>
LIABILITIES			
Accounts Payable	\$ 210	\$ 380,489	\$ 330,121
Accrued Salaries and Benefits	1,084	1,084	1,442
Unearned Revenue	5,526	5,526	5,445
Due to Other Funds	-	26,648	32,668
Advances From Other Funds	-	19,081	24,933
Total Liabilities	<u>6,820</u>	<u>432,828</u>	<u>394,609</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Intergovernmental	-	6,635	49,326
Total Deferred Inflow of Resources	<u>-</u>	<u>6,635</u>	<u>49,326</u>
FUND BALANCES			
Nonspendable	372	407	-
Restricted	167,785	6,396,117	5,970,831
Committed	-	174,053	790
Unassigned	-	-	(34,330)
Total Fund Balances	<u>168,157</u>	<u>6,570,577</u>	<u>5,937,291</u>
Total Liabilities, Deferred Outflows of Resources and Fund Balances	\$ <u>174,977</u>	\$ <u>7,010,040</u>	\$ <u>6,381,226</u>

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CITY OF SANTEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Special Revenue Funds

For the Year Ended June 30, 2021

(with comparative information for prior year)

	Supplemental Law Enforcement	Asset Seizure	Paramedic Equipment
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Special Assessments	-	-	-
Intergovernmental	156,727	-	-
Investment Earnings (Loss)	(26)	(1)	3
Other Revenue	-	-	2,500
Total Revenues	<u>156,701</u>	<u>(1)</u>	<u>2,503</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	157,270	-	-
Public Works	-	-	-
Community Development	-	-	-
Park and Recreation	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest	-	-	-
Total Expenditures	<u>157,270</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(569)</u>	<u>(1)</u>	<u>2,503</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(569)	(1)	2,503
Fund Balances, Beginning of Year	59,380	2,847	790
Fund Balances, End of Year	<u>\$ 58,811</u>	<u>\$ 2,846</u>	<u>\$ 3,293</u>

Highway 52 Coalition	PEG Fees	CASp Certification and Training	Gas Tax	SAFE Program	Gas Tax - Road Maint and Rehab
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	152,692	-	1,308,876	-	1,075,217
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(2,776)	(78)	3,854
9,000	-	9,929	9,690	-	-
<u>9,000</u>	<u>152,692</u>	<u>9,929</u>	<u>1,315,790</u>	<u>(78)</u>	<u>1,079,071</u>
-	-	-	-	-	-
-	-	-	-	6,293	-
60,352	-	-	1,520,886	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>60,352</u>	<u>-</u>	<u>-</u>	<u>1,520,886</u>	<u>6,293</u>	<u>-</u>
(51,352)	152,692	9,929	(205,096)	(6,371)	1,079,071
51,352	-	-	-	-	-
-	(187,810)	-	(30,420)	-	(489,281)
<u>51,352</u>	<u>(187,810)</u>	<u>-</u>	<u>(30,420)</u>	<u>-</u>	<u>(489,281)</u>
-	(35,118)	9,929	(235,516)	(6,371)	589,790
-	72,076	27,354	244,870	51,660	1,323,758
<u>\$ -</u>	<u>\$ 36,958</u>	<u>\$ 37,283</u>	<u>\$ 9,354</u>	<u>\$ 45,289</u>	<u>\$ 1,913,548</u>

Continued

CITY OF SANTEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Special Revenue Fund - Continued

For the Year Ended June 30, 2021

(with comparative information for prior year)

	Zone 2 Flood Control District	Community Development Block Grant	Home Investment Partnership
REVENUES			
Property Taxes	\$ 420,278	\$ -	\$ -
Other Taxes	-	-	-
Special Assessments	-	-	-
Intergovernmental	-	551,069	-
Investment Earnings (Loss)	(230)	2	8,663
Other Revenue	-	-	-
Total Revenues	<u>420,048</u>	<u>551,071</u>	<u>8,663</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Public Works	361,147	-	-
Community Development	-	364,542	48,695
Park and Recreation	-	-	-
Debt Service:			
Principal Retirement	-	140,000	-
Interest	-	5,299	-
Total Expenditures	<u>361,147</u>	<u>509,841</u>	<u>48,695</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>58,901</u>	<u>41,230</u>	<u>(40,032)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	58,901	41,230	(40,032)
Fund Balances, Beginning of Year	111,894	(34,330)	1,318,121
Fund Balances, End of Year	<u>\$ 170,795</u>	<u>\$ 6,900</u>	<u>\$ 1,278,089</u>

CFD No. 2015-1	CFD No. 2017-2	Town Center Landscape Maintenance	Santee Landscape Maintenance	Street Lighting Tax	Roadway Lighting District
\$ -	\$ -	\$ -	\$ -	\$ 358,249	\$ -
-	-	-	-	-	-
1,651	126,267	321,934	114,189	-	346,003
-	-	-	-	-	-
4	429	(511)	(380)	932	(227)
-	-	-	-	21,068	6,510
<u>1,655</u>	<u>126,696</u>	<u>321,423</u>	<u>113,809</u>	<u>380,249</u>	<u>352,286</u>
-	17,417	-	-	-	-
-	74,772	-	-	-	-
720	12,462	317,689	110,893	165,465	317,536
-	-	-	-	-	-
-	3,116	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>720</u>	<u>107,767</u>	<u>317,689</u>	<u>110,893</u>	<u>165,465</u>	<u>317,536</u>
<u>935</u>	<u>18,929</u>	<u>3,734</u>	<u>2,916</u>	<u>214,784</u>	<u>34,750</u>
-	-	21,979	-	-	-
-	-	-	-	(60,137)	-
-	-	<u>21,979</u>	-	<u>(60,137)</u>	-
935	18,929	25,713	2,916	154,647	34,750
3,992	15,647	341,643	152,027	1,434,580	653,475
<u>\$ 4,927</u>	<u>\$ 34,576</u>	<u>\$ 367,356</u>	<u>\$ 154,943</u>	<u>\$ 1,589,227</u>	<u>\$ 688,225</u>

Continued

CITY OF SANTEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Special Revenue Funds - Continued

For the Year Ended June 30, 2021

(with comparative information for prior year)

	Mobile Home Park Assessment	Total Non-Major Special Revenue Funds	
		2021	2020
REVENUES			
Property Taxes	\$ -	\$ 778,527	\$ 733,999
Other Taxes	-	2,536,785	2,538,276
Special Assessments	40,086	950,130	910,131
Intergovernmental	-	707,796	368,762
Investment Earnings (Loss)	18	9,676	132,406
Other Revenue	-	58,697	86,069
Total Revenues	40,104	5,041,611	4,769,643
EXPENDITURES			
Current:			
General Government	29,454	46,871	39,708
Public Safety	-	238,335	239,526
Public Works	-	2,867,150	2,751,223
Community Development	-	413,237	168,999
Park and Recreation	-	3,116	2,424
Debt Service:			
Principal Retirement	-	140,000	142,961
Interest	-	5,299	8,449
Total Expenditures	29,454	3,714,008	3,353,290
Excess (Deficiency) of Revenues Over Expenditures	10,650	1,327,603	1,416,353
OTHER FINANCING SOURCES (USES)			
Transfers In	-	73,331	101,739
Transfers Out	-	(767,648)	(969,540)
Total Other Financing Sources (Uses)	-	(694,317)	(867,801)
Net Change in Fund Balances	10,650	633,286	548,552
Fund Balances, Beginning of Year	157,507	5,937,291	5,388,739
Fund Balances, End of Year	\$ 168,157	\$ 6,570,577	\$ 5,937,291

CITY OF SANTEE
Supplemental Law Enforcement Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 156,700	\$ 156,727	\$ 27
Investment Earnings	500	(26)	(526)
Total Revenues	<u>157,200</u>	<u>156,701</u>	<u>(499)</u>
EXPENDITURES			
Current:			
Public Safety	<u>157,270</u>	<u>157,270</u>	-
Total Expenditures	<u>157,270</u>	<u>157,270</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70)	(569)	(499)
Fund Balance, Beginning of Year	<u>59,380</u>	<u>59,380</u>	-
Fund Balance, End of Year	<u>\$ 59,310</u>	<u>\$ 58,811</u>	<u>\$ (499)</u>

