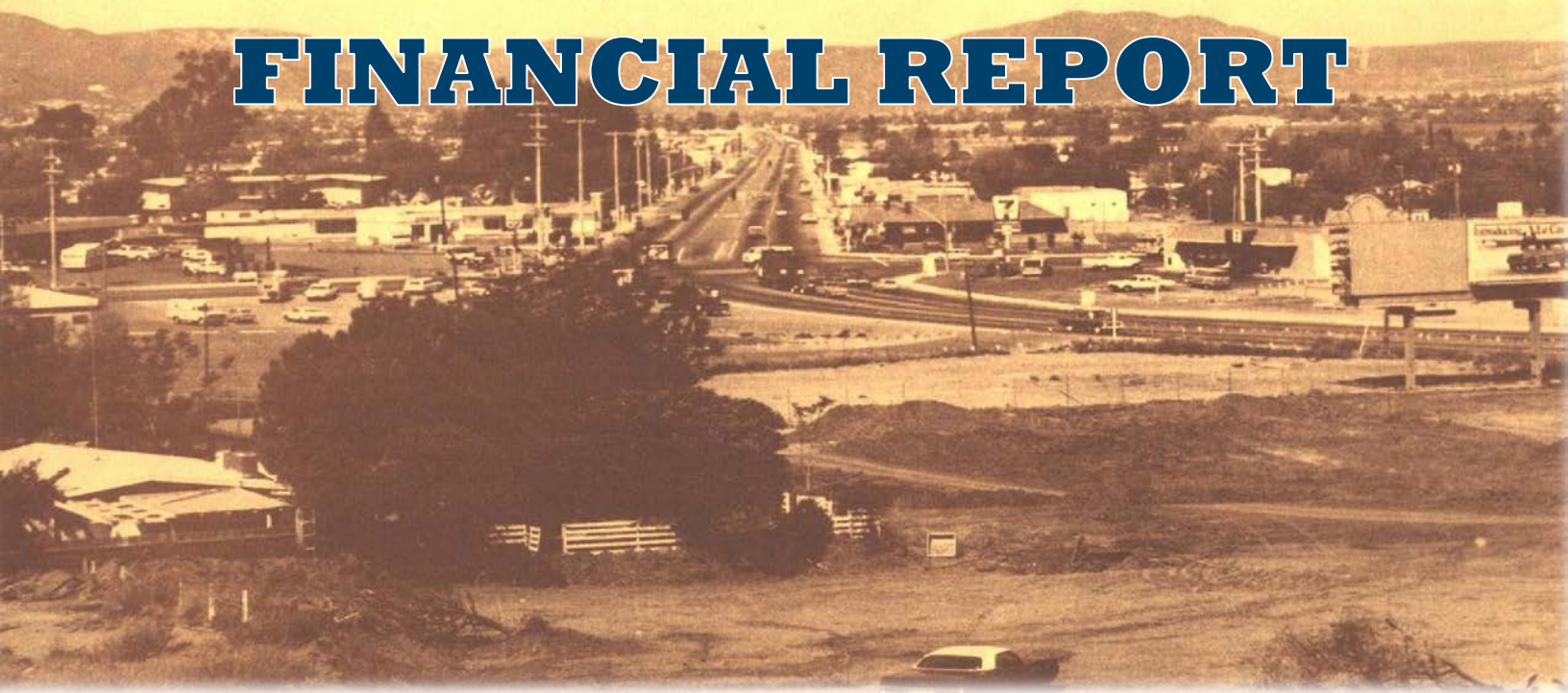


# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL YEAR ENDED  
JUNE 30, 2020**



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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

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.cityofsanteca.gov](http://www.cityofsanteca.gov)

**City of Santee**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2020**



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**CITY OF SANTEE**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2020**

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**INTRODUCTORY SECTION**

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**Mayor**  
John W. Minto

**City Council**  
Ronn Hall  
Laura Koval  
Rob McNelis  
Dustin Trotter

December 18, 2020

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

We are pleased to submit to you the Comprehensive Annual Financial Report of the City of Santee, California (“City”) for the fiscal year ended June 30, 2020. 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, 2020 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, 2020 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 57,999 residents. Santee's 2019 median household income of \$89,090 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.

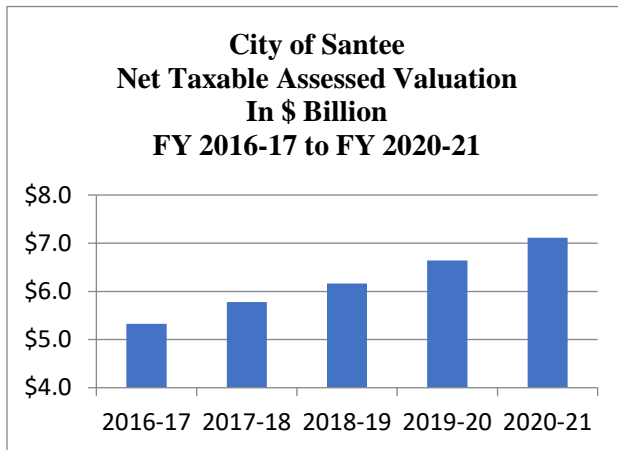
The City is responsible for providing a range of municipal services that includes law enforcement, fire and life safety, street maintenance, traffic circulation, planning and community development, park and landscape maintenance, code enforcement, building inspection and recreation programs for all ages. 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 7<sup>th</sup> highest of all cities in the county. Santee's unemployment rate of 7.5% as of September 2020 is lower than the national and state unemployment rates and is the 7<sup>th</sup> lowest in the county. Santee has a five-mile radius market area that includes a population of over 270,000. Santee has 172 national chain retailers and restaurants, with 29 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 7.7% increase in net taxable assessed valuation in fiscal year 2019-20 and a 7.1% increase in net taxable assessed valuation for the fiscal year 2020-21 tax roll, the 2<sup>nd</sup> highest rate of increase in the county for each of these years. Santee experienced a 5.0% increase in sales tax revenue in FY 2019-20, in spite of the economic slowdown brought on as a result of the COVID-19

pandemic. Overall, General Fund revenues were 4.0% higher in FY 2019-20 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 has caused Sportsplex USA to be temporarily closed since mid-March 2020.

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

Santee Town Center, located in the heart of the City, includes more than 1.1 million square ft. of retail and commercial space covering 706 acres and provides a strong contribution to the City's tax base. Major components of Santee Town Center include: a) Santee Trolley Square shopping center which includes over 450,000 square ft. of specialty retail, restaurants, and high volume retail stores, and b) the Santee Plaza/Promenade power center anchored by Costco, Wal-Mart and Home Depot. Just west of Santee Town Center is a 250,000 square ft. shopping center featuring Lowe's Home Improvement Center and Kohl's Department Store. Adjacent to Santee Trolley Square, HD Supply Facilities Maintenance occupies a state of the art 77,000 square ft. office facility. Also adjacent to Santee Trolley Square is San Diego Christian College, 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. While the City is currently in compliance with this policy, the five-year financial projection reflects serious challenges to the City's budget, with possible deficits beginning in FY 2021-22. There are two main factors contributing to these future deficits, increases in employee retirement costs (further discussed below) and contract law enforcement services costs. In addition to directly addressing these two main factors, management is actively working with the City Council to identify and develop strategies that contain the growth in expenditures, enhance existing revenue sources and identify new revenue sources.

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

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

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

### **Major Initiatives**

In February 2020 the \$12.4 million Mast Park Improvements project was completed. The project rehabilitated and added new amenities to this 58-acre park site originally developed by the County of San Diego in the 1970s. Outdated amenities within the park such as the restroom, shade pavilion, basketball court and playground were replaced with modern facilities. While most of the park's mature trees were left intact, new added landscaping features a mix of drought-tolerant native plants, dry creek beds and other hardscape reminiscent of a botanical garden. The remodeled park has a lighted loop trail, triple the amount of space for picnics, an enhanced disc golf course, a concession building, and new play areas for children

including a traditional playground structure and a nature play area. The existing dog park has been reconfigured with three sections, each for dogs of certain ages and sizes.

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 215 persons including 40 physicians and will serve 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.

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. 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.

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 November 2018 the City Council approved a disposition and development agreement for the sale of this parcel and the development of a multiplex movie theater to be operated by Studio Movie Grill. Planned features include at least nine auditoriums, a full kitchen capable of serving every seat in the theater, and an adjacent restaurant space and lounge providing full table service with patio seating.
- 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 has recently commenced on this site, with model homes anticipated to open this month.
- 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 Art and Entertainment Overlay District in Town Center which is intended to promote a concentration of arts, cultural and entertainment-oriented uses within the Town Center area, including the planned movie theater and hotel.

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. The City Council must determine whether to reverse its decision approving the project or to bring the project to the voters of Santee.

On September 18, 2019 the City Council approved a 122-room Woodspring Suites Hotel. Final engineering plans are expected to be received soon for this project with grading to commence thereafter.

Updates to the Housing and Safety Elements of the City's General Plan are currently underway. The Housing Element is the City's main housing policy and planning document that identifies housing needs and constraints and plans for projected housing needs for all income levels over an eight-year planning period. The Safety Element identifies areas where private and public decisions on land use need to be responsive to potentially hazardous conditions, serves to inform individuals, businesses and public agencies of Santee's policies regarding appropriate levels of public service such as law enforcement and fire protection, and must include new measures on climate resiliency and environmental justice. A series of City Council workshops continues to be held regarding the Housing Element which is expected to be adopted by April 2021.

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.

The repair and replacement of outdated corrugated metal storm drain pipes ("CMP") continues to be a priority for the City. To date approximately 55% of the City's total CMP inventory has been repaired or replaced. Over the past fiscal year, the City expended \$559,542 for the lining and replacement of CMP and in the current fiscal year \$2.0 million has been allocated by the City to continue this effort.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santee for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 16<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

This report reflects the combined efforts and year-round dedication of the entire Finance Department staff. In particular we would like to note the contributions of Finance Manager Heather Jennings, Accountant Janet Fernandez and Administrative Secretary Casey Price to the completion of this report. Additionally we would like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted,



Marlene D. Best  
City Manager



Tim K. McDermott



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, 2019

*Christopher P. Morill*

Executive Director/CEO

**CITY OF SANTEE  
LIST OF CITY OFFICIALS**

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**CITY COUNCIL**

John W. Minto, Mayor

Laura Koval, Vice Mayor

Rob McNelis, Council Member

Ronn Hall, Council Member

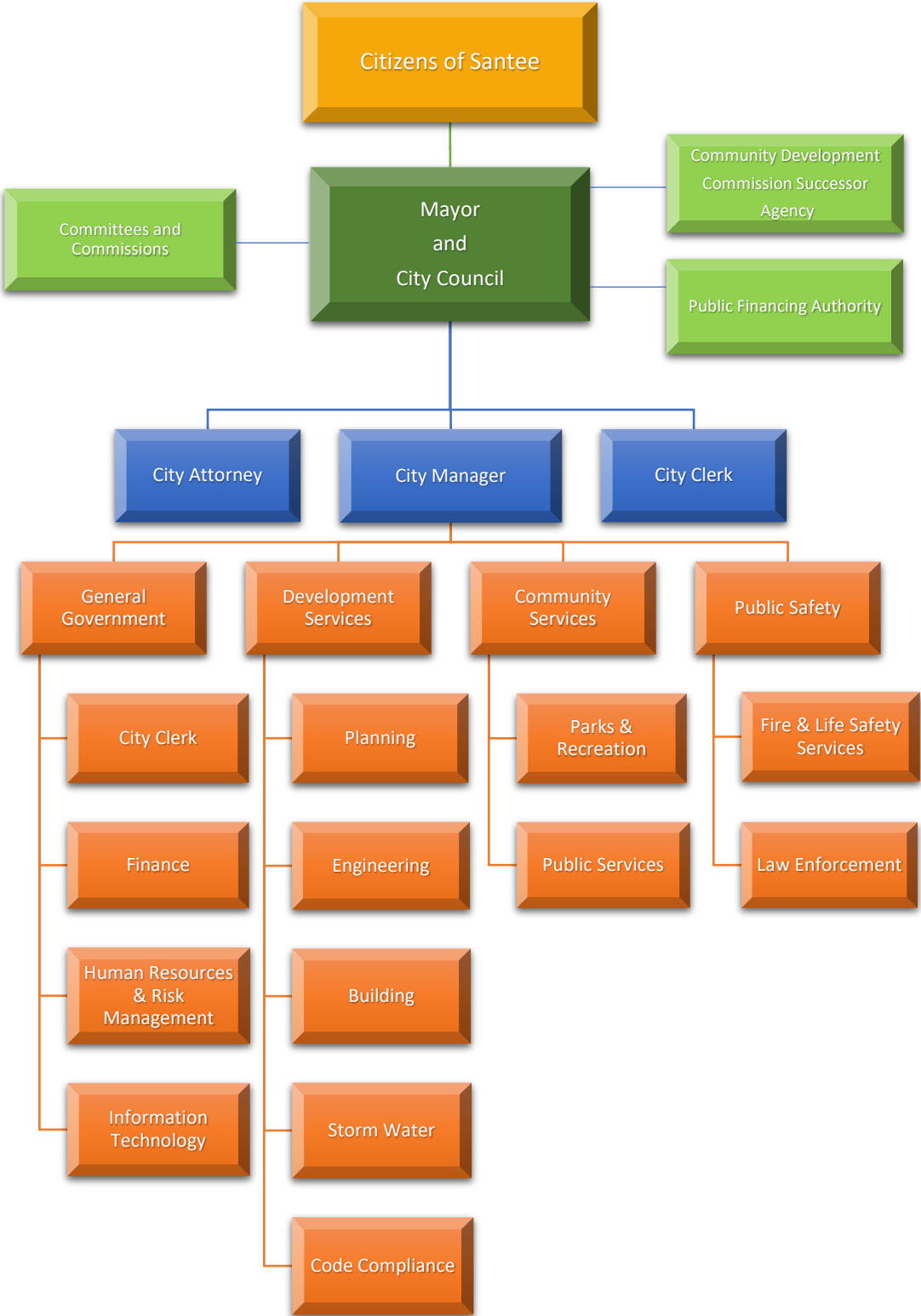
Stephen Houlahan, Council Member

**EXECUTIVE MANAGEMENT TEAM**

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



**CITY OF SANTEE  
ORGANIZATIONAL CHART**



CITY OF SANTEE  
LOCATION MAP





**FINANCIAL SECTION**

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## **Independent Auditor's Report**

City Council  
City of Santee  
Santee, California

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Santee, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Santee, California, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the City of Santee's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

City Council  
City of Santee

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

The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of the City of Santee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Santee's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
December 18, 2020



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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, 2020. 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, 2020 by \$176.1 million (*net position*).
- The City's total net position decreased by \$5.6 million during the fiscal year. A primary component of this decrease is \$3.4 million in reimbursements made to a developer for infrastructure costs incurred within Community Facilities District No. 2017-1 (Weston Infrastructure) also referred to as CFD 2017-1. Bond proceeds were received from CFD 2017-1 in the prior fiscal year for these and future infrastructure costs yet to be incurred. An increase in the City's net pension liability and related net inflows and outflows of resources also adversely impacted the City's total net position by \$4.5 million. Conversely, a decrease in the City's net other post-employment benefits ("OPEB") liability and related net inflows and outflows of resources improved the City's total net position by \$0.7 million.
- At June 30, 2020 the City's governmental funds reported combined fund balances of \$47.2 million, an increase of \$0.3 million during the fiscal year. Approximately \$13.0 million or 27% of this amount is available for spending at the City's discretion (*unassigned fund balance*).