CITY OF SANTEE

Asset Seizure Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment Earnings	\$ -	\$ (1)	\$ (1)
Total Revenues	<u>-</u>	<u>(1)</u>	<u>(1)</u>
EXPENDITURES			
Current:	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1)	(1)
Fund Balance, Beginning of Year	2,847	2,847	-
Fund Balance, End of Year	<u>\$ 2,847</u>	<u>\$ 2,846</u>	<u>\$ (1)</u>

CITY OF SANTEE
Highway 52 Coalition Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Other Revenue	\$ 9,000	\$ 9,000	\$ -
Total Revenues	9,000	9,000	-
EXPENDITURES			
Current:			
Public Works	73,600	60,352	13,248
Total Expenditures	73,600	60,352	13,248
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,600)	(51,352)	13,248
OTHER FINANCING SOURCES (USES)			
Transfers In	73,600	51,352	(22,248)
Total Other Financing Sources (Uses)	73,600	51,352	(22,248)
Net Change in Fund Balance	9,000	-	(9,000)
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ 9,000	\$ -	\$ (9,000)

CITY OF SANTEE

PEG Fees Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Other Taxes	\$ 156,000	\$ 152,692	\$ (3,308)
Investment Earnings	-	-	-
Total Revenues	<u>156,000</u>	<u>152,692</u>	<u>(3,308)</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	156,000	152,692	(3,308)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(233,990)	(187,810)	46,180
Total Other Financing Sources (Uses)	<u>(233,990)</u>	<u>(187,810)</u>	<u>46,180</u>
Net Change in Fund Balance	(77,990)	(35,118)	42,872
Fund Balance, Beginning of Year	72,076	72,076	-
Fund Balance (Deficit), End of Year	<u>\$ (5,914)</u>	<u>\$ 36,958</u>	<u>\$ 42,872</u>

CITY OF SANTEE
CASp Certification and Training Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Other Revenue	\$ 9,900	\$ 9,929	\$ 29
Total Revenues	9,900	9,929	29
EXPENDITURES			
Current:			
Public Works	13,300	-	13,300
Total Expenditures	13,300	-	13,300
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,400)	9,929	13,329
Fund Balance, Beginning of Year	27,354	27,354	-
Fund Balance, End of Year	\$ 23,954	\$ 37,283	\$ 13,329

CITY OF SANTEE

Gas Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Other Taxes	\$ 1,258,520	\$ 1,308,876	\$ 50,356
Investment Earnings	1,000	(2,776)	(3,776)
Other Revenue	9,000	9,690	690
Total Revenues	<u>1,268,520</u>	<u>1,315,790</u>	<u>47,270</u>
EXPENDITURES			
Current:			
Public Works	<u>1,585,180</u>	<u>1,520,886</u>	<u>64,294</u>
Total Expenditures	<u>1,585,180</u>	<u>1,520,886</u>	<u>64,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(316,660)</u>	<u>(205,096)</u>	<u>111,564</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(57,868)</u>	<u>(30,420)</u>	<u>27,448</u>
Total Other Financing Sources (Uses)	<u>(57,868)</u>	<u>(30,420)</u>	<u>27,448</u>
Net Change in Fund Balance	(374,528)	(235,516)	139,012
Fund Balance, Beginning of Year	244,870	244,870	-
Fund Balance (Deficit), End of Year	<u>\$ (129,658)</u>	<u>\$ 9,354</u>	<u>\$ 139,012</u>

CITY OF SANTEE
SAFE Program Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment Earnings	\$ 400	\$ (78)	\$ (478)
Total Revenues	400	(78)	(478)
EXPENDITURES			
Current:			
Public Safety	10,000	6,293	3,707
Total Expenditures	10,000	6,293	3,707
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,600)	(6,371)	3,229
Fund Balance, Beginning of Year	51,660	51,660	-
Fund Balance, End of Year	\$ 42,060	\$ 45,289	\$ 3,229

CITY OF SANTEE

Gas Tax - Road Maintenance and Rehab Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Other Taxes	\$ 994,170	\$ 1,075,217	\$ 81,047
Investment Earnings	13,000	3,854	(9,146)
Total Revenues	<u>1,007,170</u>	<u>1,079,071</u>	<u>71,901</u>
EXPENDITURES			
Current:	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,007,170</u>	<u>1,079,071</u>	<u>71,901</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(1,920,863)	(489,281)	1,431,582
Total Other Financing Sources (Uses)	<u>(1,920,863)</u>	<u>(489,281)</u>	<u>1,431,582</u>
Net Change in Fund Balance	(913,693)	589,790	1,503,483
Fund Balance, Beginning of Year	<u>1,323,758</u>	<u>1,323,758</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 410,065</u>	<u>\$ 1,913,548</u>	<u>\$ 1,503,483</u>

CITY OF SANTEE
Zone 2 Flood Control District Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Property Taxes	\$ 412,000	\$ 420,278	\$ 8,278
Investment Earnings	2,000	(230)	(2,230)
Total Revenues	414,000	420,048	6,048
EXPENDITURES			
Current:			
Public Works	520,891	361,147	159,744
Total Expenditures	520,891	361,147	159,744
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,891)	58,901	165,792
Fund Balance, Beginning of Year	111,894	111,894	-
Fund Balance, End of Year	\$ 5,003	\$ 170,795	\$ 165,792

CITY OF SANTEE

Community Development Block Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 944,935	\$ 551,069	\$ (393,866)
Investment Earnings	-	2	2
Total Revenues	<u>944,935</u>	<u>551,071</u>	<u>(393,864)</u>
EXPENDITURES			
Current:			
Community Development	734,674	364,542	370,132
Debt Service:			
Interest	7,083	5,299	1,784
Principal Retirement	280,000	140,000	140,000
Total Expenditures	<u>1,021,757</u>	<u>509,841</u>	<u>511,916</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,822)	41,230	118,052
Fund Balance, Beginning of Year	(34,330)	(34,330)	-
Fund Balance (Deficit), End of Year	<u>\$ (111,152)</u>	<u>\$ 6,900</u>	<u>\$ 118,052</u>

CITY OF SANTEE
CFD No. 2015-1 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Special Assessments	\$ 1,650	\$ 1,651	\$ 1
Investment Earnings	40	4	(36)
Total Revenues	<u>1,690</u>	<u>1,655</u>	<u>(35)</u>
EXPENDITURES			
Current:			
Public Works	<u>2,360</u>	<u>720</u>	<u>1,640</u>
Total Expenditures	<u>2,360</u>	<u>720</u>	<u>1,640</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(670)	935	1,605
Fund Balance, Beginning of Year	3,992	3,992	-
Fund Balance, End of Year	<u>\$ 3,322</u>	<u>\$ 4,927</u>	<u>\$ 1,605</u>

CITY OF SANTEE

CFD No. 2017-2 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Special Assessments	\$ 125,400	\$ 126,267	\$ 867
Investment Earnings	200	429	229
Total Revenues	<u>125,600</u>	<u>126,696</u>	<u>1,096</u>
EXPENDITURES			
Current:			
General Government	17,754	17,417	337
Public Safety	76,217	74,772	1,445
Public Works	12,703	12,462	241
Parks and Recreation	<u>3,176</u>	<u>3,116</u>	<u>60</u>
Total Expenditures	<u>109,850</u>	<u>107,767</u>	<u>2,083</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,750	18,929	3,179
Fund Balance, Beginning of Year	<u>15,647</u>	<u>15,647</u>	-
Fund Balance, End of Year	<u>\$ 31,397</u>	<u>\$ 34,576</u>	<u>\$ 3,179</u>

CITY OF SANTEE
Town Center Landscape Maintenance Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Special Assessments	\$ 321,780	\$ 321,934	\$ 154
Investment Earnings	3,400	(511)	(3,911)
Total Revenues	325,180	321,423	(3,757)
 EXPENDITURES			
Current:			
Public Works	330,800	317,689	13,111
Total Expenditures	330,800	317,689	13,111
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,620)	3,734	9,354
 OTHER FINANCING SOURCES (USES)			
Transfers In	21,700	21,979	279
Total Other Financing Sources (Uses)	21,700	21,979	279
 Net Change in Fund Balance	16,080	25,713	9,633
Fund Balance, Beginning of Year	341,643	341,643	-
Fund Balance, End of Year	\$ 357,723	\$ 367,356	\$ 9,633