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Santee include general government, public safety, public works, community development, and parks and recreation. The City does not have business-type activities.

The government-wide financial statements include not only the City of Santee itself (known as the primary government), but also blended component units. Blended component units, although legally separate entities are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Santee Public Financing Authority is reported as part of the City.

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

### **Fund Financial Statements**

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

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

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

The City maintains 31 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Projects Fund and CFD 2017-1 Project Fund which are considered to be major funds. Data from the other 28 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 Agency Fund and the Private Purpose Trust 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 *Agency 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, 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, 2020 assets and deferred outflows exceeded liabilities and deferred inflows by \$176.1 million, a decrease of \$5.6 million from the amount reported at June 30, 2019.

**City of Santee  
 Summary of Net Position  
 June 30, 2020 and 2019**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 55,708,312	\$ 59,117,046
Capital assets	186,395,011	188,083,479
Total assets	242,103,323	247,200,525
Deferred outflows of resources	8,262,041	8,554,906
Noncurrent liabilities	57,774,423	57,273,793
Other liabilities	8,433,239	11,010,646
Total liabilities	66,207,662	68,284,439
Deferred inflows of resources	8,097,991	5,807,162
Net position:		
Net investment in capital assets	176,901,067	176,411,913
Restricted	28,096,742	29,342,598
Unrestricted	(28,938,098)	(24,090,681)
Total net position	\$176,059,711	\$181,663,830

The largest portion of the City's net position, \$176.9 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 (\$28.1 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 \$28.9 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 \$44.0 million at June 30, 2020.

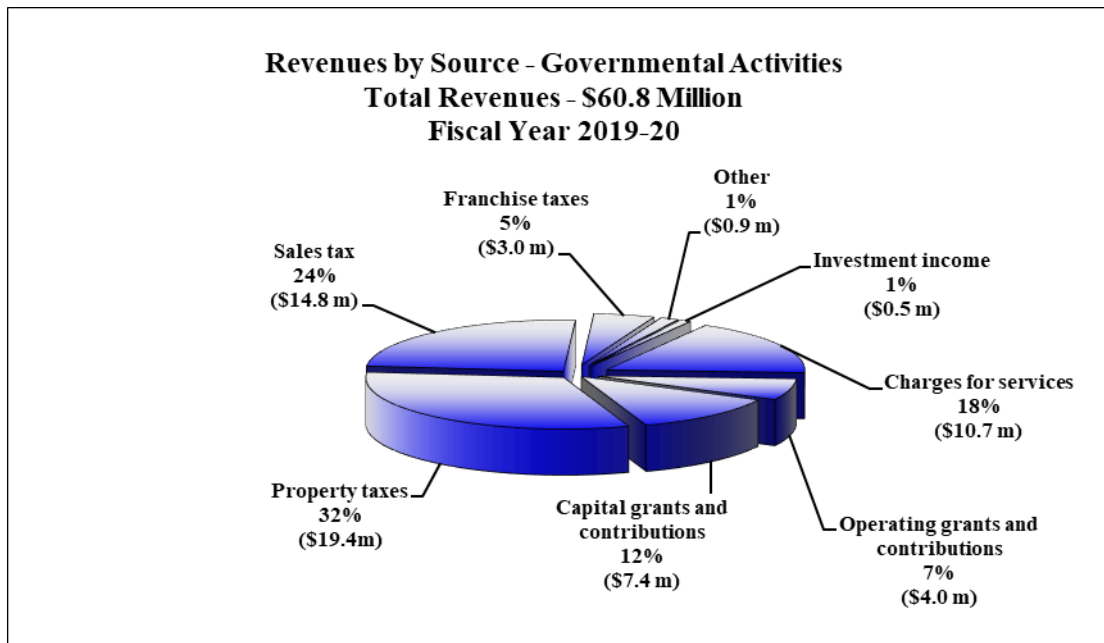
**Governmental Activities**

Net position decreased by \$5.6 million during the fiscal year as a result of the City's governmental activities. Key elements of this decrease are as follows:

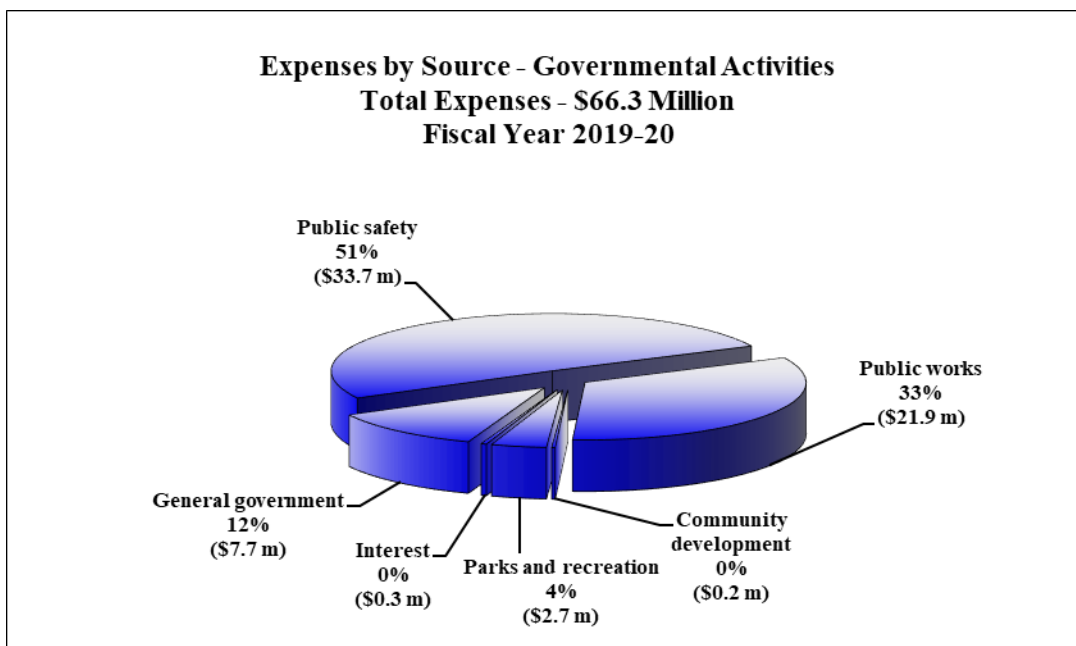
**City of Santee  
 Changes in Net Position  
 For the Fiscal Years Ended June 30, 2020 and 2019**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 10,657,075	\$ 11,266,054
Operating grants and contributions	4,049,925	2,989,446
Capital grants and contributions	7,399,277	15,644,810
General revenues:		
Taxes:		
Property taxes	19,414,752	18,255,129
Sales tax	14,794,271	14,089,139
Franchise taxes	3,014,156	2,947,828
Other taxes	854,454	929,842
Motor vehicle in lieu, unrestricted	46,227	27,357
Investment income	549,728	572,229
Miscellaneous	6,214	1,429
Total revenues	<u>60,786,079</u>	<u>66,723,263</u>
<b>Expenses:</b>		
General government	7,674,778	7,322,174
Public safety	33,660,167	30,688,969
Public works	21,912,084	15,663,815
Community development	168,999	508,050
Parks and recreation	2,664,122	2,442,245
Interest and fiscal charges	256,413	410,553
Total expenses	<u>66,336,563</u>	<u>57,035,806</u>
Change in net position	(5,550,484)	9,687,457
Net position, beginning of year (as restated)	<u>181,610,195</u>	<u>171,976,373</u>
Net position, end of year	<u><u>\$176,059,711</u></u>	<u><u>\$181,663,830</u></u>

- Charges for services decreased by \$608,979 from the prior fiscal year. Factors contributing to this decrease include County Service Area 69 paramedic program reimbursements which decreased by \$359,351 due to payment timing irregularities in prior fiscal years, fire strike team reimbursements which decreased by \$244,255 and various parks and recreation program revenues which decreased by \$185,778 as a result of the COVID-19 pandemic.
- Operating grants and contributions increased by \$1.1 million from the prior fiscal year. This increase is primarily due to the expenditure in the current fiscal year of \$688,1585 in federal CARES Act funds that were received from the County of San Diego.
- Capital grants and contributions decreased by \$8.2 million from the prior fiscal year. This decrease is primarily the result of an \$8.7 million contribution received in the prior fiscal year from CFD 2017-1 to fund infrastructure improvements in the Weston residential development. There was a \$556,227 increase in development impact fees received in the current year.
- Property tax, the City's largest revenue source, increased by \$1.2 million or 6.4%. Increases in residential real estate values and new construction resulted in a 7.7% increase in citywide net assessed valuation.
- Sales tax, the City's second largest revenue source, increased by \$705,132 million or 5.0% from the prior fiscal year, in spite of the recent economic slowdown as a result of the COVID-19 pandemic. An increase in sales tax allocations received through the county pool from online retail sales as a result of recent legislative changes and increases in online retail sales activity are the reason for this increase.



- Public safety expenses increased by \$3.0 million from the prior year. Included in this increase is a \$794,448 increase in contract law enforcement services costs, a \$1.5 million increase in fire pension liability/expense and a \$120,155 increase in firefighter protective gear costs.
- Public works expenses increased by \$6.2 million. Included in this increase is the \$3.4 million in reimbursements made to a developer for infrastructure costs incurred within CFD 2017-1 as previously discussed, a \$1.2 million increase in street maintenance costs and a \$553,791 increase in pension liability/expense.



## 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, 2020, the City's governmental funds reported combined fund balances of \$47.2 million, an increase of \$315,687 during the fiscal year. Approximately 27% of this amount (\$13.0 million) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$0.5 million), 2) restricted for particular purposes (\$28.1 million), 3) committed for particular purposes (\$5.3 million), or 4) assigned for particular purposes (\$0.3 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 \$13.0 million, while the total fund balance was \$17.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 28% of total General Fund expenditures for the year, while total fund balance represents approximately 39% of the total General Fund expenditures for the year.

The General Fund balance increased by \$1.9 million during the past fiscal year. General Fund revenues were \$1.9 million more than in the previous fiscal year. As discussed above, property tax revenue increased by \$1.2 million and sales tax revenue increased by \$705,132 from the prior fiscal year. Intergovernmental revenues increased by \$240,978 with the receipt and expenditure of federal CARES Act grant funds as previously discussed. Charges for services revenues decreased by \$261,602 over the prior year, primarily the result of the decrease in various parks and recreation program revenues. General Fund expenditures were \$1.4 million more than in the previous fiscal year. This increase is due to several factors including an \$848,414 increase in personnel costs (\$515,872 of which is attributable to an increase in CalPERS retirement costs), and a \$794,448 increase in contract law enforcement services costs.

The Capital Projects Fund, a major fund, had a \$630,757 decrease in fund balance during the fiscal year reflecting monies spent on various projects, bringing the fund's total fund balance to \$2.2 million, all of which is legally restricted or committed for various capital improvement projects. Capital Projects Fund expenditures totaled \$8.0 million, a \$3.1 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 in the prior fiscal year which will be used for the installation of infrastructure and a public park for the new Weston residential development. Fund expenditures totaled \$3.4 million for the current fiscal year, bringing the fund's total fund balance to \$5.5 million.

The Nonmajor Governmental Funds balance increased by a combined \$2.3 million during the past year, bringing the Nonmajor Governmental Funds total fund balance to \$21.7 million, all of which is legally restricted or committed for various purposes. The primary reason for this increase is a \$1.8 million net increase in the total fund balance of various categories of development impact fees which will be expended on future capital improvement projects.

### **General Fund Budgetary Highlights**

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

General Fund appropriations were increased by \$2.5 million from the originally adopted budget. Supplemental appropriations approved during the year include prior year encumbrances and appropriations that were carried forward and funded from the prior fiscal year's budget. Other supplemental appropriations include the appropriation of various federal, state and local grants received during the year. In addition, appropriation adjustments were made for COVID-19 response activities, legal expenditures, street maintenance and repair, funding for the retiree health/other post-employment benefits (OPEB) trust, funds set aside for future community choice aggregation start-up costs and Highway 52 improvements, and other incidental adjustments.

Actual General Fund revenues were \$2.1 million more than budgeted. Sales tax revenue was \$1.4 million higher than budgeted, charges for services revenue was \$231,812 higher than budgeted and investment earnings was \$173,333 higher than budgeted. Various other revenue categories experienced minor variances.

Actual General Fund expenditures were \$2.7 million less than budgeted. Total actual personnel costs were \$291,122 less than budgeted, primarily as a result of positions that were left vacant for a portion of the year. Community Services Department expenditures were \$984,708 less than budgeted, due to savings in personnel costs, facility maintenance, recreation programs costs, as well as the planned replacement of a dump truck that will not be received until next fiscal year. Fire Department expenditures were \$379,949 less than budgeted, due to non-personnel cost savings in emergency operations, paramedic program and fleet operations expenditures as well as the purchase of a vehicle that was not received by the end of the fiscal year. Development Services Department expenditures were \$319,616 less than budgeted, primarily as a result of personnel cost savings and consultant costs for the City's housing element update that was initiated in the current fiscal year but for which most of the services will be provided next fiscal year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets as of June 30, 2020 was \$186.4 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, 2020 and 2019**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 13,639,087	\$ 12,329,103
Parks	5,257,745	5,257,745
Construction in progress	1,594,331	10,367,445
Buildings & improvements	11,592,801	10,514,202
Improvements other than buildings	8,206,897	4,940,425
Equipment	7,109,174	5,679,374
Vehicles	2,895,861	2,953,259
Infrastructure	136,099,115	136,041,926
Totals	\$186,395,011	\$188,083,479

Major capital asset activity during the year included the following:

- \$4.5 million was spent to complete the renovation of Mast Park. This \$12.4 million project refurbished existing facilities and expanded underdeveloped areas of the 58-acre site to increase public access and usage.
- \$588,201 was spent for the purchase of three new vehicles, including a Type #3 wildland "brush rig" fire engine, the remount of an existing ambulance onto a new chassis and a tractor.
- \$559,542 was spent for the engineering analysis, design, lining and replacement of corrugated metal storm drainage pipes in various locations throughout the City.
- \$377,421 was spent to complete various accessibility upgrades at city hall.
- \$360,789 was spent on the rehabilitation of various city streets.
- Design commenced on audio/visual system and related upgrades to the city council chambers which will enable the live broadcast of future city council meetings. This \$447,023 project is expected to be completed by January 2021.

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, 2020 the City had \$57.8 million in long-term debt outstanding.

**City of Santee  
 Long-term Debt  
 June 30, 2020 and 2019**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Notes and loans payable	\$ 7,771,147	\$ 9,293,182
Capital leases payable	1,115,969	1,428,497
Claims and judgments	1,547,917	1,377,881
Compensated absences	1,537,506	1,311,276
Other post-employment benefits (OPEB)	1,620,327	2,699,160
Net pension liability	43,574,729	40,213,914
Premiums on long-term debt	606,828	949,883
Totals	\$57,774,423	\$57,273,793

The City's outstanding debt increased by \$0.5 million during the past fiscal year. This increase is primarily attributable to a \$3.4 million increase in the City's net pension liability. Slight increases were also realized in the City's liabilities for claims and judgments and 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. A reduction in the City's OPEB liability was the result of the continued prefunding of an OPEB trust and from recent reductions in certain retiree health benefits. Other reductions in long-term debt occurred primarily as a result of principal payments made on various notes, loans and capital leases payable. Additional information regarding long-term debt can be found at Notes 2F, 3B and 3C in the Notes to the Financial Statements.