CITY OF SANTEE

Santee Landscape Maintenance Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Special Assessments	\$ 114,460	\$ 114,189	\$ (271)
Investment Earnings	1,880	(380)	(2,260)
Total Revenues	<u>116,340</u>	<u>113,809</u>	<u>(2,531)</u>
EXPENDITURES			
Current:			
Public Works	<u>102,275</u>	<u>110,893</u>	<u>(8,618)</u>
Total Expenditures	<u>102,275</u>	<u>110,893</u>	<u>(8,618)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,065	2,916	(11,149)
Fund Balance, Beginning of Year	152,027	152,027	-
Fund Balance, End of Year	<u>\$ 166,092</u>	<u>\$ 154,943</u>	<u>\$ (11,149)</u>

CITY OF SANTEE
Street Lighting Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Property Taxes	\$ 346,800	\$ 358,249	\$ 11,449
Investment Earnings	14,900	932	(13,968)
Other Revenue	12,890	21,068	8,178
Total Revenues	374,590	380,249	5,659
 EXPENDITURES			
Current:			
Public Works	177,000	165,465	11,535
Total Expenditures	177,000	165,465	11,535
 Excess (Deficiency) of Revenues Over (Under) Expenditures	197,590	214,784	17,194
 OTHER FINANCING SOURCES (USES)			
Transfers Out	(60,137)	(60,137)	-
Total Other Financing Sources (Uses)	(60,137)	(60,137)	-
 Net Change in Fund Balance	137,453	154,647	17,194
Fund Balance, Beginning of Year	1,434,580	1,434,580	-
Fund Balance, End of Year	\$ 1,572,033	\$ 1,589,227	\$ 17,194

CITY OF SANTEE

Roadway Lighting District Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Special Assessments	\$ 346,150	\$ 346,003	\$ (147)
Investment Earnings	6,500	(227)	(6,727)
Other Revenue	3,420	6,510	3,090
Total Revenues	<u>356,070</u>	<u>352,286</u>	<u>(3,784)</u>
EXPENDITURES			
Current:			
Public Works	<u>352,510</u>	<u>317,536</u>	<u>34,974</u>
Total Expenditures	<u>352,510</u>	<u>317,536</u>	<u>34,974</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,560	34,750	31,190
Fund Balance, Beginning of Year	<u>653,475</u>	<u>653,475</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 657,035</u>	<u>\$ 688,225</u>	<u>\$ 31,190</u>

CITY OF SANTEE
Mobile Home Park Assessment Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Special Assessments	\$ 40,500	\$ 40,086	\$ (414)
Investment Earnings	1,000	18	(982)
Other Revenue	-	-	-
Total Revenues	41,500	40,104	(1,396)
 EXPENDITURES			
Current:			
General Government	45,040	29,454	15,586
Total Expenditures	45,040	29,454	15,586
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,540)	10,650	14,190
 Fund Balance, Beginning of Year	157,507	157,507	-
Fund Balance, End of Year	\$ 153,967	\$ 168,157	\$ 14,190

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CITY OF SANTEE
Non-Major Governmental Funds
For the Year Ended June 30, 2021

Capital Projects Funds

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

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

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

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

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

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

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

TransNet Fund - is used to account for the City's share of the countywide one-half cent sales tax to be used for local street and road improvements.

TDA Bikeways Fund – is used to account for the City's share of Transportation Development Article 3 monies.

TDA Transit Fund - is used to account for the City's share of Transportation Development Act Article 4 monies.

Utility Undergrounding Fund - is used to account for funds received for the undergrounding of utilities.

CITY OF SANTEE

Combining Balance Sheet

Non-Major Capital Projects Funds

For Year Ended June 30, 2021

(with comparative information for prior year)

	Public Facilities	Traffic Signal	Traffic Mitigation	Drainage
ASSETS				
Cash and Investments	\$ 5,551,966	\$ 839,957	\$ 2,964,588	\$ 2,775,196
Interest Receivable	9,585	1,471	5,123	4,837
Due From Other Governments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 5,561,551</u></u>	<u><u>\$ 841,428</u></u>	<u><u>\$ 2,969,711</u></u>	<u><u>\$ 2,780,033</u></u>
LIABILITIES				
Unearned Revenue	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Intergovernmental	-	-	-	-
Total Deferred Inflow of Resources	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Restricted	5,561,551	841,428	2,969,711	2,780,033
Committed	-	-	-	-
Total Fund Balances	<u>5,561,551</u>	<u>841,428</u>	<u>2,969,711</u>	<u>2,780,033</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u><u>\$ 5,561,551</u></u>	<u><u>\$ 841,428</u></u>	<u><u>\$ 2,969,711</u></u>	<u><u>\$ 2,780,033</u></u>

<u>Park In-Lieu</u>	<u>Regional Transportation Congestion Improvements</u>	<u>TransNet</u>	<u>TDA - Bikeways</u>	<u>TDA - Transit</u>	<u>Utility Undergrounding</u>
\$ 3,498,782	\$ 2,322,482	\$ 986	\$ -	\$ 5,028	\$ 212,285
6,170	3,984	1	-	8	375
-	-	-	11,206	-	-
<u>\$ 3,504,952</u>	<u>\$ 2,326,466</u>	<u>\$ 987</u>	<u>\$ 11,206</u>	<u>\$ 5,036</u>	<u>\$ 212,660</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,579	\$ -
-	-	-	-	3,579	-
-	-	-	9,721	-	-
-	-	-	9,721	-	-
3,504,952	2,326,466	987	1,485	1,457	-
-	-	-	-	-	212,660
<u>3,504,952</u>	<u>2,326,466</u>	<u>987</u>	<u>1,485</u>	<u>1,457</u>	<u>212,660</u>
<u>\$ 3,504,952</u>	<u>\$ 2,326,466</u>	<u>\$ 987</u>	<u>\$ 11,206</u>	<u>\$ 5,036</u>	<u>\$ 212,660</u>

Continued

CITY OF SANTEE

Combining Balance Sheet

Non-Major Capital Projects Funds - Continued

For Year Ended June 30, 2021

(with comparative information for prior year)

	Total Non-Major Capital Projects Funds	
	2021	2020
ASSETS		
Cash and Investments	\$ 18,171,270	\$ 15,768,252
Interest Receivable	31,554	60,631
Due From Other Governments	11,206	-
	<u>18,214,030</u>	<u>-</u>
Total Assets	<u>\$ 18,214,030</u>	<u>\$ 15,828,883</u>
LIABILITIES		
Unearned Revenue	\$ 3,579	\$ 29,400
Total Liabilities	<u>3,579</u>	<u>29,400</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Intergovernmental	9,721	-
Total Deferred Inflow of Resources	<u>9,721</u>	<u>-</u>
FUND BALANCES		
Restricted	17,988,070	15,591,758
Committed	212,660	207,725
Total Fund Balances	<u>18,200,730</u>	<u>15,799,483</u>
Total Liabilities and Fund Balances	<u>\$ 18,214,030</u>	<u>\$ 15,828,883</u>

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CITY OF SANTEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Capital Projects Funds

For the Year Ended June 30, 2021

(with comparative information for prior year)

	Public Facilities	Traffic Signal	Traffic Mitigation	Drainage
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Developer Fees	841,765	44,996	497,961	428,864
Investment Earnings	5,735	80	1,848	212
Total Revenues	<u>847,500</u>	<u>45,076</u>	<u>499,809</u>	<u>429,076</u>
EXPENDITURES				
Current:				
Public Works	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>847,500</u>	<u>45,076</u>	<u>499,809</u>	<u>429,076</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(2,791)</u>	<u>(12,007)</u>	<u>(132,133)</u>	<u>(299,942)</u>
Total Other Financing Sources	<u>(2,791)</u>	<u>(12,007)</u>	<u>(132,133)</u>	<u>(299,942)</u>
Net Change in Fund Balances	844,709	33,069	367,676	129,134
Fund Balances, Beginning of Year	4,716,842	808,359	2,602,035	2,650,899
Fund Balances, End of Year	<u>\$ 5,561,551</u>	<u>\$ 841,428</u>	<u>\$ 2,969,711</u>	<u>\$ 2,780,033</u>

Park In-Lieu	Regional Transportation Congestion Improvements	TransNet	TDA - Bikeways	TDA - Transit	Utility Undergrounding
\$ -	\$ -	\$ 1,070,320	\$ 87,488	\$ 25,821	\$ -
811,129	258,687	-	-	-	4,950
5,055	1,103	40	-	(336)	(15)
<u>816,184</u>	<u>259,790</u>	<u>1,070,360</u>	<u>87,488</u>	<u>25,485</u>	<u>4,935</u>
-	-	7,400	-	-	-
-	-	507,397	-	-	-
-	-	204,523	-	-	-
<u>-</u>	<u>-</u>	<u>719,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
816,184	259,790	351,040	87,488	25,485	4,935
(17,364)	(39,019)	(350,056)	(86,003)	(25,821)	-
<u>(17,364)</u>	<u>(39,019)</u>	<u>(350,056)</u>	<u>(86,003)</u>	<u>(25,821)</u>	<u>-</u>
798,820	220,771	984	1,485	(336)	4,935
2,706,132	2,105,695	3	-	1,793	207,725
<u>\$ 3,504,952</u>	<u>\$ 2,326,466</u>	<u>\$ 987</u>	<u>\$ 1,485</u>	<u>\$ 1,457</u>	<u>\$ 212,660</u>

Continued

CITY OF SANTEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Capital Projects Funds - Continued

For the Year Ended June 30, 2021

(with comparative information for prior year)

	Total Non-Major Capital Projects Funds	
	2021	2020
REVENUES		
Intergovernmental	\$ 1,183,629	\$ 1,237,120
Developer Fees	2,888,352	4,931,260
Investment Earnings	13,722	410,310
Total Revenues	<u>4,085,703</u>	<u>6,578,690</u>
EXPENDITURES		
Current:		
Public Works	7,400	7,400
Debt Service:		
Principal	507,397	549,072
Interest and Fiscal Charges	204,523	315,278
Total Expenditures	<u>719,320</u>	<u>871,750</u>
Excess of Revenues Over Expenditures	<u>3,366,383</u>	<u>5,706,940</u>
(USES)		
Transfers Out	<u>(965,136)</u>	<u>(3,947,099)</u>
Total Other Financing Sources	<u>(965,136)</u>	<u>(3,947,099)</u>
Net Change in Fund Balances	2,401,247	1,759,841
Fund Balances, Beginning of Year	<u>15,799,483</u>	<u>14,039,642</u>
Fund Balances, End of Year	<u>\$ 18,200,730</u>	<u>\$ 15,799,483</u>

STATISTICAL SECTION

CITY OF SANTEE
Description of Statistical Section Contents
For the Year Ended June 30, 2021

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.

CONTENTS	Page
<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.	126-133
<u>Revenue Capacity</u> – these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	134-139
<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.	140-145
<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.	146-148
<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.	149-151

CITY OF SANTEE
Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015 ⁽¹⁾
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 160,604,789	\$ 159,505,509	\$ 167,953,925	\$ 181,378,029
Restricted	18,434,571	21,242,368	22,882,344	20,088,351
Unrestricted	4,922,805	6,632,478	7,614,356	(18,330,721)
 Total Governmental Activities Net Position	 <u>\$ 183,962,165</u>	 <u>\$ 187,380,355</u>	 <u>\$ 198,450,625</u>	 <u>\$ 183,135,659</u>

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

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 176,071,642	\$ 174,642,185	\$ 172,108,751	\$ 176,411,913	\$ 176,901,067	\$ 175,744,896
19,771,922	16,828,134	23,944,194	29,342,598	28,096,742	27,267,595
(15,907,455)	(17,759,223)	(24,076,572)	(24,090,681)	(28,938,098)	(26,947,808)
<u>\$ 179,936,109</u>	<u>\$ 173,711,096</u>	<u>\$ 171,976,373</u>	<u>\$ 181,663,830</u>	<u>\$ 176,059,711</u>	<u>\$ 176,064,683</u>

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

	Fiscal Year			
	2012	2013	2014	2015
EXPENSES				
Governmental Activities:				
General Government	\$ 3,526,811	\$ 3,461,397	\$ 4,152,628	\$ 5,766,971
Public Safety	22,637,123	21,912,185	23,416,772	23,427,308
Public Works	11,444,433	12,633,715	13,787,911	15,058,755
Community Development	1,966,844	112,300	96,033	114,060
Parks and Recreation	2,177,699	2,081,222	2,036,868	2,004,958
Interest and Fiscal Charges	2,018,935	369,970	369,935	511,712
Total Governmental Activities Expenses	<u>43,771,845</u>	<u>40,570,789</u>	<u>43,860,147</u>	<u>46,883,764</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	507,618	636,843	657,770	629,965
Public Safety	4,065,732	3,781,291	4,082,952	3,970,360
Public Works	2,075,855	2,640,602	2,893,212	3,118,374
Community Development	501,688	-	-	-
Parks and Recreation	408,696	608,905	649,552	698,557
Operating Grants and Contributions	2,241,007	2,725,883	2,776,841	2,422,390
Capital Grants and Contributions	4,288,068	6,695,663	17,532,392	18,761,627
Total Governmental Activities Program Revenues	<u>14,088,664</u>	<u>17,089,187</u>	<u>28,592,719</u>	<u>29,601,273</u>
Net Revenues (Expenses) From Governmental Activities	(29,683,181)	(23,481,602)	(15,267,428)	(17,282,491)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Property Taxes	13,610,976	13,242,248	13,351,823	14,224,160
Sales Taxes	7,898,623	8,227,675	9,460,428	11,492,706
Franchise Taxes	2,289,425	3,922,344	2,753,606	2,875,723
Other Taxes	269,764	366,834	574,132	620,267
Motor Vehicle In Lieu, Unrestricted	28,716	29,755	24,625	23,787
Investment Earnings	80,480	44,038	94,421	122,434
Miscellaneous	946,398	298,671	78,663	3,397
Total Governmental Activities	<u>25,124,382</u>	<u>26,131,565</u>	<u>26,337,698</u>	<u>29,362,474</u>
Extraordinary Item ⁽¹⁾	<u>3,983,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position From Governmental Activities	<u>\$ (575,798)</u>	<u>\$ 2,649,963</u>	<u>\$ 11,070,270</u>	<u>\$ 12,079,983</u>

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

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 6,575,847	\$ 7,772,714	\$ 7,445,329	\$ 7,322,174	\$ 7,674,778	\$ 8,681,560
24,321,086	26,069,863	28,327,605	30,688,969	33,660,167	34,583,602
21,112,813	19,022,773	16,461,625	15,663,815	21,912,084	18,278,132
104,282	106,108	315,174	508,050	168,999	575,881
2,568,283	2,708,167	3,265,037	2,442,245	2,664,122	2,541,535
499,695	489,461	455,071	410,553	256,413	33,277
<u>55,182,006</u>	<u>56,169,086</u>	<u>56,269,841</u>	<u>57,035,806</u>	<u>66,336,563</u>	<u>64,693,987</u>
710,476	1,547,383	473,990	581,691	360,666	405,164
3,784,014	4,852,436	4,113,655	5,998,396	5,405,941	6,252,339
3,490,444	4,070,185	4,398,192	3,890,190	4,281,073	3,616,939
-	-	7,693	10,260	9,655	9,929
773,992	754,659	783,200	785,517	599,740	341,330
2,757,140	1,844,943	2,965,914	2,989,446	4,049,925	5,139,851
8,008,366	4,016,506	11,925,270	15,644,810	7,399,277	5,589,506
<u>19,524,432</u>	<u>17,086,112</u>	<u>24,667,914</u>	<u>29,900,310</u>	<u>22,106,277</u>	<u>21,355,058</u>
(35,657,574)	(39,082,974)	(31,601,927)	(27,135,496)	(44,230,286)	(43,338,929)
14,717,412	16,107,853	17,151,586	18,255,129	19,414,752	20,790,640
13,842,272	12,814,078	12,645,534	14,089,139	14,794,271	16,363,699
2,912,740	2,803,436	2,871,885	2,947,828	3,014,156	4,988,608
745,340	854,709	886,764	929,842	854,454	1,008,603
22,516	25,426	30,057	27,357	46,227	42,538
185,129	103,861	163,160	572,229	549,728	990
32,615	148,598	1,458	1,429	6,214	148,823
<u>32,458,024</u>	<u>32,857,961</u>	<u>33,750,444</u>	<u>36,822,953</u>	<u>38,679,802</u>	<u>43,343,901</u>
-	-	-	-	-	-
<u>\$ (3,199,550)</u>	<u>\$ (6,225,013)</u>	<u>\$ 2,148,517</u>	<u>\$ 9,687,457</u>	<u>\$ (5,550,484)</u>	<u>\$ 4,972</u>