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

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

- General Fund revenues are projected to increase by 1.3% or \$0.6 million
- The net assessed valuation of property in the City was anticipated to increase by 5.1% when the budget was developed. However, the actual increase in net assessed valuation is 7.1%, which should result in a corresponding increase in property tax revenues. Increases in residential real estate prices over the past several years, combined with new construction and changes of ownership, are the factors behind the increase in assessed valuation and property tax revenues. Due to the economic impacts from the COVID-19 pandemic, an increase in property tax payment delinquencies may be experienced that could somewhat erode the gains in net assessed valuation.
- Sales tax revenue is projected to increase by 1.2% next fiscal year. Growth is expected to continue in the county pool allocations (online sales), with declines expected in general consumer goods and most other categories of retail sales due to the continued impact of COVID-19 on economic activity.
- Essentially no change is expected in franchise fee revenue next year, with increases in revenues from certain franchisees expected to be offset by a decrease in the revenues to be received from telecommunications franchisees.

- Federal CARES Act Coronavirus Relief Fund allocations received from the County of San Diego total just over \$1.0 million which will provide resources for the City's response efforts to the COVID-19 pandemic. Subsequent to the adoption of the budget, the City was notified of an additional allocation of CARES Act funding to be received from the State of California in excess of \$0.7 million.
- The General Fund adopted budget for next fiscal year reflects a 2.1% increase in operating expenditures from the FY 2019-20 budgeted expenditures.
- Law enforcement services contract costs will increase by 5.0% over the next year with a nearly \$0.8 million impact to the budget. This will be the fourth year of a five-year contract. The contract increase for the following fiscal year will be 4.5%.
- Next year's budget provides for 2.5% across the board salary increases for all employee groups.
- Actuarial method and demographic assumption changes and a reduction in the discount rate (assumed rate of return on retirement plan assets) that are being implemented by the California Public Employees Retirement System 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 2020-21 budget is balanced, the impact of these changes will provide 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 were identified to provide funding for the City's capital improvement program and to make supplemental payments to continue reducing the City's OPEB liability.

#### **REQUESTS FOR INFORMATION**

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



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**BASIC FINANCIAL STATEMENTS**

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**City of Santee**  
**Statement of Net Position**  
**June 30, 2020**  
**(with comparative information for prior year)**

	Governmental Activities	
	2020	2019
<b>ASSETS</b>		
Cash and Investments (Note 2A)	\$ 43,283,608	\$ 41,918,893
Cash and Investments with Fiscal Agent (Note 2A)	5,455,630	8,560,232
Accounts Receivable	919,058	1,052,938
Loans Receivable (Note 2C)	1,238,500	1,278,500
Interest Receivable	168,465	225,850
Due From Other Governments	4,167,196	5,599,293
Inventory	3,081	2,907
Prepaid Items	33,774	39,433
Land Held for Resale	439,000	439,000
Capital Assets, Not Being Depreciated (Note 2D)	20,491,163	27,954,293
Capital Assets, Being Depreciated, Net (Note 2D)	165,903,848	160,129,186
Total Assets	<u>242,103,323</u>	<u>247,200,525</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pension (Note 3B)	7,506,258	7,844,589
Related to OPEB (Note 3C)	755,783	710,317
Total Deferred Outflows of Resources	<u>8,262,041</u>	<u>8,554,906</u>
<b>LIABILITIES</b>		
Accounts Payable	4,729,957	6,367,062
Accrued Salaries and Benefits	922,925	808,449
Accrued Liabilities	645,043	650,410
Interest Payable	31,787	38,810
Deposits Payable	2,005,528	2,979,963
Unearned Revenue	97,999	165,952
Noncurrent Liabilities		
Due Within One Year - Long-Term Liabilities (Note 2F)	2,510,119	2,431,446
Due in More Than One Year		
Long-Term Liabilities (Note 2F)	10,069,248	11,929,273
Net Pension Liability (Note 3B)	43,574,729	40,213,914
Net OPEB Liability (Note 3C)	1,620,327	2,699,160
Total Liabilities	<u>66,207,662</u>	<u>68,284,439</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions (Note 3B)	5,624,127	4,856,054
Related to OPEB (Note 3C)	1,405,508	951,108
Gain on Refinancing (Note 2F)	1,068,356	-
Total Deferred Inflows of Resources	<u>8,097,991</u>	<u>5,807,162</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	176,901,067	176,411,913
Restricted For:		
Capital Projects	21,847,985	23,435,476
Community Development	1,345,475	1,398,314
Debt Service	350,000	525,000
General Government	173,154	105,361
Public Safety	62,227	52,980
Public Works	4,317,901	3,825,467
Unrestricted	(28,938,098)	(24,090,681)
Total Net Position	<u>\$ 176,059,711</u>	<u>\$ 181,663,830</u>

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

**City of Santee**  
**Statement of Activities**  
**Year Ended June 30, 2020**  
**(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	2020	2019
General Government	\$ 7,674,778	\$ 360,666	\$ 1,036,834	\$ 72,076	\$ (6,205,202)	\$ (6,740,483)
Public Safety	33,660,167	5,405,941	245,079	-	(28,009,147)	(24,259,738)
Public Works	21,912,084	4,281,073	2,503,447	3,713,673	(11,413,891)	3,937,915
Community Development	168,999	9,655	226,484	-	67,140	(234,137)
Parks and Recreation	2,664,122	599,740	38,081	3,613,528	1,587,227	571,500
Interest and Fiscal Charges	256,413	-	-	-	(256,413)	(410,553)
Total Governmental Activities	<u>\$ 66,336,563</u>	<u>\$ 10,657,075</u>	<u>\$ 4,049,925</u>	<u>\$ 7,399,277</u>	<u>(44,230,286)</u>	<u>(27,135,496)</u>
General Revenues:						
					19,414,752	18,255,129
					14,794,271	14,089,139
					3,014,156	2,947,828
					854,454	929,842
					46,227	27,357
					549,728	572,229
					6,214	1,429
					<u>38,679,802</u>	<u>36,822,953</u>
					(5,550,484)	9,687,457
					181,610,195	171,976,373
					<u>\$176,059,711</u>	<u>\$181,663,830</u>

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

**City of Santee  
Balance Sheet  
Governmental Funds  
June 30, 2020  
(with comparative information for prior year)**

	General	Capital Projects
<b>ASSETS</b>		
Cash and Investments	\$ 19,817,378	\$ 2,964,278
Cash and Investments with Fiscal Agents	-	-
Accounts Receivable	868,603	-
Loans Receivable	-	-
Interest Receivable	88,501	-
Due From Other Funds	32,668	-
Due From Other Governments	3,694,784	132,517
Inventories	3,081	-
Land Held for Resale	439,000	-
Prepaid Items	33,720	-
Advances to Other Funds	24,933	-
	<u>\$ 25,002,668</u>	<u>\$ 3,096,795</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,555,484	\$ 844,352
Accrued Salaries and Benefits	921,483	-
Deposits Payable	1,996,995	8,533
Unearned Revenue	63,154	-
Due to Other Funds	-	-
Accrued Liabilities	645,043	-
Advances From Other Funds	-	-
Total Liabilities	<u>7,182,159</u>	<u>852,885</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenues - Intergovernmental	29,178	45,681
Total Deferred Inflow of Resources	<u>29,178</u>	<u>45,681</u>
<b>FUND BALANCES (DEFICITS)</b>		
Nonspendable	497,964	-
Restricted	350,000	727,812
Committed	3,614,566	1,470,417
Assigned	342,685	-
Unassigned	12,986,116	-
Total Fund Balances (Deficits)	<u>17,791,331</u>	<u>2,198,229</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,002,668</u>	<u>\$ 3,096,795</u>

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



CFD 2017-1	Non-Major Governmental Funds	Total Governmental Funds	
		2020	2019
\$ 552	\$ 20,501,400	\$ 43,283,608	\$ 41,918,893
5,455,630	-	5,455,630	8,560,232
-	50,455	919,058	1,052,938
-	1,238,500	1,238,500	1,278,500
159	79,805	168,465	225,850
-	-	32,668	19,786
-	339,895	4,167,196	5,599,293
-	-	3,081	2,907
-	-	439,000	439,000
-	54	33,774	39,433
-	-	24,933	-
<u>\$ 5,456,341</u>	<u>\$ 22,210,109</u>	<u>\$ 55,765,913</u>	<u>\$ 59,136,832</u>
\$ -	\$ 330,121	\$ 4,729,957	\$ 6,367,062
-	1,442	922,925	808,449
-	-	2,005,528	2,979,963
-	34,845	97,999	165,952
-	32,668	32,668	19,786
-	-	645,043	650,410
-	24,933	24,933	-
<u>-</u>	<u>424,009</u>	<u>8,459,053</u>	<u>10,991,622</u>
-	49,326	124,185	1,224,587
<u>-</u>	<u>49,326</u>	<u>124,185</u>	<u>1,224,587</u>
-	-	497,964	484,105
5,456,341	21,562,589	28,096,742	29,342,597
-	208,515	5,293,498	3,775,525
-	-	342,685	2,413,883
-	(34,330)	12,951,786	10,904,513
<u>5,456,341</u>	<u>21,736,774</u>	<u>47,182,675</u>	<u>46,920,623</u>
<u>\$ 5,456,341</u>	<u>\$ 22,210,109</u>	<u>\$ 55,765,913</u>	<u>\$ 59,136,832</u>



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**City of Santee**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2020**

Fund Balances of Governmental Funds \$ 47,182,675

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. 186,395,011

Receivables which are not considered to be available to finance current expenditures are reported as unavailable revenue in the governmental funds. 124,185

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	\$ 7,506,258	
OPEB Related Deferred Outflows of Resources	755,783	
Pension Related Deferred Inflows of Resources	(5,624,127)	
OPEB Related Deferred Inflows of Resources	(1,405,508)	
Gain on Refinancing	<u>(1,068,356)</u>	164,050

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	\$ (7,771,147)	
Capital Lease Payable	(1,115,969)	
Claims and Judgments	(1,547,917)	
Compensated Absences	(1,537,506)	
Net OPEB Liability	(1,620,327)	
Net Pension Liability	(43,574,729)	
Unamortized Premiums on Long-term Det	<u>(606,828)</u>	(57,774,423)

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (31,787)

Net Position of Governmental Activities \$ 176,059,711

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**  
**Year Ended June 30, 2020**  
**(with comparative information for prior year)**

	General	Capital Projects
<b>REVENUES</b>		
Property Taxes	\$ 19,414,752	\$ -
Sales Taxes	14,794,271	-
Other Taxes	3,868,610	-
Special Assessments	1,098,146	-
Intergovernmental	1,082,048	1,745,693
Licenses and Permits	162,205	-
Fines and Forfeitures	223,296	-
Developer Fees	-	-
Charges for Services	7,349,108	-
Investment Earnings	561,333	-
Contributions from Property Owners	-	-
Other Revenue	135,468	-
Total Revenues	48,689,237	1,745,693
<b>EXPENDITURES</b>		
Current:		
General Government	7,198,929	424,879
Public Safety	30,590,143	-
Public Works	6,778,555	3,030,650
Community Development	-	-
Parks and Recreation	1,028,950	4,579,990
Debt Service:		
Principal Retirement	312,528	-
Interest	44,410	-
Total Expenditures	45,953,515	8,035,519
Excess (Deficiency) of Revenues Over Expenditures	2,735,722	(6,289,826)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	5,659,069
Transfers Out	(844,169)	-
Total Other Financing Sources (Uses)	(844,169)	5,659,069
Net Change in Fund Balances	1,891,553	(630,757)
Fund Balances, Beginning of Year - As Restated (Note 3K)	15,899,778	2,828,986
Fund Balances, End of Year	\$ 17,791,331	\$ 2,198,229

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

CFD 2017-1	Non-Major Governmental Funds	Total Governmental Funds	
		2020	2019
\$ -	\$ 733,999	\$ 20,148,751	\$ 18,950,630
-	-	14,794,271	14,089,139
-	2,538,276	6,406,886	6,015,912
-	910,131	2,008,277	1,926,239
-	1,605,882	4,433,623	4,427,590
-	-	162,205	141,647
-	-	223,296	233,544
-	4,931,260	4,931,260	2,302,703
-	-	7,349,108	7,610,710
80,729	542,716	1,184,778	1,161,796
-	-	-	8,703,847
22,490	86,069	244,027	1,092,683
<u>103,219</u>	<u>11,348,333</u>	<u>61,886,482</u>	<u>66,656,440</u>
-	39,708	7,663,516	7,164,557
-	239,526	30,829,669	29,596,254
3,356,721	2,758,623	15,924,549	12,651,373
-	168,999	168,999	508,050
-	2,424	5,611,364	7,951,397
-	692,033	1,004,561	1,189,404
-	323,727	368,137	487,389
<u>3,356,721</u>	<u>4,225,040</u>	<u>61,570,795</u>	<u>59,548,424</u>
<u>(3,253,502)</u>	<u>7,123,293</u>	<u>315,687</u>	<u>7,108,016</u>
-	101,739	5,760,808	8,005,283
-	(4,916,639)	(5,760,808)	(8,005,283)
-	(4,814,900)	-	-
(3,253,502)	2,308,393	315,687	7,108,016
8,709,843	19,428,381	46,866,988	39,812,607
<u>\$ 5,456,341</u>	<u>\$ 21,736,774</u>	<u>\$ 47,182,675</u>	<u>\$ 46,920,623</u>

**City of Santee**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 315,687

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	\$ 7,251,905	
Depreciation Expense	(8,872,065)	
Loss on Disposal of Assets	<u>(68,306)</u>	(1,688,466)

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

Principal Payments	\$ 1,004,561	
Amortization of Notes Payable Premium	58,251	
Amortization of Gain on Refunding	<u>46,450</u>	1,109,262

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. 7,023

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. (1,100,404)

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	\$ (170,036)	
Net Change in Compensated Absences	(226,230)	
Net Change in Net Pension Liability	(3,360,815)	
Net Change in Pension and OPEB Related		
Deferred Outflows and Inflows of Resources	(1,515,338)	
Net Change in Net OPEB Liability	<u>1,078,833</u>	<u>(4,193,586)</u>

Change in Net Position of Governmental Activities \$ (5,550,484)

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

**City of Santee**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Investments (Note 2A)	\$ 1,918,114	\$ 408,779
Cash and Investments with Fiscal Agents (Note 2A)	785,167	533,101
Loans Receivable (Note 2C)	405,637	-
Interest Receivable	3,061	1,597
Due From Other Governments	-	1,727
Total Assets	3,111,979	\$ 945,204
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Refunding Charge (Note 3G)	5,306,437	\$ -
Total Deferred Outflows of Resources	5,306,437	-
<b>LIABILITIES</b>		
Interest Payable	726,784	-
Due to Bondholders	-	945,204
Noncurrent Liabilities		
Due Within One Year (Note 3G)	1,570,000	-
Due in More Than One Year (Note 3G)	42,467,200	-
Total Liabilities	44,763,984	\$ 945,204
<b>NET POSITION</b>		
Net Position (Deficit) Held in Trust for Successor Agency	\$ (36,345,568)	

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

**City of Santee**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2020**

	Private Purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 3,346,364
Investment Earnings	27,282
Total Additions	3,373,646
 <b>DEDUCTIONS</b>	
Administrative Costs	37,060
Interest and Fiscal Charges	2,210,089
Total Deductions	2,247,149
Change in Fiduciary Net Position	1,126,497
Net Position, Beginning of the Year	(37,472,065)
Net Position, End of the Year	\$ (36,345,568)

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



**City of Santee**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**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, 2020 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:

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

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

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

*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.