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

	Fiscal Year			
	2012	2013	2014	2015
GENERAL FUND				
Nonspendable	\$ 18,518	\$ 20,512	\$ 580,563	\$ 21,245
Restricted	1,750,001	1,575,001	1,400,001	1,225,001
Committed	23,750	35,680	117,804	435,805
Assigned	3,048,930	3,770,108	2,578,208	2,094,317
Unassigned	5,008,142	4,779,461	6,081,591	7,419,965
Total General Fund	<u>\$ 9,849,341</u>	<u>\$ 10,180,762</u>	<u>\$ 10,758,167</u>	<u>\$ 11,196,333</u>
ALL OTHER GOVERNMENT FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	17,756,123	20,758,594	22,217,863	24,280,101
Committed	280,658	1,536,726	1,230,004	925,180
Assigned	674,637	167,710	171,076	441,060
Unassigned	(314,762)	(166,758)	(167,206)	(691,953)
Total All Other Governmental Funds	<u>\$ 18,396,656</u>	<u>\$ 22,296,272</u>	<u>\$ 23,451,737</u>	<u>\$ 24,954,388</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,710,623	\$ 23,134	\$ 468,208	\$ 484,105	\$ 497,964	\$ 567,519
1,050,009	875,015	700,017	525,000	350,000	175,000
46,075	160,546	639,025	1,558,888	3,614,566	8,344,724
2,162,409	4,413,608	3,188,318	2,413,883	342,685	108,267
9,406,341	9,509,653	9,217,418	10,917,902	12,986,116	14,124,523
<u>\$ 14,375,457</u>	<u>\$ 14,981,956</u>	<u>\$ 14,212,986</u>	<u>\$ 15,899,778</u>	<u>\$ 17,791,331</u>	<u>\$ 23,320,033</u>
\$ -	\$ 185	\$ -	\$ -	\$ -	\$ 407
18,721,910	15,953,119	23,244,183	28,817,597	27,746,742	27,092,596
1,764,251	995,094	1,904,822	2,216,637	1,678,932	732,366
380,506	431,044	450,616	-	-	-
-	-	-	(13,389)	(34,330)	-
<u>\$ 20,866,667</u>	<u>\$ 17,379,442</u>	<u>\$ 25,599,621</u>	<u>\$ 31,020,845</u>	<u>\$ 29,391,344</u>	<u>\$ 27,825,369</u>

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

	Fiscal Year			
	2012	2013	2014	2015
REVENUES				
Property Taxes	\$ 14,266,895	\$ 13,758,489	\$ 13,886,610	\$ 14,785,930
Sales Taxes	7,898,623	8,227,675	9,460,428	11,492,706
Other Taxes	4,032,606	5,616,942	5,153,900	5,148,174
Special Assessments	1,664,583	1,685,246	1,687,180	1,724,079
Intergovernmental	2,327,765	4,579,832	5,505,496	5,740,458
Licenses and Permits	97,044	163,157	184,984	161,431
Fines and Forfeitures	151,965	157,459	153,385	211,411
Developer Fees	2,166,434	2,220,091	3,148,366	1,373,348
Charges for Services	4,741,495	5,027,855	5,504,980	5,083,759
Investment Earnings	550,469	167,153	214,129	260,638
Contributions From Property Owners	-	-	-	-
Other Revenue	1,109,946	545,885	324,676	384,764
Total Revenues	39,007,825	42,149,784	45,224,134	46,366,698
EXPENDITURES				
Current:				
General Government	3,597,817	3,788,514	4,227,876	6,054,182
Public Safety	22,497,381	22,005,803	23,497,665	23,885,753
Public Works	10,292,254	10,753,548	14,009,804	14,691,262
Community Development	2,147,005	112,300	96,033	114,060
Parks and Recreation	1,400,142	3,196,823	1,357,107	3,359,775
Debt Service:				
Principal	1,007,602	697,917	775,665	930,981
Interest and Fiscal Charges	2,620,760	372,069	372,185	573,680
Total Expenditures	43,562,961	40,926,974	44,336,335	49,609,693
Excess (deficiency) of Revenues Over (under) Expenditures	(4,555,136)	1,222,810	887,799	(3,242,995)
OTHER FINANCING SOURCES (USES)				
Transfers In	7,709,261	4,186,442	5,215,185	7,052,320
Transfers Out	(7,709,261)	(4,186,442)	(5,215,185)	(7,052,320)
Capital Lease	-	-	-	-
Issuance of Long-term Debt	3,005,840	3,008,227	895,071	4,500,000
Premium on Long-term Debt	-	-	-	858,075
Total Other Financing Sources	3,005,840	3,008,227	895,071	5,358,075
Extraordinary Item ⁽¹⁾	(45,600,103)	-	-	-
Net Change in Fund Balances	\$ (47,149,399)	\$ 4,231,037	\$ 1,782,870	\$ 2,115,080
Debt Service as a Percentage of Noncapital Expenditures ⁽²⁾	9.3%	3.2%	4.1%	5.2%

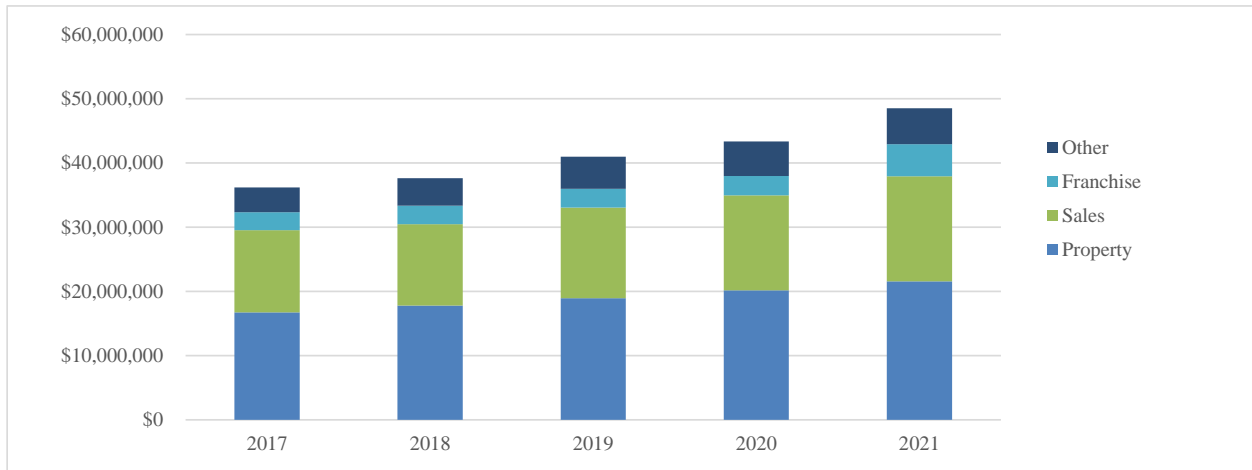
⁽¹⁾ Extraordinary item as a result of the dissolution of the Santee Community Development Corporation.

⁽²⁾ 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					
2016	2017	2018	2019	2020	2021
\$ 15,311,705	\$ 16,728,874	\$ 17,813,396	\$ 18,950,630	\$ 20,148,751	\$ 21,569,167
13,842,272	12,814,078	12,645,534	14,089,139	14,794,271	16,363,699
4,977,021	4,765,174	5,305,578	6,015,912	6,406,886	8,533,996
1,799,217	1,874,402	1,883,090	1,926,239	2,008,277	2,061,930
3,752,831	3,498,568	3,268,990	4,427,590	4,433,623	4,680,920
165,258	168,512	157,522	141,647	162,205	171,734
218,241	213,785	210,855	233,544	223,296	167,634
3,703,007	1,960,901	9,002,746	2,302,703	4,931,260	3,311,497
5,663,982	7,198,261	6,723,181	7,610,710	7,349,108	6,730,207
361,187	169,156	309,310	1,161,796	1,184,778	40,486
-	-	-	8,703,847	-	-
717,545	1,288,924	537,159	1,092,683	244,027	673,097
<u>50,512,266</u>	<u>50,680,635</u>	<u>57,857,361</u>	<u>66,656,440</u>	<u>61,886,482</u>	<u>64,304,367</u>
6,243,184	6,842,093	6,193,346	7,164,557	7,663,516	8,620,284
24,660,671	28,324,248	27,588,902	29,596,254	30,829,669	32,172,503
19,020,068	13,394,895	12,616,533	12,651,373	15,924,549	13,005,875
104,282	106,108	315,174	508,050	168,999	575,882
1,535,812	3,125,495	1,736,471	7,951,397	5,611,364	4,807,008
1,016,325	1,201,480	1,193,930	1,189,404	1,004,561	915,175
524,483	567,042	528,649	487,389	368,137	244,913
<u>53,104,825</u>	<u>53,561,361</u>	<u>50,173,005</u>	<u>59,548,424</u>	<u>61,570,795</u>	<u>60,341,640</u>
<u>(2,592,559)</u>	<u>(2,880,726)</u>	<u>7,684,356</u>	<u>7,108,016</u>	<u>315,687</u>	<u>3,962,727</u>
11,702,655	6,114,047	5,141,199	8,005,283	5,760,809	2,026,709
(11,702,655)	(6,114,047)	(5,141,199)	(8,005,283)	(5,760,809)	(2,026,709)
1,683,962	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,683,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (908,597)</u>	<u>\$ (2,880,726)</u>	<u>\$ 7,684,356</u>	<u>\$ 7,108,016</u>	<u>\$ 315,687</u>	<u>\$ 3,962,727</u>
3.4%	3.9%	3.8%	3.5%	2.5%	2.1%

CITY OF SANTEE
Tax Revenues by Source
 Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Property Taxes	Real Property			Sales Taxes	Franchise Taxes	Transient Occupancy Tax	Gas Tax	PEG Fees	Total
		Transfer Tax	Special Assessments							
2012	\$14,266,895	\$ 155,341	\$ 1,664,583	\$ 7,898,623	\$ 2,289,425	\$ 112,493	\$ 848,229	\$ -	\$ 27,235,590	
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	
2020	20,148,751	300,958	2,008,277	14,794,271	3,014,156	553,496	2,466,213	72,063	43,358,185	
2021	21,569,167	408,383	2,061,930	16,363,699	4,988,608	600,220	2,384,092	152,693	48,528,792	



Notes:

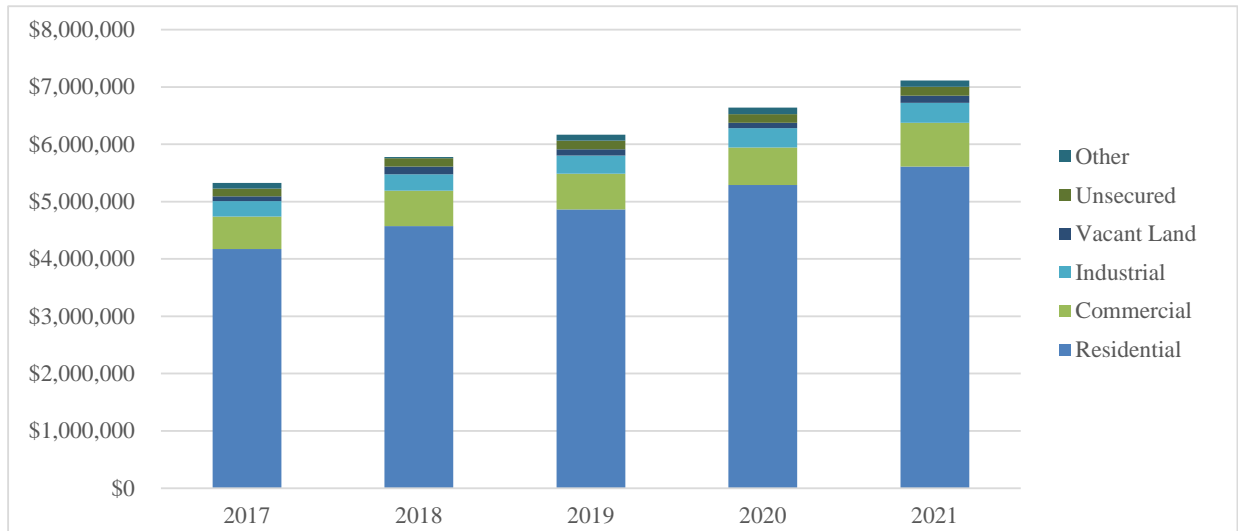
As of FY 2018 Gas Tax includes Road Maintenance and Rehabilitation (RMRA - SB 1) revenue received from the State of California.

As of FY 2020 Total Revenues by Source includes PEG Fees which are reflected as "Other Taxes" in the Statement of Revenues, Expenditures and Changes in Fund Balances.

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
2012	\$ 3,374,412	\$ 501,461	\$ 259,438	\$ 79,432	\$ 141,332	\$ 119,908	\$4,475,983	0.1795%
2013	3,398,706	515,100	263,389	60,257	138,053	105,619	4,481,124	0.1795%
2014	3,518,198	525,267	263,029	58,732	139,045	106,387	4,610,658	0.1795%
2015	3,770,787	539,056	261,383	59,169	144,163	104,591	4,879,149	0.1795%
2016	3,988,067	550,014	266,134	65,491	138,171	95,442	5,103,319	0.1795%
2017	4,174,318	566,661	269,485	79,759	136,335	98,012	5,324,570	0.1795%
2018	4,521,637	592,981	284,027	137,141	143,176	99,461	5,778,423	0.1795%
2019	4,863,156	625,062	315,963	110,651	149,641	100,624	6,165,097	0.1795%
2020	5,288,223	655,739	335,878	96,192	152,206	112,835	6,641,073	0.1795%
2021	5,613,167	760,508	347,981	124,426	155,727	111,677	7,113,486	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.

As of Fiscal Year 2020 mobile homes, possessory interest, water/oil mineral rights previously classified under Residential, Commercial, Industrial, Vacant or Unsecured are now classified under "Other". Fiscal Year 2011 through 2019 amounts have been restated accordingly.