Additionally, the City reports the following fund type:

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are recorded when a liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

Amounts reported as program revenues include: 1) charges to members, customers, or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, except for in the Zone 2 Flood Control District, Peg Fees - other taxes, 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.

Property Tax Calendar

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

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

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

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

Inventories and Prepaid Items

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

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value. At June 30, 2020 the General Fund is reporting land held for resale with a value of \$439,000 representing four parcels that were conveyed by the Santee Community Development Commission Successor Agency to the City, to be held by the City for future development or sale, subject to a future compensation agreement with the various affected taxing entities as required by law.

Capital Assets

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

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

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

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

Long-Term Obligations

Long-term obligations reported in the government-wide financial statements include notes and loans payable, claims payable, compensated absences, net pension liability and other post-employment benefits.

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

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

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, 2020 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 consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. The City has three items that qualify for reporting in this category. The first two items are related to pension and OPEB, which arises only under a full accrual basis of accounting. This includes pension and OPEB contributions subsequent to the measurement date of the net pension liability and other amounts, which are amortized over an actuarially determined period. Accordingly, these items are reported in the government-wide statement of net position. The third 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

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

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

from intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows of resources related to pension and OPEB, which arises only under a full accrual basis of accounting. Accordingly, these items are reported only in the government-wide statement of net position. These amounts are amortized over an actuarially determined period. And lastly, the City has a deferred inflow related to a gain on the refinancing of a loan agreement with the San Diego Association of Governments (SANDAG). This gain represents the savings derived from the refunding of SANDAG's underlying bonds that supported the loan. This item is reported only in the government-wide statement of net position and is 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.

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".

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

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

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, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

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

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

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

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

**H) Prior Year Comparative Information**

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

**I) Estimates**

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

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

**2) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

Cash and investments at June 30, 2020 are classified in the accompanying financial statements as follows:

Governmental Activities:	
Cash and Investments	\$ 43,283,608
Cash and Investments with Fiscal Agent	5,455,630
Fiduciary Funds:	
Cash and Investments	2,326,893
Cash and Investments with Fiscal Agent	1,318,268
Total Cash and Investments	<u>\$ 52,384,399</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on Hand	\$ 6,050
Deposits with Financial Institutions	820,859
Investments	51,557,490
Total Cash and Investments	<u>\$ 52,384,399</u>

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

The following table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy.

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



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

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

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity <sup>(1)</sup>	Maximum Percentage Of Portfolio <sup>(1)</sup>	Maximum Investment In One Issuer <sup>(1)</sup>
Local Agency Bonds	Yes	5 years	30%	None
U.S. Treasury Obligations	Yes	5 years	None	None
State Obligations— CA And Others	Yes	N/A	30%	None
CA Local Agency Obligations	Yes	N/A	30%	None
Federal Agency Securities	Yes	5 years	None	None
Banker’s Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15% <sup>(2)</sup>	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	90 days	10%	None
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	15%	10%
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-through Securities	No	N/A	N/A	N/A
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund	Yes	N/A	None	None
California Asset Management Program	Yes	N/A	None	None
JPA Pools (Other Investment Pools)	No	N/A	N/A	N/A
Supranationals	Yes	N/A	30%	AA

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

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

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

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

**Investments Authorized by Debt Agreements**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
Federal Agency Securities	N/A	None	None
Banker's Acceptances	365 days	None	None
Commercial Paper	270 days	None	None
Certificates of Deposit	365 days	None	None
Repurchase Agreements	365 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program	N/A	None	None
Investment Agreements	N/A	None	None

**Disclosures Relating to Interest Rate Risk**

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

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

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

**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	\$ 5,659,219	\$ 1,007,188	\$ 4,652,031	\$ -
Federal Agency Securities	5,633,299	1,507,943	4,125,356	-
Medium Term Notes	5,099,211	1,768,640	2,823,201	507,370
Local Agency Investment Fund (LAIF)	26,913,479	26,913,479	-	-
California Asset Management Program (CAMP)	472,203	472,203	-	-
Commercial Paper	499,912	499,912	-	-
Certificates of Deposit	503,496	503,496	-	-
Money Market Funds	2,773	2,773	-	-
Investments with Fiscal Agent:				
Money Market Funds	6,773,898	6,773,898	-	-
<b>Total</b>	<b><u>\$51,557,490</u></b>	<b><u>\$39,449,532</u></b>	<b><u>\$11,600,588</u></b>	<b><u>\$ 507,370</u></b>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City manages its exposure to credit risk by monitoring the credit rating of its investments. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type by Standard and Poor's Investor's Service.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End			
				AAA/A-1+	AA	A	Not Rated
Treasury Securities	\$ 5,659,219	N/A	\$5,659,219	\$ -	\$ -	\$ -	\$ -
Federal Agency Securities	5,633,299	AA	-	-	5,633,299	-	-
Medium Term Notes	5,099,211	A	-	1,010,659	2,351,421	1,737,131	-
Local Agency Investment Fund (LAIF)	26,913,479	N/A	-	-	-	-	26,913,479
California Asset Management Program (CAMP)	472,203	N/A	-	472,203	-	-	-
Commercial Paper	499,912	A	-	-	-	499,912	-
Certificates of Deposit	503,496	N/A	-	-	-	503,496	-
Money Market Funds	2,773	A-1+	-	2,773	-	-	-
Investments with Fiscal Agent:							
Money Market Funds	6,773,898	A-1+	-	6,773,898	-	-	-
<b>Total</b>	<b><u>\$51,557,490</u></b>		<b><u>\$5,659,219</u></b>	<b><u>\$ 8,259,533</u></b>	<b><u>\$ 7,984,720</u></b>	<b><u>\$ 2,740,539</u></b>	<b><u>\$26,913,479</u></b>

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

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

**Concentration of Credit Risk**

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

Issuer	Investment Type	Reported Amount	% of Total Investments
Federal National Mortgage Association	Federal Agency	\$3,557,696	6.90%

**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

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

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

available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

**B) Fair Value Measurements**

The City categorizes certain assets and liabilities within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<u>Investments Measured at Fair Value</u>				
Treasury Securities	\$ 5,659,219	\$ -	\$ 5,659,219	\$ -
Federal Agency Securities	5,633,299	-	5,633,299	-
Medium Term Notes	5,099,211	-	5,099,211	-
Commercial Paper	499,912	-	499,912	-
Negotiable Certificates of Deposit	503,496	-	503,496	-
Total Investments Measured at Fair Value	17,395,137	<u>\$ -</u>	<u>\$ 17,395,137</u>	<u>\$ -</u>
<u>Investments Not Measured at Fair Value</u>				
California Asset Management Program (CAMP)	472,203			
Local Agency Investment Fund (LAIF)	26,913,479			
Money Market Funds	6,776,671			
Total Investments	<u>\$ 51,557,490</u>			

**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, 2020 was \$1,238,500.

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, 2020, net of an allowance for doubtful accounts is \$405,637.

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

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

**D) Capital Assets**

The following table presents summary information on the changes in governmental funds capital assets for the year ended June 30, 2020:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 12,329,103	\$ 1,309,984	\$ -	\$ 13,639,087
Parks	5,257,745	-	-	5,257,745
Construction in Progress	<u>10,367,445</u>	<u>637,885</u>	<u>(9,410,999)</u>	<u>1,594,331</u>
Total capital assets, not being depreciated	<u>27,954,293</u>	<u>1,947,869</u>	<u>(9,410,999)</u>	<u>20,491,163</u>
Capital assets, being depreciated:				
Buildings & Improvements	20,572,358	1,706,885	-	22,279,243
Improvements other than buildings	8,709,693	3,816,939	-	12,526,632
Equipment	11,789,438	2,110,751	(106,244)	13,793,945
Vehicles	7,272,784	597,889	(152,039)	7,718,634
Infrastructure	<u>268,891,348</u>	<u>6,482,569</u>	<u>(89,708)</u>	<u>275,284,209</u>
Total capital assets, being depreciated	<u>317,235,621</u>	<u>14,715,033</u>	<u>(347,991)</u>	<u>331,602,663</u>
Less accumulated depreciation for:				
Buildings & Improvements	(10,058,156)	(628,286)	-	(10,686,442)
Improvements other than buildings	(3,769,268)	(550,467)	-	(4,319,735)
Equipment	(6,110,064)	(656,561)	81,854	(6,684,771)
Vehicles	(4,319,525)	(655,287)	152,039	(4,822,773)
Infrastructure	<u>(132,849,422)</u>	<u>(6,381,464)</u>	<u>45,792</u>	<u>(139,185,094)</u>
Total accumulated depreciation	<u>(157,106,435)</u>	<u>(8,872,065)</u>	<u>279,685</u>	<u>(165,698,815)</u>
Total capital assets, being depreciated, net	<u>160,129,186</u>	<u>5,842,968</u>	<u>(68,306)</u>	<u>165,903,848</u>
Governmental activities capital assets, net	<u>\$ 188,083,479</u>	<u>\$ 7,790,837</u>	<u>\$ (9,479,305)</u>	<u>\$ 186,395,011</u>

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

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

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

General Government	\$	176,395
Public Safety		811,910
Public Works		6,590,828
Parks & Recreation		<u>1,292,932</u>
Total Governmental Activities		
Depreciation Expense	\$	<u><u>8,872,065</u></u>

**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:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	<u><u>\$32,668</u></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 of the Santee Landscape Maintenance Districts. The advance is interest free with a term of ten years.

*Advances to/from Other Funds:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	<u><u>\$24,933</u></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>		
	Capital Projects Fund	Non-Major Governmental Funds	Total
<i>Transfers Out:</i>			
General Fund	\$ 767,213	\$ 76,956	\$ 844,169
Non-Major Governmental Funds	<u>4,891,856</u>	<u>24,783</u>	<u>4,916,639</u>
Total	<u><u>\$ 5,659,069</u></u>	<u><u>\$ 101,739</u></u>	<u><u>\$ 5,760,808</u></u>

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

**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, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes and Loans Payable	\$ 9,293,182	\$ 3,935,000	\$ 5,457,035	\$ 7,771,147	\$ 647,397
Capital Leases Payable	1,428,497	-	312,528	1,115,969	267,778
Claims and Judgments	1,377,881	517,573	347,537	1,547,917	398,910
Compensated Absences	1,311,276	1,173,761	947,531	1,537,506	1,153,130
Premiums on Long-term Debt	949,883	-	343,055	606,828	42,904
Total	<u>\$ 14,360,719</u>	<u>\$ 1,343,797</u>	<u>\$ 3,125,149</u>	<u>\$ 12,579,367</u>	<u>\$ 2,515,222</u>

Notes and Loans Payable

On November 17, 2010, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City borrowed \$8,450,000 through the TransNet debt financing program. 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 2019-20 was \$46,450. Thereafter it will be \$111,481 per year. Interest on the note is 3.116%.

The repayment of debt is the first priority on the use of the City's annual TransNet revenues. As of June 30, 2020, the City's total debt outstanding on this note was \$3,857,500.

*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. Total principal and interest remaining on the note payable is \$4,938,464 payable through fiscal year 2030. For the current year, principal and interest paid were \$366,158 and \$135,754, respectively.



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

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

Annual debt service requirements to maturity on this debt at June 30, 2020 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 315,000	\$ 188,675
2022	335,000	172,925
2023	353,750	156,175
2024	370,000	138,488
2025	388,750	119,988
2026-2030	2,095,000	304,713
Total	<u>\$ 3,857,500</u>	<u>\$ 1,080,964</u>

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

Annual debt service requirements to maturity on this debt at June 30, 2020 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 140,000	\$ 5,299
2022	140,000	1,792
Total	<u>\$ 280,000</u>	<u>\$ 7,091</u>

On September 10, 2014, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City borrowed \$4,500,000 through the TransNet debt financing program. Under the agreement, the City is responsible for its proportionate share of SANDAG's bond issuance costs, annual debt service and administrative costs through the maturity date of the note in fiscal year ending 2034. Interest on the note is 3.851%.

The repayment of debt is the first priority on the use of the City's annual TransNet revenues. As of June 30, 2020, the City's total debt outstanding on this note was \$3,633,647.

*Revenues Pledged* – The City has pledged a portion of TransNet revenues to repay a note payable to SANDAG. The note payable is secured solely by the TransNet revenues. Total principal and interest remaining on the note payable is \$5,119,317 payable through fiscal year 2034. For the current year, principal and interest paid were \$182,914 and \$179,524, respectively.

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

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

Annual debt service requirements to maturity on this debt at June 30, 2020 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 192,397	\$ 182,559
2022	197,500	173,319
2023	208,750	163,493
2024	222,500	152,953
2025	232,500	141,740
2026-2030	1,341,250	520,957
2031-2034	1,238,750	150,649
Total	<u>\$ 3,633,647</u>	<u>\$ 1,485,670</u>

Capital Leases Payable

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

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 43,793	\$ 580
Total	<u>\$ 43,793</u>	<u>\$ 580</u>

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

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 29,557	\$ 3,055
2022	30,466	2,146
2023	31,402	1,210
2024	16,063	245
Total	<u>\$ 107,488</u>	<u>\$ 6,656</u>

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

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

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

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 88,588	\$ 8,243
2022	91,254	5,576
2023	94,000	2,829
Total	<u>\$ 273,842</u>	<u>\$ 16,648</u>

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

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 105,842	\$ 23,212
2022	109,398	19,656
2023	113,074	15,980
2024	116,873	12,181
2025	120,800	8,254
2026	124,859	4,195
Total	<u>\$ 690,846</u>	<u>\$ 83,478</u>

Claims and Judgments

The outstanding liability for claims payable at June 30, 2020 was \$1,547,917. 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.

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

**3) OTHER INFORMATION**

**A) Risk Management**

For Workers' Compensation claims, the City carries a self-insured retention of \$350,000 per claim. The City participates in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for coverage up to \$5,000,000 per claim, and purchases insurance for claims in excess of \$5,000,000 up to the California statutory limits.

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

Liabilities for workers compensation and other liabilities are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The ultimate amount of losses incurred is dependent on future developments. The amounts reported in the accompanying financial statement have been determined based upon actuarial analysis and information from the City's legal counsel and claims administrators.

The changes in the claims liability for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Claims payable, beginning of year	\$ 1,377,881	\$ 1,503,350
Current year claims and changes in estimates	517,573	610,692
Current year claims payments	<u>(347,537)</u>	<u>(736,161)</u>
Claims payable, end of year	<u>\$ 1,547,917</u>	<u>\$ 1,377,881</u>

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2018-19 to fiscal year 2019-20. Furthermore, there was no settlement which exceeded the insurance coverage for the past three years.

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

**California Public Employee Retirement System**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the in the City's separate Safety (fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are

established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefits provisions, assumptions and membership information that can be found on the CalPERS website.