Sources: HdL, Coren & Cone
 San Diego County Assessor

CITY OF SANTEE
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
 Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
City of Santee Direct Rate	<u>0.1795</u> %	<u>0.1795</u> %	<u>0.1795</u> %	<u>0.1795</u> %
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	<u>0.0193</u>	<u>0.0193</u>	<u>0.0193</u>	<u>0.0193</u>
Total Overlapping Rates	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>
Total Direct and Overlapping Rate	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
Voter Approved Rates:				
Santee Elementary School District	0.0331	0.0339	0.0341	0.0332
Grossmont Union High School District	0.0612	0.0610	0.0617	0.0612
Grossmont-Cuyamaca Community College District	0.0308	0.0317	0.0475	0.0465
Metropolitan Water District	0.0037	0.0035	0.0035	0.0035
Grossmont Healthcare District	<u>0.0201</u>	<u>0.0200</u>	<u>0.0200</u>	<u>0.0200</u>
Total Voter Approved Rates	<u>0.1489</u>	<u>0.1501</u>	<u>0.1668</u>	<u>0.1644</u>
Total Tax Rate	<u>1.1489</u> %	<u>1.1501</u> %	<u>1.1668</u> %	<u>1.1644</u> %

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					
2016	2017	2018	2019	2020	2021
<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
0.0193	0.0193	0.0193	0.0193	0.0193	0.0193
<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>
0.0328	0.0397	0.0371	0.0347	0.0341	0.0599
0.0605	0.0572	0.0661	0.0648	0.0670	0.0633
0.0454	0.0401	0.0467	0.0423	0.0404	0.0380
0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
0.0235	0.0235	0.0235	0.0235	0.0249	0.0249
<u>0.1657</u>	<u>0.1640</u>	<u>0.1770</u>	<u>0.1688</u>	<u>0.1699</u>	<u>0.1896</u>
<u><u>1.1657</u></u> %	<u><u>1.1640</u></u> %	<u><u>1.1771</u></u> %	<u><u>1.1688</u></u> %	<u><u>1.1699</u></u> %	<u><u>1.1895</u></u> %

CITY OF SANTEE
Principal Property Tax Payers
 Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Santee Senior Retirement Communities LLC	\$ 73,887,862	1	1.04%	\$ -	-	-
Parc One LP	60,036,662	2	0.84%	-	-	-
Vestar Kimco Santee LP	52,464,611	3	0.74%	44,410,363	1	0.99%
Santee Partners LP	33,621,030	4	0.47%	27,243,711	3	0.61%
Walmart Stores LP	31,625,856	5	0.44%	27,989,784	2	0.63%
LLJ Stratford Somerset LLC	31,336,428	6	0.44%	-	-	-
H C A Arbors Apartments LP	31,212,296	7	0.44%	26,495,228	4	0.59%
Union City Investments LLC	29,954,745	8	0.42%	-	-	-
Santee Retail LP	23,346,384	9	0.33%	21,527,749	7	0.48%
M H C Meadowbrook LP	23,261,569	10	0.33%	-	-	-
MB BP Portfolio LLC	-	-	-	25,343,327	5	0.57%
Alcott Estates LP	-	-	-	21,535,206	6	0.48%
M H C Financing LP Two	-	-	-	19,928,797	8	0.45%
Pacific Castle Santee LP	-	-	-	19,877,077	9	0.44%
Redwood Santana LLC	-	-	-	17,458,493	10	0.39%
	<u>\$ 390,747,443</u>		<u>5.49%</u>	<u>\$ 251,809,735</u>		<u>5.63%</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			
2012	\$ 10,522,974	\$ 9,460,246	89.9%	\$ 205,818	\$ 9,666,064	91.9%
2013	10,628,037	9,754,359	91.8%	216,841	9,971,200	93.8%
2014	10,926,679	10,101,363	92.4%	177,765	10,279,128	94.1%
2015	11,269,045	10,556,707	93.7%	146,119	10,702,826	95.0%
2016	11,775,993	11,104,272	94.3%	138,198	11,242,470	95.5%
2017	12,272,154	11,588,583	94.4%	135,577	11,724,160	95.5%
2018	12,917,869	12,235,446	94.7%	159,681	12,395,127	96.0%
2019	13,700,825	12,988,513	94.8%	119,851	13,108,364	95.7%
2020	14,869,554	14,070,120	94.6%	138,206	14,208,325	95.6%
2021	15,637,179	14,765,957	94.4%	197,457	14,963,414	95.7%

Notes:

The amounts presented include City property taxes and amounts collected that were passed-through to other agencies.

Levy amounts include property tax supplemental apportionments collected by the County of San Diego and remitted to the City.

The FY 2014 Current Secured Collected Levy has been restated to exclude Collections From Prior Years Levies.

Source: San Diego County Auditor and Controller Tax/Revenue Accountability Report

CITY OF SANTEE
Ratio of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Outstanding General Bonded Debt		Percent of Assessed Value ⁽²⁾	Debt Per Capita
	Lease Revenue Bonds ⁽¹⁾	Total		
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	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-

Notes:

General bonded debt is debt payable with governmental fund resources.

⁽¹⁾ Lease Revenue Bonds are repaid with general governmental resources.

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

CITY OF SANTEE
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities					Percentage of Personal Income ⁽¹⁾	Debt Per Capita ⁽¹⁾
	Lease Revenue Bonds	Notes & Loans	Capital Lease Obligations	Total Governmental Activities			
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	
2020	-	8,377,975	1,115,969	9,493,944	0.28%	164	
2021	-	7,231,768	848,189	8,079,957	0.27%	141	

Notes:

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

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

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CITY OF SANTEE
Direct and Overlapping Debt
For the Year Ended June 30, 2021

		<u>\$ 7,113,485,989</u>	
	Percentage Applicable ⁽¹⁾	Outstanding Debt 6/30/21	Estimated Share of Overlapping Debt
OVERLAPPING DEBT REPAID WITH PROPERTY TAXES			
Metropolitan Water District	0.2160%	\$ 26,830,000	\$ 57,953
Grossmont-Cuyamaca Community College District	12.5360%	399,720,377	50,108,946
Palomar Community College District	0.0001%	650,751,375	651
Grossmont Union High School District	12.9010%	611,620,166	78,905,118
Poway Unified School District Facilities Improvement Districts	0.0010%	290,479,488	2,904
Lakeside Union School District	0.2780%	48,733,179	135,478
Santee School District	91.0710%	63,361,524	57,703,974
Grossmont Healthcare District	11.8370%	249,978,330	29,589,935
City of Santee Community Facilities District No. 2017-1	100.0000%	8,525,000	8,525,000
California Statewide Community Development Authority Assess District	100.0000%	1,955,000	1,955,000
		<u>2,351,954,439</u>	<u>226,984,959</u>
OVERLAPPING OTHER DEBT			
San Diego County General Fund Obligations	1.2150%	211,585,000	2,570,758
San Diego County Pension Obligations	1.2150%	400,125,000	4,861,519
San Diego County Superintendent of Schools Obligations	1.2150%	8,585,000	104,308
Poway Unified School District General Fund Obligations	0.0004%	55,100,000	220
Grossmont Cuyamaca Community College Dist. Gen. Fd. Obligations	12.9010%	33,185,000	4,281,197
Santee School District Certificates of Participation	91.0710%	23,099,849	21,037,263
		<u>731,679,849</u>	<u>32,855,265</u>
Total Overlapping Debt		<u>\$ 3,083,634,288</u>	259,840,224
City Direct Debt			8,079,957
Overlapping Tax Increment Debt (Successor Agency)			<u>37,940,000</u>
Total Direct and Overlapping Debt			<u>\$ 305,860,181</u>

Notes:

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

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

Sources: Avenu Insights & Analytics
HdL, Coren & Cone

CITY OF SANTEE
Legal Debt Margin Information
 Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year			
	2012	2013	2014	2015
Assessed Valuation	\$ 4,475,983	\$ 4,481,124	\$ 4,610,658	\$ 4,879,149
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	1,118,996	1,120,281	1,152,665	1,219,787
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	167,849	168,042	172,900	182,968
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 167,849</u>	<u>\$ 168,042</u>	<u>\$ 172,900</u>	<u>\$ 182,968</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.