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

**3) OTHER INFORMATION (Continued)**

*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, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	52 - 67+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	9.00%	6.75%
Required employer contribution rates	12.182%	6.985%
	Miscellaneous 2nd Tier	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	8.680%	6.985%
	Safety	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	3.0% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50+	50 - 57+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	3.00%	2.0% to 2.7%
Required employee contribution rates	12.00%	12.75%
Required employer contribution rates	20.654%	13.786%

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

**3) OTHER INFORMATION (Continued)**

	Safety 2nd Tier	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	3.0% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 57+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	12.00%	12.75%
Required employer contribution rates	17.603%	13.786%

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

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

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

**Contribution Description** – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2019 (the measurement date), the active employee contribution rate is 6.75 percent to 12.75 percent of annual pay, and the employer's contribution rate is from 6.985 percent to 20.654 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

The City's contributions to each Plan for the year ended June 30, 2020 were as follows:

	Miscellaneous		PEPRA
	<u>Miscellaneous</u>	<u>2nd Tier</u>	<u>Miscellaneous</u>
Contributions - Employer	\$ 419,649	\$ 103,444	\$ 130,098
Contributions - Employee (Paid by Employer)	34,448	11,918	-

	Safety		PEPRA
	<u>Safety</u>	<u>2nd Tier</u>	<u>Safety</u>
Contributions - Employer	\$ 778,126	\$ 51,383	\$ 227,148
Contributions - Employee (Paid by Employer)	110,813	8,757	-

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

**3) OTHER INFORMATION (Continued)**

*Actuarial Methods and Assumptions used to determine Total Pension Liability* – For the measurement period ending June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 actuarial valuation to determine the June 30, 2019 total pension liability. The June 30, 2019 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 <sup>1</sup>	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

<sup>1</sup> 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.

**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.

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

**3) OTHER INFORMATION (Continued)**

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

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.0%	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)

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

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

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

**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.

**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)
<b>Miscellaneous</b>			
Balance at: 6/30/2018	\$ 63,064,809	\$ 47,395,629	\$ 15,669,180
Balance at: 6/30/2019	<u>64,737,682</u>	<u>47,693,101</u>	<u>17,044,581</u>
Net Changes during 2018-19	<u>\$ (1,672,873)</u>	<u>\$ (297,472)</u>	<u>\$ (1,375,401)</u>
<b>Safety</b>			
Balance at: 6/30/2018	\$ 89,740,925	\$ 65,196,191	\$ 24,544,734
Balance at: 6/30/2019	<u>93,504,163</u>	<u>66,974,015</u>	<u>26,530,148</u>
Net Changes during 2018-19	<u>\$ (3,763,238)</u>	<u>\$ (1,777,824)</u>	<u>\$ (1,985,414)</u>
<b>Total</b>			
Balance at: 6/30/2018	\$ 152,805,734	\$ 112,591,820	\$ 40,213,914
Balance at: 6/30/2019	<u>158,241,845</u>	<u>114,667,116</u>	<u>43,574,729</u>
Net Changes during 2018-19	<u>\$ (5,436,111)</u>	<u>\$ (2,075,296)</u>	<u>\$ (3,360,815)</u>



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

**3) OTHER INFORMATION (Continued)**

The proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2018	0.41577%	0.41831%
Proportion - June 30, 2019	0.42564%	0.42499%
Change - Increase (Decrease)	0.00987%	0.00668%

***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:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net Pension Liability - Miscellaneous	\$ 25,751,997	\$ 17,044,581	\$ 9,857,225
Net Pension Liability - Safety	39,344,274	26,530,148	16,024,570
Net Pension Liability - Total	\$ 65,096,271	\$ 43,574,729	\$ 25,881,795

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

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

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

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

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

**3) OTHER INFORMATION (Continued)**

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

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the EARS� of members provided with pensions through the Plan. The EARS� for the Plan for the June 30, 2019 measurement date is 3.8 years, which was obtained by dividing the total services years by the total number of participants (active, inactive, and retired) in the Plan.

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

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

For the year ended June 30, 2020, the City recognized a pension expense of \$2,442,332 for the Miscellaneous Plan and \$3,900,671 for the Safety Plan, which totaled \$6,343,003. As of June 30, 2020, 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	\$ 699,557	\$ -	\$ 1,176,227	\$ -	\$ 1,875,784	\$ -
Differences between actual contributions made and proportionate share of contributions	-	1,798,740	-	2,455,314	-	4,254,054
Differences between expected and actual experience	1,183,818	91,722	1,732,179	-	2,915,997	91,722
Changes of assumptions	812,764	288,118	1,087,425	212,210	1,900,189	500,328
Net difference between projected and actual earnings on pension plan investments	-	297,992	-	364,966	-	662,958
Adjustment due to differences in proportions	<u>243,474</u>	<u>28,924</u>	<u>570,814</u>	<u>86,141</u>	<u>814,288</u>	<u>115,065</u>
Total	<u>\$ 2,939,613</u>	<u>\$ 2,505,496</u>	<u>\$ 4,566,645</u>	<u>\$ 3,118,631</u>	<u>\$ 7,506,258</u>	<u>\$ 5,624,127</u>

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

**3) OTHER INFORMATION (Continued)**

\$1,875,784 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, 2021. 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 June 30,	Deferred Outflows/Inflows of Resources		
	Miscellaneous	Safety	Total
2021	\$ 428,128	\$ 917,670	\$ 1,345,798
2022	(678,801)	(697,513)	(1,376,314)
2023	(74,982)	(19,382)	(94,364)
2024	60,215	71,011	131,226
2025	-	-	-
Thereafter	-	-	-

**Public Agency Retirement System**

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan. PARS provides a qualified retirement system to all part-time, seasonal and temporary employees in compliance with Section 11332 of the Omnibus Budget Reconciliation Act of 1990 and administers the retirement plan.

The minimum contribution level is 3.75% for employees and 3.75% for the employer, for a total of 7.50%. All employees are 100% vested upon entering the system. PARS contributions are invested in fixed income pension contracts. The plan's provisions and all other requirements were established by federal statutes. For the year ended June 30, 2020, the City's payroll covered by the plan was \$354,453. The City made employer contributions of \$13,292 (3.75% of covered payroll), and employees contributed \$13,292 (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.

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

**3) OTHER INFORMATION (Continued)**

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

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, 2019 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	-
Total	<u>178</u>

Contributions

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

Net OPEB Liability

The City's net OPEB Liability was measured as of June 30, 2019 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:

<b>Actuarial Cost Method:</b>	Entry Age Normal, Level Percent of Pay
<b>Actuarial Assumptions:</b>	
Discount Rate	6.50%
Inflation	2.50% per year
Salary Increases	3.00% per year
Mortality Rate	MacLeod Watts Scale 2020 applied generationally.
Healthcare Trend Rate	Medical plan premiums and claims by costs by age are assumed to increase once each year.

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

**3) OTHER INFORMATION (Continued)**

*Changes in the OPEB Liability*

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability / (Asset) (c) = (a) - (b)
Balance at June 30, 2019 (Measurement Date: June 30, 2018)	\$ 3,100,952	\$ 401,792	\$ 2,699,160
Changes recognized for the measurement period:			
Service Cost	83,176	-	83,176
Interest	200,133	-	200,133
Expected investment income	-	42,362	(42,362)
Changes of assumptions	(19,291)	-	(19,291)
Changes of benefit terms	-	-	-
Contributions - employer	-	710,317	(710,317)
Net investment income	-	18,277	(18,277)
Benefit payments	(210,317)	(210,317)	-
Plan experience	(572,022)	-	(572,022)
Administrative expense	-	(127)	127
Net Changes	(518,321)	560,512	(1,078,833)
Balance at June 30, 2020 (Measurement Date: June 30, 2019)	\$ 2,582,631	\$ 962,304	\$ 1,620,327

*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 2020 is 6.5%. Healthcare Cost Trend Rate was assumed to start at 5.4% and then fluctuate to an ultimate increase rate of 4.0% for years 2076 and later. 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%
<u>Changes in Discount Rate</u>	5.50%	6.50%	7.50%
Net OPEB Liability	\$ 1,834,665	\$ 1,620,327	\$ 1,430,650
<u>Changes in Healthcare Cost Trend Rate</u>	Current Trend	Current Trend	Current Trend
	- 1%	Trend	+ 1%
Net OPEB Liability	\$ 1,473,690	\$ 1,620,327	\$ 1,794,073

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

**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, 2020, the City recognized OPEB expense of \$37,453. As of fiscal year ended June 30, 2020, 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	\$ 707,352	\$ -
Net difference between expected and actual experience	47,670	564,816
Net difference between projected and actual earnings on investments	-	15,698
Changes of assumptions	761	824,994
Total	\$ 755,783	\$ 1,405,508

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

**3) OTHER INFORMATION (Continued)**

Of the \$755,783 reported as deferred outflows of resources, \$707,352 is related to contributions subsequent to the June 30, 2019 measurement date and will be recognized as a reduction of the net OPEB Liability during the fiscal year ending June 30, 2021. In addition, other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (203,621)
2022	(203,621)
2023	(201,828)
2024	(200,480)
2025	(199,780)
Thereafter	(347,747)

**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.

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

**3) OTHER INFORMATION (Continued)**

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

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

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

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

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

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



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

**3) OTHER INFORMATION (Continued)**

The details of the fund balances as of June 30, 2020 are presented below:

	Governmental				Total Funds
	General Fund	Capital Projects Fund	CFD 2017 Project Fund	Non-Major Funds	
Nonspendable:					
Prepays	\$ 33,720	\$ -	\$ -	\$ -	\$ 33,720
Inventory	3,081	-	-	-	3,081
Land Held For Resale	439,000	-	-	-	439,000
Advances to Other Funds	22,163	-	-	-	22,163
Total Nonspendable	<u>497,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,964</u>
Restricted for:					
Public Safety	-	-	-	62,227	62,227
Debt Service	350,000	-	-	-	350,000
Community Development	-	-	-	1,345,475	1,345,475
Public Works	-	-	-	4,317,901	4,317,901
Capital Projects	-	727,812	5,456,341	15,663,832	21,847,985
General Government	-	-	-	173,154	173,154
Total Restricted	<u>350,000</u>	<u>727,812</u>	<u>5,456,341</u>	<u>21,562,589</u>	<u>28,096,742</u>
Committed to:					
General Contracts	30,918	-	-	-	30,918
Fire Equipment and Supplies	62,290	-	-	790	63,080
Community Development	82,454	-	-	-	82,454
Public Works	94,450	-	-	-	94,450
Capital Projects	-	1,426,861	-	207,725	1,634,586
Community Choice Aggregation	300,000	-	-	-	300,000
Highway 52 Improvements	492,013	-	-	-	492,013
Other Purposes	39,650	43,556	-	-	83,206
Subsequent Year's Budget	486,070	-	-	-	486,070
Recreation Programs	207,878	-	-	-	207,878
Self Insurance	1,083,079	-	-	-	1,083,079
Vehicle Replacement	735,764	-	-	-	735,764
Total Committed	<u>3,614,566</u>	<u>1,470,417</u>	<u>-</u>	<u>208,515</u>	<u>5,293,498</u>
Assigned to:					
General Contracts	18,965	-	-	-	18,965
Fire Equipment and Supplies	3,556	-	-	-	3,556
Employee Development	8,500	-	-	-	8,500
Paramedic Program	235,629	-	-	-	235,629
Recreation Programs	329	-	-	-	329
Library	8,711	-	-	-	8,711
Other Purposes	66,995	-	-	-	66,995
Total Assigned	<u>342,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,685</u>
Unassigned	<u>12,986,116</u>	<u>-</u>	<u>-</u>	<u>(34,330)</u>	<u>12,951,786</u>
<b>Total Fund Balances</b>	<u><u>\$ 17,791,331</u></u>	<u><u>\$ 2,198,229</u></u>	<u><u>\$ 5,456,341</u></u>	<u><u>\$ 21,736,774</u></u>	<u><u>\$ 47,182,675</u></u>

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

**3) OTHER INFORMATION (Continued)**

**E) Commitments and Contingencies**

The City participates in several Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2020, 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, cancellations of public events, and disruption of the regional and local economy with corresponding decreases in the City's revenues.

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 implemented various cost containment measures during the year and adopted its fiscal year 2020-21 budget which includes consideration of the estimated effect of the COVID-19 outbreak and associated economic impacts. 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, 2020.

In June 2013, the City Council adopted a resolution to abate 50 percent of local sales tax revenues actually received by the City to a supply company for maintaining permanent office space within the City limits. The abatement amount was \$1,575,357 during fiscal year 2020.

**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

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

**3) OTHER INFORMATION (Continued)**

Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 4-2012. However, the City Council, on January 25, 2012, designated the San Diego County Housing Authority to assume all housing assets and functions of the former Redevelopment Agency. As of June 30, 2014, a portion of the assets have been accepted and transferred to the County Housing Authority. The remaining assets are currently reported in the Successor Agency Private Purpose Trust Fiduciary Fund. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

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

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

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>Fiduciary Fund:</b>					
Bonds Payable	\$41,055,000	\$ -	\$ (1,545,000)	\$39,510,000	\$1,570,000
Premium on Bonds	<u>4,741,930</u>	<u>-</u>	<u>(214,730)</u>	<u>4,527,200</u>	<u>-</u>
Total	<u>\$45,796,930</u>	<u>\$ -</u>	<u>\$ (1,759,730)</u>	<u>\$44,037,200</u>	<u>\$1,570,000</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, 2020, net of amortization is \$5,306,437.

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

**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, 2020, the outstanding balance on the 2016 Series A and B Tax Allocation Bonds was \$39,125,000 and \$385,000, respectively.

Annual debt service requirements to maturity on this debt at June 30, 2020 are as follows:

Year Ending June 30,	2016 Series A		2016 Series B	
	Principal	Interest	Principal	Interest
2021	\$ 1,185,000	\$ 1,712,881	\$ 385,000	\$ 3,850
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	-	-
2026-2030	10,815,000	5,489,031	-	-
2031-2035	11,810,000	2,531,147	-	-
2036-2040	5,775,000	923,541	-	-
2041-2042	2,585,000	88,004	-	-
	<u>\$ 39,125,000</u>	<u>\$ 16,882,328</u>	<u>\$ 385,000</u>	<u>\$ 3,850</u>

***Contingencies***

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

**H) Joint Powers Authorities**

The City is a member of two joint powers authorities at June 30, 2020. 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:

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

**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 2019-20, 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, 2020. 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 2019-20, 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, 2020. 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.

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

**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, 2020, the outstanding balance of the bonds was \$8,665,000.

**J) Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2020, the SAFE Program Fund reflected expenditures in excess of the budget amount as follows:

	Appropriation	Expenditures	Excess
Public Safety	\$ 10,000	\$ 10,239	\$ (239)

**K) Prior Period Adjustment**

The beginning net position and fund balance for the Transportation Development Act fund decreased by \$53,635 to defer revenue received that was previously recorded as earned.



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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<sup>(1)</sup>**

	Measurement Date		
	6/30/2019	6/30/2018	6/30/2017
Proportion of the Collective Net Pension Liability	0.42564%	0.41577%	0.40515%
Proportionate Share of the Collective Net Pension Liability	\$ 17,044,581	\$ 15,669,180	\$ 15,971,346
Covered Payroll	\$ 6,160,160	\$ 5,591,109	\$ 5,571,435
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	276.69%	280.25%	286.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.73%	77.69%	75.39%

**Notes to Schedule:**

- 1) Measurement date of June 30, 2014 was the first year of implementation, therefore only six years are shown.
- 2) Benefit Changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes, as well as any offers of Two Years Additional Service Credit (aka Golden Handshakes).
- 3) Changes in Assumptions. There were no new assumptions in 2019. 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 2019-20 determined in this valuation were calculated using a discount rate of 7.23 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.

Measurement Date		
6/30/2016	6/30/2015	6/30/2014
0.39934%	0.41368%	0.14923%
\$ 13,872,609	\$ 11,349,237	\$ 9,285,501
\$ 5,666,347	\$ 5,441,575	\$ 5,525,467
244.82%	208.57%	168.05%
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<sup>(1)</sup>**

	Measurement Date		
	6/30/2019	6/30/2018	6/30/2017
Proportion of the Collective Net Pension Liability	0.40485%	0.41831%	0.40485%
Proportionate Share of the Collective Net Pension Liability	\$ 26,530,148	\$ 24,544,734	\$ 24,190,399
Covered Payroll	\$ 5,223,569	\$ 5,214,863	\$ 4,875,857
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	507.89%	470.67%	496.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.37%	73.39%	71.74%

**Notes to Schedule:**

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

2) Benefit Changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes, as well as any offers of Two Years Additional Service Credit (aka Golden Handshakes).

3) Changes in Assumptions. There were no new assumptions in 2019. 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 2019-20 determined in this valuation were calculated using a discount rate of 7.23 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.

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

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

	Fiscal Year		
	2019-20	2018-19	2017-18
Actuarially Determined Contribution	\$ 699,557	\$ 627,561	\$ 574,812
Contributions in Relation to the Actuarially Determined Contribution	699,557	627,561	574,812
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,499,114	\$ 6,160,160	\$ 5,591,109
Contributions as a Percentage of Covered Payroll	10.76%	10.19%	10.28%

**Notes to Schedule:**

Fiscal Year End: 06/30/20  
Valuation Date: 06/30/17

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	7.25%
Projected Salary Increase	Varies by entry age and service
Inflation	2.63%
Payroll Growth	2.88%
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 six years are shown

Fiscal Year		
2016-17	2015-16	2014-15
\$ 618,112	\$ 576,328	\$ 1,600,974
<u>618,112</u>	<u>576,328</u>	<u>1,600,974</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,571,435	\$ 5,666,347	\$ 5,441,575
11.09%	10.17%	29.42%

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

	Fiscal Year		
	2019-20	2018-19	2017-18
Actuarially Determined Contribution	\$ 1,176,227	\$ 1,050,107	\$ 1,026,156
Contributions in Relation to the Actuarially Determined Contribution	<u>1,176,227</u>	<u>1,050,107</u>	<u>1,026,156</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,633,332	\$ 5,223,569	\$ 5,214,863
Contributions as a Percentage of Covered Payroll	20.88%	20.10%	19.68%

**Notes to Schedule:**

Fiscal Year End: 06/30/20  
Valuation Date: 06/30/17

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	7.25%
Projected Salary Increase	Varies by entry age and service
Inflation	2.63%
Payroll Growth	2.88%
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 six years are shown



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

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

Measurement Period June 30,	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 83,176	\$ 139,120	\$ 150,770
Interest on the total OPEB liability	200,133	142,834	120,577
Actual and expected experience difference	-	-	-
Changes in assumptions	(572,022)	(866,987)	(258,131)
Changes in benefit terms	(19,291)	(129,392)	-
Benefit payments	(210,317)	(183,580)	(188,513)
Net change in total OPEB liability	(518,321)	(898,005)	(175,297)
Total OPEB liability - beginning	3,100,952	3,998,957	4,174,254
Total OPEB liability - ending (a)	2,582,631	3,100,952	3,998,957
<b>Plan Fiduciary Net Position</b>			
Contribution - employer	710,317	583,580	188,513
Net investment income	60,639	1,793	-
Benefit payments	(210,317)	(183,580)	(188,513)
Administrative expense	(127)	(1)	-
Net change in plan fiduciary net position	560,512	401,792	-
Plan fiduciary net position - beginning	401,792	-	-
Plan fiduciary net position - ending (b)	962,304	401,792	-
Net OPEB liability - ending (a)-(b)	\$ 1,620,327	\$ 2,699,160	\$ 3,998,957
Covered-employee payroll	\$ 13,811,937	\$ 12,810,026	\$ 10,190,974
Net OPEB liability as a percentage of covered-employee payroll	11.73%	21.07%	39.24%

**Notes to Schedule:**

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

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

Fiscal Year Ended June 30	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 200,039	\$ 304,439	\$ 297,863
Contributions in relation to the ADC	707,352	710,317	583,580
Contribution deficiency (excess)	\$ (507,313)	\$ (405,878)	\$ (285,717)
Covered-employee payroll	\$ 14,005,601	\$ 13,811,937	\$ 12,810,026
Contributions as a percentage of covered-employee payroll	5.05%	5.14%	4.56%

**Notes to Schedule:**

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 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

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

**City of Santee  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 19,455,800	\$ 19,335,000	\$ 19,414,752	\$ 79,752
Sales Taxes	13,458,700	13,401,000	14,794,271	1,393,271
Other Taxes	3,962,500	3,830,600	3,868,610	38,010
Special Assessments	1,104,900	1,103,100	1,098,146	(4,954)
Intergovernmental	318,700	991,625	1,082,048	90,423
Licenses and Permits	180,500	144,800	162,205	17,405
Fines and Forfeitures	205,100	208,100	223,296	15,196
Charges for Services	7,148,350	7,117,296	7,349,108	231,812
Investment Earnings	230,600	388,000	561,333	173,333
Other Revenue	53,570	78,700	135,468	56,768
Total Revenues	<u>46,118,720</u>	<u>46,598,221</u>	<u>48,689,237</u>	<u>2,091,016</u>
<b>EXPENDITURES</b>				
Current:				
City Council	451,200	501,546	433,910	67,636
City Manager	901,470	1,093,650	1,040,962	52,688
City Attorney	574,120	755,120	626,201	128,919
City Clerk	422,230	489,237	394,088	95,149
Information Technology	451,330	457,170	426,794	30,376
Finance	1,282,270	1,396,972	1,256,835	140,137
Human Resources & Risk Management	1,144,270	1,180,607	972,547	208,060
Law Enforcement	15,398,450	15,398,450	15,388,733	9,717
Fire	14,161,940	15,156,555	14,776,606	379,949
Animal Control	424,810	434,810	424,804	10,006
Development Services	4,060,040	4,372,256	4,052,640	319,616
Community Services	4,864,200	5,082,261	4,097,553	984,708
Non-Departmental	1,675,800	1,839,900	1,575,358	264,542
Emergency Declaration	-	129,546	129,546	-
Total Current	<u>45,812,130</u>	<u>48,288,080</u>	<u>45,596,577</u>	<u>2,691,503</u>
Debt Service:				
Principal	312,550	312,550	312,528	22
Interest and Fiscal Charges	44,440	44,440	44,410	30
Total Debt Service	<u>356,990</u>	<u>356,990</u>	<u>356,938</u>	<u>52</u>
Total Expenditures	<u>46,169,120</u>	<u>48,645,070</u>	<u>45,953,515</u>	<u>2,691,555</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,400)</u>	<u>(2,046,849)</u>	<u>2,735,722</u>	<u>4,782,570</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(780,000)	(870,313)	(844,169)	26,144
Total Other Financing Sources (Uses)	<u>(780,000)</u>	<u>(870,313)</u>	<u>(844,169)</u>	<u>26,144</u>
Net Change in Fund Balance	(830,400)	(2,917,162)	1,891,553	4,808,714
Fund Balance, Beginning of Year	15,899,778	15,899,778	15,899,778	-
Fund Balance, End of Year	<u>\$ 15,069,378</u>	<u>\$ 12,982,616</u>	<u>\$ 17,791,331</u>	<u>\$ 4,808,714</u>

**City of Santee**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2020**

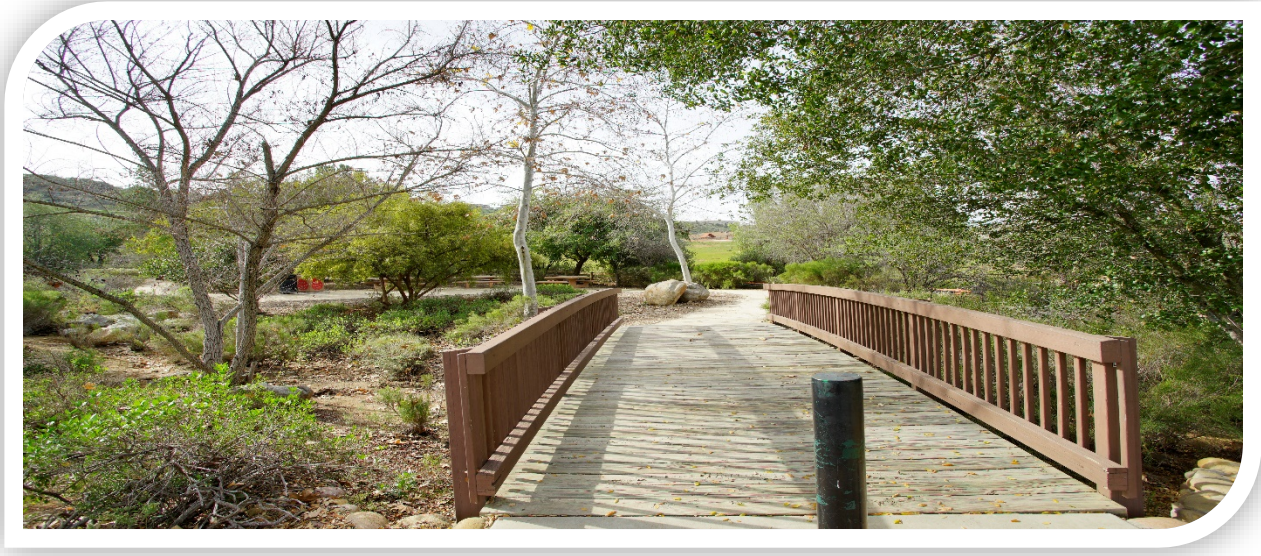
**Budgetary Information**

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 26, 2019 for the 2019-20 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 2019-20, the City made prior year encumbrance adjustments of \$765,095, designated carryforward adjustments of \$290,405, and supplemental appropriations totaling \$1,420,450. 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, 2020, based on the calculations by City management, proceeds of taxes did not exceed the appropriations limit.



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**SUPPLEMENTARY INFORMATION**

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**City of Santee**  
**Combining Governmental Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2020**  
**(with comparative information for prior year)**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds	
			2020	2019
<b>ASSETS</b>				
Cash and Investments	\$ 4,733,148	\$ 15,768,252	\$ 20,501,400	\$ 18,167,486
Accounts Receivable	50,455	-	50,455	-
Loans Receivable	1,238,500	-	1,238,500	1,278,500
Interest Receivable	19,174	60,631	79,805	98,607
Due From Other Governments	339,895	-	339,895	255,992
Prepaid Items	54	-	54	-
	<u>54</u>	<u>-</u>	<u>54</u>	<u>-</u>
Total Assets	<u>\$ 6,381,226</u>	<u>\$ 15,828,883</u>	<u>\$ 22,210,109</u>	<u>\$ 19,800,585</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 330,121	\$ -	\$ 330,121	\$ 294,179
Accrued Salaries and Benefits	1,442	-	1,442	776
Unearned Revenue	5,445	29,400	34,845	3,828
Due to Other Funds	32,668	-	32,668	19,786
Advances From Other Funds	24,933	-	24,933	-
Total Liabilities	<u>394,609</u>	<u>29,400</u>	<u>424,009</u>	<u>318,569</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Intergovernmental	49,326	-	49,326	-
Total Deferred Inflow of Resources	<u>49,326</u>	<u>-</u>	<u>49,326</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	5,970,831	15,591,758	21,562,589	19,273,294
Committed	790	207,725	208,515	222,111
Unassigned	(34,330)	-	(34,330)	(13,389)
Total Fund Balances	<u>5,937,291</u>	<u>15,799,483</u>	<u>21,736,774</u>	<u>19,482,016</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,381,226</u>	<u>\$ 15,828,883</u>	<u>\$ 22,210,109</u>	<u>\$ 19,800,585</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2020**  
**(with comparative information for prior year)**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds	
			2020	2019
<b>REVENUES</b>				
Property Taxes	\$ 733,999	\$ -	\$ 733,999	\$ 695,501
Other Taxes	2,538,276	-	2,538,276	2,138,242
Special Assessments	910,131	-	910,131	833,913
Intergovernmental	368,762	1,237,120	1,605,882	1,707,648
Developer Fees	-	4,931,260	4,931,260	2,175,876
Investment Earnings	132,406	410,310	542,716	570,799
Other Revenue	86,069	-	86,069	73,141
Total Revenues	<u>4,769,643</u>	<u>6,578,690</u>	<u>11,348,333</u>	<u>8,195,120</u>
<b>EXPENDITURES</b>				
Current:				
General Government	39,708	-	39,708	46,205
Public Safety	239,526	-	239,526	147,479
Public Works	2,751,223	7,400	2,758,623	2,103,412
Park and Recreation	2,424	-	2,424	-
Community Development	168,999	-	168,999	508,050
Debt Service:				
Principal Retirement	142,961	549,072	692,033	426,218
Interest	8,449	315,278	323,727	686,576
Total Expenditures	<u>3,353,290</u>	<u>871,750</u>	<u>4,225,040</u>	<u>3,917,940</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	101,739	-	101,739	23,500
Transfers Out	(969,540)	(3,947,099)	(4,916,639)	(7,396,673)
Total Other Financing Sources (Uses)	<u>(867,801)</u>	<u>(3,947,099)</u>	<u>(4,814,900)</u>	<u>(7,373,173)</u>
Net Change in Fund Balance	548,552	1,759,841	2,308,393	(3,095,993)
Fund Balance, Beginning of Year - As Restated (Note 3K)	5,388,739	14,039,642	19,428,381	22,578,009
Fund Balance, End of Year	<u>\$ 5,937,291</u>	<u>\$ 15,799,483</u>	<u>\$ 21,736,774</u>	<u>\$ 19,482,016</u>



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**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2020**

**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.

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

**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2020**

**Special Revenue Funds (Continued)**

**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, 2020**  
**(with comparative information for prior year)**

	Supplemental Law Enforcement	Asset Seizure	Paramedic Equipment
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Investments	\$ 83,880	\$ 2,835	\$ 758
Accounts Receivable	-	-	-
Loans Receivable	-	-	-
Interest Receivable	350	12	32
Due From Other Governments	-	-	-
Prepaid Items	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u><u>\$ 84,230</u></u>	 <u><u>\$ 2,847</u></u>	 <u><u>\$ 790</u></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 24,850	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-
Unearned Revenue	-	-	-
Due to Other Funds	-	-	-
Advances From Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>24,850</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	59,380	2,847	-
Committed	-	-	790
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>59,380</u>	<u>2,847</u>	<u>790</u>
 Total Liabilities, Deferred Outflows of Resources and Fund Balances (Deficits)	 <u><u>\$ 84,230</u></u>	 <u><u>\$ 2,847</u></u>	 <u><u>\$ 790</u></u>