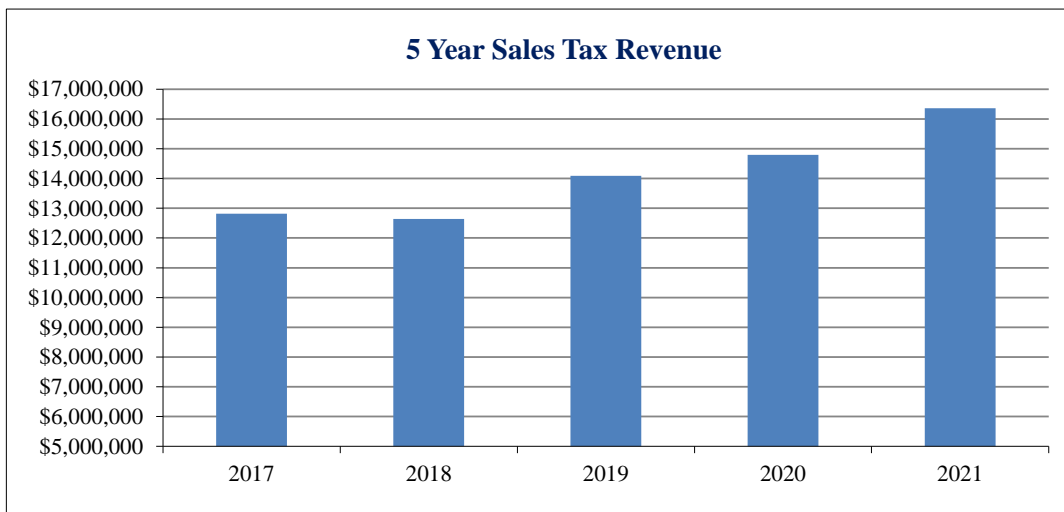
Sources: HdL, Coren & Cone
 San Diego County Assessor

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 5,103,319	\$ 5,324,570	\$ 5,778,423	\$ 6,165,097	\$ 6,641,073	\$ 7,113,486
25%	25%	25%	25%	25%	25%
1,275,830	1,331,143	1,444,606	1,541,274	1,660,268	1,778,372
15%	15%	15%	15%	15%	15%
191,374	199,671	216,691	231,191	249,040	266,756
-	-	-	-	-	-
<u>\$ 191,374</u>	<u>\$ 199,671</u>	<u>\$ 216,691</u>	<u>\$ 231,191</u>	<u>\$ 249,040</u>	<u>\$ 266,756</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF SANTEE
Top 25 Principal Sales Tax Producers
 For the Year Ended June 30, 2021

FIRM	BUSINESS DESCRIPTION
Arco	Service Stations
Best Buy	Electronics/Appliance Stores
BevMo	Convenience Stores/Liquor
Chevron	Service Stations
Chick Fil A	Quick-Service Restaurants
City Electric Supply	Plumbing/Electrical Supplies
Consolidated Electrical Distributors	Plumbing/Electrical Supplies
Costco	Discount Dept Stores
GTM Wholesale Liquidators	Variety Stores
HD Supply	Building Materials
Holland RV	Trailers/RV
Home Depot	Building Materials
Kohls	Department Stores
Lowe's	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
Toyota Certified of Santee	Used Automotive Dealers
Vons	Grocery Stores
Walmart	Discount Dept Stores

Percent of fiscal year total paid by top 25 accounts = 69.57%



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

CITY OF SANTEE
Demographic and Economic Statistics
 Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income (in millions) ⁽²⁾</u>	<u>Per Capita Personal Income ⁽²⁾</u>	<u>Unemployment Rate ⁽³⁾</u>
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%
2019	57,780	3,365	58,851	2.9%
2020	57,430	3,049	53,085	8.1%
2021	56,800	3,331	58,797	n/a

Notes:

Calendar Year 2021 Population is based on the California Department of Finance, "January Population and Housing Estimates". Calendar Year 2021 California Employment Development Department (EDD), Local Area Unemployment Statistics, Annual Average, not available.

Sources:

- ⁽¹⁾ California Department of Finance and San Diego Association of Governments
- ⁽²⁾ U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, American Community Survey and San Diego Association of Government.

CITY OF SANTEE
Principal Employers
 Current Year and Nine Years Ago

Employer	2021			2012		
	Number of Employees	Rank	Percent of Total Employment ⁽¹⁾	Number of Employees	Rank	Percent of Total Employment
Santee Elementary School District	813	1	2.89%	713	1	2.85%
Las Colinas Detention Facility	412	2	1.47%			
Costco Wholesale	375	3	1.33%	235	5	0.94%
Edgemoor Skilled Nursing Facility	340	4	1.21%	350	3	1.40%
HD Supply	260	5	0.92%			
T C Construction CO Inc	236	6	0.84%			
Grossmont Union High School District	235	7	0.84%	188	9	0.75%
Home Depot	228	8	0.81%	200	7	0.80%
Target	205	9	0.73%	190	8	0.76%
Walmart	204	10	0.73%	275	4	1.10%
Hartford Financial Services				520	2	2.08%
Scantibodies Laboratory				215	6	0.86%
Lowe's				172	10	0.69%
Total	3,308		11.77%	3,058		12.23%

Notes:

This schedule presents data for the ten principal employers as of June 30, 2021 and June 30, 2012.

⁽¹⁾ Total employment of all employers located within City limits as provided by EDD Labor Force Data.
 Total Labor Force FY 2021: 28,100

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	26.05	26.05	26.05	26.30	28.30	28.30	28.30	28.20	29.05	29.05
Public Safety	54.00	54.00	58.00	58.60	58.60	57.60	57.60	57.60	60.60	60.60
Public Works	30.20	29.70	29.70	33.20	35.20	35.20	35.20	35.30	35.45	35.45
Community Development	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	4.00
Total	<u>117.25</u>	<u>116.75</u>	<u>120.75</u>	<u>124.10</u>	<u>128.10</u>	<u>127.10</u>	<u>127.10</u>	<u>127.10</u>	<u>131.10</u>	<u>129.10</u>

Source: City of Santee

CITY OF SANTEE
Operating Indicators
by Department
 Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
DEVELOPMENT SERVICES										
Building Permits Issued	938	909	952	1,516	1,826	1,634	1,922	1,787	1,794	2,021
Building Inspections Completed	4,347	4,661	6,946	5,388	6,084	9,838	7,889	5,959	5,415	7,375
Development Applications Processed	161	151	111	113	158	129	97	89	75	47
Street Resurfacing (miles) ⁽¹⁾	5.9	9.9	1.1	6.7	41.8	-	9.6	3.5	11.7	12.5
COMMUNITY SERVICES										
Number of Recreation Classes Offered	202	347	333	367	403	366	410	400	236	65
Number of Recreation Class Participants	1,912	1,859	1,711	1,434	1,811	1,369	1,580	1,271	757	469
Attendance at City-Wide Special Events	30,509	35,599	43,450	48,000	62,096	73,194	71,800	74,324	58,850	9,500
Number of Facility Rentals	983	1,302	1,287	1,350	1,422	1,349	1,392	1,222	775	377
FIRE										
Fire Responses	135	138	173	157	149	157	203	172	160	235
Emergency Medical Responses	5,012	5,417	5,534	6,015	6,485	6,439	6,927	6,687	6,325	6,640
Community Service Calls	405	389	339	399	374	465	489	454	468	527
Other Responses ⁽²⁾	1,495	1,770	1,820	1,962	2,133	2,206	2,209	2,193	2,147	2,097
Fire Prevention & Safety Inspections	730	572	543	325	235	182	176	179	55	74
SHERIFF										
Arrests	1,999	2,059	2,398	1,861	1,694	2,033	2,719	1,780	1,435	1,202
Parking Citations Issued	937	920	685	699	489	680	798	2,185	1,586	1,277
Traffic Citations Issued	2,916	3,504	2,129	2,165	1,238	2,552	2,421	3,453	3,763	2,744
Calls for Service	20,591	21,667	20,376	20,686	19,744	16,255	16,645	15,267	14,548	14,295

⁽¹⁾ Street resurfacing projects were in process during FY 2017 and were completed in early FY 2018.

⁽²⁾ 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
FIRE										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Apparatus	6	6	6	6	7	7	7	7	7	7
Paramedic Vehicles	4	4	4	4	4	5	5	6	6	6
PUBLIC WORKS										
Streets (centerline miles)	114.56	115.32	115.32	115.32	121.42	121.42	121.42	121.46	122.04	122.16
Street Lights	3,171	3,070	3,070	3,207	3,244	3,316	3,335	3,337	3,341	3,351
Traffic Signals	57	57	57	58	59	60	61	61	61	61
PARKS & RECREATION										
Parks	8	8	8	8	9	9	9	9	9	9

Source: City of Santee

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