Highway 52 Coalition	PEG Fees	CASp Certification and Training	Gas Tax	SAFE Program	Gas Tax - Road Maint and Rehab
\$ 5,000	\$ 33,753	\$ 27,857	\$ 279,077	\$ 51,455	\$ 1,164,735
-	38,323	-	-	-	-
-	-	-	-	-	-
-	-	-	1,524	205	4,543
-	-	-	116,843	-	154,480
-	-	-	-	-	-
<u>\$ 5,000</u>	<u>\$ 72,076</u>	<u>\$ 27,857</u>	<u>\$ 397,444</u>	<u>\$ 51,660</u>	<u>\$ 1,323,758</u>
\$ 5,000	\$ -	\$ 503	\$ 152,574	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,000</u>	<u>-</u>	<u>503</u>	<u>152,574</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	72,076	27,354	244,870	51,660	1,323,758
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>72,076</u>	<u>27,354</u>	<u>244,870</u>	<u>51,660</u>	<u>1,323,758</u>
<u>\$ 5,000</u>	<u>\$ 72,076</u>	<u>\$ 27,857</u>	<u>\$ 397,444</u>	<u>\$ 51,660</u>	<u>\$ 1,323,758</u>

Continued

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds - Continued**  
**June 30, 2020**  
**(with comparative information for prior year)**

	Zone 2 Flood Control District	Community Development Block Grant	Home Investment Partnership
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and Investments	\$ 135,018	\$ -	\$ 79,313
Accounts Receivable	-	-	-
Loans Receivable	-	-	1,238,500
Interest Receivable	718	-	308
Due From Other Governments	4,059	58,405	-
Prepaid Items	35	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 139,830</u>	<u>\$ 58,405</u>	<u>\$ 1,318,121</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 27,936	\$ 18,676	\$ -
Accrued Salaries and Benefits	-	-	-
Unearned Revenue	-	-	-
Due to Other Funds	-	32,668	-
Advances From Other Funds	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>27,936</u>	<u>51,344</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Intergovernmental	-	41,391	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Deferred Inflow of Resources	<u>-</u>	<u>41,391</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	111,894	-	1,318,121
Committed	-	-	-
Unassigned	-	(34,330)	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances (Deficits)	<u>111,894</u>	<u>(34,330)</u>	<u>1,318,121</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities, Deferred Outflows of Resources and Fund Balances (Deficits)	<u>\$ 139,830</u>	<u>\$ 58,405</u>	<u>\$ 1,318,121</u>



CFD No. 2015-1	CFD No. 2017-2	Town Center Landscape Maintenance	Santee Landscape Maintenance	Street Lighting Tax	Roadway Lighting District
\$ 4,097	\$ 15,067	\$ 370,370	\$ 201,421	\$ 1,439,301	\$ 675,154
-	-	-	-	9,015	3,117
-	-	-	-	-	-
16	261	1,459	815	5,603	2,688
-	319	1,099	34	3,306	1,350
-	-	-	-	-	-
<u>\$ 4,113</u>	<u>\$ 15,647</u>	<u>\$ 372,928</u>	<u>\$ 202,270</u>	<u>\$ 1,457,225</u>	<u>\$ 682,309</u>
\$ 121	\$ -	\$ 31,285	\$ 25,310	\$ 16,694	\$ 26,850
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	24,933	-	-
<u>121</u>	<u>-</u>	<u>31,285</u>	<u>50,243</u>	<u>16,694</u>	<u>26,850</u>
-	-	-	-	5,951	1,984
-	-	-	-	5,951	1,984
3,992	15,647	341,643	152,027	1,434,580	653,475
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,992</u>	<u>15,647</u>	<u>341,643</u>	<u>152,027</u>	<u>1,434,580</u>	<u>653,475</u>
<u>\$ 4,113</u>	<u>\$ 15,647</u>	<u>\$ 372,928</u>	<u>\$ 202,270</u>	<u>\$ 1,457,225</u>	<u>\$ 682,309</u>

Continued

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds - Continued**  
**June 30, 2020**  
**(with comparative information for prior year)**

	Mobile Home Park Assessment	Total Non-Major Special Revenue Funds	
		<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
Cash and Investments	\$ 164,057	\$ 4,733,148	\$ 4,148,046
Accounts Receivable	-	50,455	-
Loans Receivable	-	1,238,500	1,278,500
Interest Receivable	640	19,174	21,635
Due From Other Governments	-	339,895	255,992
Prepaid Items	19	54	-
	<u>164,716</u>	<u>6,381,226</u>	<u>5,704,173</u>
Total Assets	<u>\$ 164,716</u>	<u>\$ 6,381,226</u>	<u>\$ 5,704,173</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 322	\$ 330,121	\$ 294,179
Accrued Salaries and Benefits	1,442	1,442	776
Unearned Revenue	5,445	5,445	693
Due to Other Funds	-	32,668	19,786
Advances From Other Funds	-	24,933	-
Total Liabilities	<u>7,209</u>	<u>394,609</u>	<u>315,434</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Intergovernmental	-	49,326	-
Total Deferred Inflow of Resources	<u>-</u>	<u>49,326</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	157,507	5,970,831	5,382,120
Committed	-	790	20,008
Unassigned	-	(34,330)	(13,389)
Total Fund Balances (Deficits)	<u>157,507</u>	<u>5,937,291</u>	<u>5,388,739</u>
Total Liabilities, Deferred Outflows of Resources and Fund Balances (Deficits)	<u>\$ 164,716</u>	<u>\$ 6,381,226</u>	<u>\$ 5,704,173</u>



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**City of Santee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**Year Ended June 30, 2020**  
**(with comparative information for prior year)**

	Supplemental Law Enforcement	Asset Seizure	Paramedic Equipment
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Special Assessments	-	-	-
Intergovernmental	155,947	-	-
Investment Earnings	2,322	78	282
Other Revenue	-	-	2,500
Total Revenues	<u>158,269</u>	<u>78</u>	<u>2,782</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety	149,100	-	22,000
Public Works	-	-	-
Park and Recreation	-	-	-
Community Development	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest	-	-	-
Total Expenditures	<u>149,100</u>	<u>-</u>	<u>22,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,169</u>	<u>78</u>	<u>(19,218)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	9,169	78	(19,218)
Fund Balances, Beginning of Year	50,211	2,769	20,008
Fund Balances, End of Year	<u>\$ 59,380</u>	<u>\$ 2,847</u>	<u>\$ 790</u>

Highway 52 Coalition	PEG Fees	CASp Certification and Training	Gas Tax	SAFE Program	Gas Tax - Road Maint and Rehab
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	72,063	-	1,366,047	-	1,100,166
-	-	-	-	-	-
-	-	-	-	-	-
-	13	-	9,503	1,450	27,605
125	-	9,655	5,878	-	-
<u>125</u>	<u>72,076</u>	<u>9,655</u>	<u>1,381,428</u>	<u>1,450</u>	<u>1,127,771</u>
-	-	-	-	-	-
-	-	-	-	10,239	-
63,692	-	-	1,279,794	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>63,692</u>	<u>-</u>	<u>-</u>	<u>1,279,794</u>	<u>10,239</u>	<u>-</u>
<u>(63,567)</u>	<u>72,076</u>	<u>9,655</u>	<u>101,634</u>	<u>(8,789)</u>	<u>1,127,771</u>
76,956	-	-	-	-	-
-	-	-	(242,640)	-	(726,900)
<u>76,956</u>	<u>-</u>	<u>-</u>	<u>(242,640)</u>	<u>-</u>	<u>(726,900)</u>
13,389	72,076	9,655	(141,006)	(8,789)	400,871
(13,389)	-	17,699	385,876	60,449	922,887
<u>\$ -</u>	<u>\$ 72,076</u>	<u>\$ 27,354</u>	<u>\$ 244,870</u>	<u>\$ 51,660</u>	<u>\$ 1,323,758</u>

Continued

**City of Santee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Fund - Continued**  
**Year Ended June 30, 2020**  
**(with comparative information for prior year)**

	Zone 2 Flood Control District	Community Development Block Grant	Home Investment Partnership
<b>REVENUES</b>			
Property Taxes	\$ 396,160	\$ -	\$ -
Other Taxes	-	-	-
Special Assessments	-	-	-
Intergovernmental	-	212,815	-
Investment Earnings	4,082	10	12,208
Other Revenue	-	-	-
Total Revenues	<u>400,242</u>	<u>212,825</u>	<u>12,208</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Public Works	474,584	-	-
Park and Recreation	-	-	-
Community Development	-	118,779	50,220
Debt Service:			
Principal Retirement	-	140,000	-
Interest	-	8,449	-
Total Expenditures	<u>474,584</u>	<u>267,228</u>	<u>50,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(74,342)</u>	<u>(54,403)</u>	<u>(38,012)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(74,342)	(54,403)	(38,012)
Fund Balances, Beginning of Year	186,236	20,073	1,356,133
Fund Balances, End of Year	<u>\$ 111,894</u>	<u>\$ (34,330)</u>	<u>\$ 1,318,121</u>

CFD No. 2015-1	CFD No. 2017-2	Town Center Landscape Maintenance	Santee Landscape Maintenance	Lighting Tax	Roadway Lighting District
\$ -	\$ -	\$ -	\$ -	\$ 337,839	\$ -
-	-	-	-	-	-
1,619	91,118	321,586	114,078	-	341,051
-	-	-	-	-	-
112	934	9,009	5,277	37,894	17,572
-	-	-	-	16,132	15,166
<u>1,731</u>	<u>92,052</u>	<u>330,595</u>	<u>119,355</u>	<u>391,865</u>	<u>373,789</u>
-	10,506	-	-	-	-
-	58,187	-	-	-	-
1,613	9,698	331,299	134,753	147,848	307,942
-	2,424	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,961
-	-	-	-	-	-
<u>1,613</u>	<u>80,815</u>	<u>331,299</u>	<u>134,753</u>	<u>147,848</u>	<u>310,903</u>
<u>118</u>	<u>11,237</u>	<u>(704)</u>	<u>(15,398)</u>	<u>244,017</u>	<u>62,886</u>
-	-	24,783	-	-	-
-	-	-	-	-	-
-	-	<u>24,783</u>	-	-	-
118	11,237	24,079	(15,398)	244,017	62,886
3,874	4,410	317,564	167,425	1,190,563	590,589
<u>\$ 3,992</u>	<u>\$ 15,647</u>	<u>\$ 341,643</u>	<u>\$ 152,027</u>	<u>\$ 1,434,580</u>	<u>\$ 653,475</u>

Continued

**City of Santee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds - Continued**  
**Year Ended June 30, 2020**  
**(with comparative information for prior year)**

	Mobile Home Park Assessment	Total Non-Major Special Revenue Funds	
		2020	2019
<b>REVENUES</b>			
Property Taxes	\$ -	\$ 733,999	\$ 695,501
Other Taxes	-	2,538,276	2,138,242
Special Assessments	40,679	910,131	833,913
Intergovernmental	-	368,762	409,278
Investment Earnings	4,055	132,406	114,498
Other Revenue	36,613	86,069	73,141
Total Revenues	<u>81,347</u>	<u>4,769,643</u>	<u>4,264,573</u>
<b>EXPENDITURES</b>			
Current:			
General Government	29,202	39,708	46,205
Public Safety	-	239,526	147,479
Public Works	-	2,751,223	2,455,710
Park and Recreation	-	2,424	-
Community Development	-	168,999	148,352
Debt Service:			
Principal Retirement	-	142,961	147,107
Interest	-	8,449	11,123
Total Expenditures	<u>29,202</u>	<u>3,353,290</u>	<u>2,955,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>52,145</u>	<u>1,416,353</u>	<u>1,308,597</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	101,739	23,500
Transfers Out	-	(969,540)	(814,057)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(867,801)</u>	<u>(790,557)</u>
Net Change in Fund Balances	52,145	548,552	518,040
Fund Balances, Beginning of Year	105,362	5,388,739	4,870,699
Fund Balances, End of Year	<u>\$ 157,507</u>	<u>\$ 5,937,291</u>	<u>\$ 5,388,739</u>



**City of Santee**  
**Supplemental Law Enforcement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 156,000	\$ 155,947	\$ (53)
Investment Earnings	1,400	2,322	922
Total Revenues	<u>157,400</u>	<u>158,269</u>	<u>869</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	149,100	149,100	-
Total Expenditures	<u>149,100</u>	<u>149,100</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,300	9,169	869
Fund Balance, Beginning of Year	<u>50,211</u>	<u>50,211</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 58,511</u>	<u>\$ 59,380</u>	<u>\$ 869</u>

**City of Santee**  
**Asset Seizure Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 78	\$ 78
Total Revenues	-	78	78
<b>EXPENDITURES</b>			
Current:	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	78	78
Fund Balance, Beginning of Year	2,769	2,769	-
Fund Balance, End of Year	\$ 2,769	\$ 2,847	\$ 78

**City of Santee**  
**Highway 52 Coalition Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Other Revenue	\$ 125	\$ 125	\$ -
Total Revenues	<u>125</u>	<u>125</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	89,850	63,692	26,158
Total Expenditures	<u>89,850</u>	<u>63,692</u>	<u>26,158</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(89,725)</u>	<u>(63,567)</u>	<u>26,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	103,100	76,956	(26,144)
Total Other Financing Sources (Uses)	<u>103,100</u>	<u>76,956</u>	<u>(26,144)</u>
Net Change in Fund Balance	13,375	13,389	14
Fund Balance, Beginning of Year	(13,389)	(13,389)	-
Fund Balance (Deficit), End of Year	<u>\$ (14)</u>	<u>\$ -</u>	<u>\$ 14</u>

**City of Santee**  
**PEG Fees Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Other Taxes	\$ 73,100	\$ 72,063	\$ (1,037)
Investment Earnings	-	13	13
Total Revenues	73,100	72,076	(1,024)
 <b>EXPENDITURES</b>			
Current:	-	-	-
Total Expenditures	-	-	-
 Excess (Deficiency) of Revenues Over (Under) Expenditures	73,100	72,076	(1,024)
 Fund Balance, Beginning of Year	-	-	-
Fund Balance (Deficit), End of Year	\$ 73,100	\$ 72,076	\$ (1,024)

**City of Santee**  
**CASp Certification and Training Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Other Revenue	\$ 9,500	\$ 9,655	\$ 155
Total Revenues	9,500	9,655	155
<b>EXPENDITURES</b>			
Current:			
Public Works	14,045	-	14,045
Total Expenditures	14,045	-	14,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,545)	9,655	14,200
Fund Balance, Beginning of Year	17,699	17,699	-
Fund Balance, End of Year	\$ 13,154	\$ 27,354	\$ 14,200

**City of Santee  
Gas Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Other Taxes	\$ 1,372,900	\$ 1,366,047	\$ (6,853)
Investment Earnings	7,500	9,503	2,003
Other Revenue	5,900	5,878	(22)
Total Revenues	1,386,300	1,381,428	(4,872)
<b>EXPENDITURES</b>			
Current:			
Public Works	1,461,630	1,279,794	181,836
Total Expenditures	1,461,630	1,279,794	181,836
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,330)	101,634	176,964
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(260,389)	(242,640)	17,749
Total Other Financing Sources (Uses)	(260,389)	(242,640)	17,749
Net Change in Fund Balance	(335,719)	(141,006)	194,713
Fund Balance, Beginning of Year	385,876	385,876	-
Fund Balance, End of Year	\$ 50,157	\$ 244,870	\$ 194,713

**City of Santee**  
**SAFE Program Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Investment Earnings	\$ 1,000	\$ 1,450	\$ 450
Total Revenues	<u>1,000</u>	<u>1,450</u>	<u>450</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	10,000	10,239	(239)
Total Expenditures (Note 3J)	<u>10,000</u>	<u>10,239</u>	<u>(239)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,000)	(8,789)	211
Fund Balance, Beginning of Year	60,449	60,449	-
Fund Balance, End of Year	<u>\$ 51,449</u>	<u>\$ 51,660</u>	<u>\$ 211</u>

**City of Santee**  
**Gas Tax - Road Maintenance and Rehab Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Other Taxes	\$ 972,800	\$ 1,100,166	\$ 127,366
Investment Earnings	13,000	27,605	14,605
Total Revenues	<u>985,800</u>	<u>1,127,771</u>	<u>141,971</u>
<b>EXPENDITURES</b>			
Current:	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>985,800</u>	<u>1,127,771</u>	<u>141,971</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(1,419,210)	(726,900)	692,310
Total Other Financing Sources (Uses)	<u>(1,419,210)</u>	<u>(726,900)</u>	<u>692,310</u>
Net Change in Fund Balance	(433,410)	400,871	834,281
Fund Balance, Beginning of Year	922,887	922,887	-
Fund Balance, End of Year	<u>\$ 489,477</u>	<u>\$ 1,323,758</u>	<u>\$ 834,281</u>



**City of Santee**  
**Zone 2 Flood Control District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Property Taxes	\$ 393,800	\$ 396,160	\$ 2,360
Investment Earnings	2,000	4,082	2,082
Total Revenues	<u>395,800</u>	<u>400,242</u>	<u>4,442</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>548,201</u>	<u>474,584</u>	<u>73,617</u>
Total Expenditures	<u>548,201</u>	<u>474,584</u>	<u>73,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(152,401)	(74,342)	78,059
Fund Balance, Beginning of Year	186,236	186,236	-
Fund Balance, End of Year	<u>\$ 33,835</u>	<u>\$ 111,894</u>	<u>\$ 78,059</u>

**City of Santee**  
**Community Development Block Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 630,982	\$ 212,815	\$ (418,167)
Investment Earnings	40	10	(30)
Total Revenues	631,022	212,825	(418,197)
<b>EXPENDITURES</b>			
Current:			
Community Development	339,070	118,779	220,291
Debt Service:			
Interest	11,952	8,449	3,503
Principal Retirement	280,000	140,000	140,000
Total Expenditures	631,022	267,228	363,794
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(54,403)	(54,403)
Fund Balance, Beginning of Year	20,073	20,073	-
Fund Balance (Deficit), End of Year	\$ 20,073	\$ (34,330)	\$ (54,403)

**City of Santee**  
**CFD No. 2015-1 Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Special Assessments	\$ 1,620	\$ 1,619	\$ (1)
Investment Earnings	60	112	52
Total Revenues	<u>1,680</u>	<u>1,731</u>	<u>51</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>2,360</u>	<u>1,613</u>	<u>747</u>
Total Expenditures	<u>2,360</u>	<u>1,613</u>	<u>747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(680)	118	798
Fund Balance, Beginning of Year	3,874	3,874	-
Fund Balance, End of Year	<u>\$ 3,194</u>	<u>\$ 3,992</u>	<u>\$ 798</u>

**City of Santee**  
**CFD No. 2017-2 Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Special Assessments	\$ 91,000	\$ 91,118	\$ 118
Investment Earnings	200	934	734
Total Revenues	<u>91,200</u>	<u>92,052</u>	<u>852</u>
<b>EXPENDITURES</b>			
Current:			
General Government	10,698	10,506	192
Public Works	9,875	9,698	177
Parks and Recreation	2,469	2,424	45
Public Safety	<u>59,248</u>	<u>58,187</u>	<u>1,061</u>
Total Expenditures	<u>82,290</u>	<u>80,815</u>	<u>1,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,910	11,237	2,327
Fund Balance, Beginning of Year	4,410	4,410	-
Fund Balance, End of Year	<u>\$ 13,320</u>	<u>\$ 15,647</u>	<u>\$ 2,327</u>

**City of Santee**  
**Town Center Landscape Maintenance Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Special Assessments	\$ 321,780	\$ 321,586	\$ (194)
Investment Earnings	4,300	9,009	4,709
Total Revenues	326,080	330,595	4,515
<b>EXPENDITURES</b>			
Current:			
Public Works	397,814	331,299	66,515
Total Expenditures	397,814	331,299	66,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,734)	(704)	71,030
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	28,200	24,783	(3,417)
Total Other Financing Sources (Uses)	28,200	24,783	(3,417)
Net Change in Fund Balance	(43,534)	24,079	67,613
Fund Balance, Beginning of Year	317,564	317,564	-
Fund Balance, End of Year	\$ 274,030	\$ 341,643	\$ 67,613

**City of Santee**  
**Santee Landscape Maintenance Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Special Assessments	\$ 114,225	\$ 114,078	\$ (147)
Investment Earnings	2,610	5,277	2,667
Total Revenues	<u>116,835</u>	<u>119,355</u>	<u>2,520</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>145,597</u>	<u>134,753</u>	<u>10,844</u>
Total Expenditures	<u>145,597</u>	<u>134,753</u>	<u>10,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,762)	(15,398)	13,364
Fund Balance, Beginning of Year	167,425	167,425	-
Fund Balance, End of Year	<u>\$ 138,663</u>	<u>\$ 152,027</u>	<u>\$ 13,364</u>

**City of Santee**  
**Street Lighting Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Property Taxes	\$ 330,300	\$ 337,839	\$ 7,539
Investment Earnings	20,000	37,894	17,894
Other Revenue	11,245	16,132	4,887
Total Revenues	<u>361,545</u>	<u>391,865</u>	<u>30,320</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	165,717	147,848	17,869
Total Expenditures	<u>165,717</u>	<u>147,848</u>	<u>17,869</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>195,828</u>	<u>244,017</u>	<u>48,189</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(60,137)	-	60,137
Total Other Financing Sources (Uses)	<u>(60,137)</u>	<u>-</u>	<u>60,137</u>
Net Change in Fund Balance	135,691	244,017	108,326
Fund Balance, Beginning of Year	1,190,563	1,190,563	-
Fund Balance, End of Year	<u>\$ 1,326,254</u>	<u>\$ 1,434,580</u>	<u>\$ 108,326</u>

**City of Santee**  
**Roadway Lighting District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Special Assessments	\$ 343,110	\$ 341,051	\$ (2,059)
Investment Earnings	9,000	17,572	8,572
Other Revenue	13,275	15,166	1,891
Total Revenues	365,385	373,789	8,404
<b>EXPENDITURES</b>			
Current:			
Public Works	349,887	307,942	41,945
Debt Service:			
Principal Retirement	2,961	2,961	-
Total Expenditures	352,848	310,903	41,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,537	62,886	50,349
Fund Balance, Beginning of Year	590,589	590,589	-
Fund Balance, End of Year	\$ 603,126	\$ 653,475	\$ 50,349



**City of Santee**  
**Mobile Home Park Assessment Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Year Ended June 30, 2020**

	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Special Assessments	\$ 40,680	\$ 40,679	\$ (1)
Investment Earnings	1,700	4,055	2,355
Other Revenue	-	36,613	36,613
Total Revenues	<u>42,380</u>	<u>81,347</u>	<u>38,967</u>
<b>EXPENDITURES</b>			
Current:			
General Government	<u>39,230</u>	<u>29,202</u>	<u>10,028</u>
Total Expenditures	<u>39,230</u>	<u>29,202</u>	<u>10,028</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,150	52,145	48,995
Fund Balance, Beginning of Year	<u>105,362</u>	<u>105,362</u>	-
Fund Balance, End of Year	<u>\$ 108,512</u>	<u>\$ 157,507</u>	<u>\$ 48,995</u>



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**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2020**

**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 Transit Fund** - is used to account for the City's share of Transportation Development Act 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**  
**Year Ended June 30, 2020**  
**(with comparative information for prior year)**

	<u>Public Facilities</u>	<u>Traffic Signal</u>	<u>Traffic Mitigation</u>	<u>Drainage</u>
<b>ASSETS</b>				
Cash and Investments	\$ 4,698,734	\$ 805,242	\$ 2,591,990	\$ 2,640,619
Interest Receivable	<u>18,108</u>	<u>3,117</u>	<u>10,045</u>	<u>10,280</u>
Total Assets	<u>\$ 4,716,842</u>	<u>\$ 808,359</u>	<u>\$ 2,602,035</u>	<u>\$ 2,650,899</u>
<b>LIABILITIES</b>				
Unearned Revenue	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	4,716,842	808,359	2,602,035	2,650,899
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,716,842</u>	<u>808,359</u>	<u>2,602,035</u>	<u>2,650,899</u>
Total Liabilities and Fund Balances	<u>\$ 4,716,842</u>	<u>\$ 808,359</u>	<u>\$ 2,602,035</u>	<u>\$ 2,650,899</u>

Park In-Lieu	Regional Transportation Congestion Improvements	TransNet	TDA - Transit	Utility Undergrounding	Total Non-Major Capital Projects Funds	
					2020	2019
\$ 2,696,035	\$ 2,097,642	\$ 1	\$ 31,068	\$ 206,921	\$ 15,768,252	\$ 14,019,440
10,097	8,053	2	125	804	60,631	76,972
<u>\$ 2,706,132</u>	<u>\$ 2,105,695</u>	<u>\$ 3</u>	<u>\$ 31,193</u>	<u>\$ 207,725</u>	<u>\$ 15,828,883</u>	<u>\$ 14,096,412</u>
\$ -	\$ -	\$ -	\$ 29,400	\$ -	\$ 29,400	\$ 3,135
-	-	-	29,400	-	29,400	3,135
2,706,132	2,105,695	3	1,793	-	15,591,758	13,891,174
-	-	-	-	207,725	207,725	202,103
<u>2,706,132</u>	<u>2,105,695</u>	<u>3</u>	<u>1,793</u>	<u>207,725</u>	<u>15,799,483</u>	<u>14,093,277</u>
<u>\$ 2,706,132</u>	<u>\$ 2,105,695</u>	<u>\$ 3</u>	<u>\$ 31,193</u>	<u>\$ 207,725</u>	<u>\$ 15,828,883</u>	<u>\$ 14,096,412</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Capital Projects Funds**  
**Year Ended June 30, 2020**  
**(with comparative information for prior year)**

	Public Facilities	Traffic Signal	Traffic Mitigation	Drainage
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Developer Fees	1,168,805	43,856	326,597	423,245
Investment Earnings	124,064	21,678	70,244	71,591
Total Revenues	<u>1,292,869</u>	<u>65,534</u>	<u>396,841</u>	<u>494,836</u>
<b>EXPENDITURES</b>				
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>1,292,869</u>	<u>65,534</u>	<u>396,841</u>	<u>494,836</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(2,956,955)</u>	<u>(299)</u>	<u>(90,114)</u>	<u>(236,661)</u>
Total Other Financing Sources	<u>(2,956,955)</u>	<u>(299)</u>	<u>(90,114)</u>	<u>(236,661)</u>
Net Change in Fund Balances	(1,664,086)	65,235	306,727	258,175
Fund Balances, Beginning of Year - As Restated (Note 3K)	6,380,928	743,124	2,295,308	2,392,724
Fund Balances, End of Year	<u>\$ 4,716,842</u>	<u>\$ 808,359</u>	<u>\$ 2,602,035</u>	<u>\$ 2,650,899</u>

Park In-Lieu	Regional Transportation Congestion Improvements	TransNet	TDA - Transit	Utility Undergrounding	Total Non-Major Capital Projects Funds	
					2020	2019
\$ -	\$ -	\$ 1,209,750	\$ 27,370	\$ -	\$ 1,237,120	\$ 1,298,370
2,296,473	672,284	-	-	-	4,931,260	2,175,876
62,043	54,147	3	918	5,622	410,310	456,302
<u>2,358,516</u>	<u>726,431</u>	<u>1,209,753</u>	<u>28,288</u>	<u>5,622</u>	<u>6,578,690</u>	<u>3,930,548</u>
-	-	7,400	-	-	7,400	7,400
-	-	549,072	-	-	549,072	539,469
-	-	315,278	-	-	315,278	415,095
<u>-</u>	<u>-</u>	<u>871,750</u>	<u>-</u>	<u>-</u>	<u>871,750</u>	<u>961,964</u>
<u>2,358,516</u>	<u>726,431</u>	<u>338,003</u>	<u>28,288</u>	<u>5,622</u>	<u>5,706,940</u>	<u>2,968,584</u>
<u>(216,812)</u>	<u>(80,198)</u>	<u>(338,690)</u>	<u>(27,370)</u>	<u>-</u>	<u>(3,947,099)</u>	<u>(6,582,616)</u>
<u>(216,812)</u>	<u>(80,198)</u>	<u>(338,690)</u>	<u>(27,370)</u>	<u>-</u>	<u>(3,947,099)</u>	<u>(6,582,616)</u>
2,141,704	646,233	(687)	918	5,622	1,759,841	(3,614,032)
564,428	1,459,462	690	875	202,103	14,039,642	17,707,309
<u>\$ 2,706,132</u>	<u>\$ 2,105,695</u>	<u>\$ 3</u>	<u>\$ 1,793</u>	<u>\$ 207,725</u>	<u>\$ 15,799,483</u>	<u>\$ 14,093,277</u>



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**STATISTICAL SECTION**

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**City of Santee**  
**Description of Statistical Section Contents**  
**June 30, 2020**

This part of the City of Santee’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about the City’s overall financial health.

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u> - these schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	120-127
<u>Revenue Capacity</u> – these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	128-133
<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.	134-140
<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.	141-143
<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.	144-146

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

	Fiscal Year			
	2011	2012	2013	2014
<b>GOVERNMENTAL ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 147,929,745	\$ 160,604,789	\$ 159,505,509	\$ 167,953,925
Restricted	33,791,161	18,434,571	21,242,368	22,882,344
Unrestricted	<u>6,410,313</u>	<u>4,922,805</u>	<u>6,632,478</u>	<u>7,614,356</u>
 Total Governmental Activities Net Position	 <u>\$ 188,131,219</u>	 <u>\$ 183,962,165</u>	 <u>\$ 187,380,355</u>	 <u>\$ 198,450,625</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					
2015 <sup>(1)</sup>	2016	2017	2018	2019	2020
\$ 181,378,029	\$ 176,071,642	\$ 174,642,185	\$ 172,108,751	\$ 176,411,913	\$ 176,901,067
20,088,351	19,771,922	16,828,134	23,944,194	29,342,598	28,096,742
<u>(18,330,721)</u>	<u>(15,907,455)</u>	<u>(17,759,223)</u>	<u>(24,076,572)</u>	<u>(24,090,681)</u>	<u>(28,938,098)</u>
<u>\$ 183,135,659</u>	<u>\$ 179,936,109</u>	<u>\$ 173,711,096</u>	<u>\$ 171,976,373</u>	<u>\$ 181,663,830</u>	<u>\$ 176,059,711</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 4,682,937	\$ 3,526,811	\$ 3,461,397	\$ 4,152,628
Public Safety	21,861,690	22,637,123	21,912,185	23,416,772
Public Works	13,079,415	11,444,433	12,633,715	13,787,911
Community Development	3,770,231	1,966,844	112,300	96,033
Parks and Recreation	2,343,298	2,177,699	2,081,222	2,036,868
Interest and Fiscal Charges	1,775,353	2,018,935	369,970	369,935
	<u>47,512,924</u>	<u>43,771,845</u>	<u>40,570,789</u>	<u>43,860,147</u>
Total Governmental Activities Expenses				
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
General Government	199,368	507,618	636,843	657,770
Public Safety	3,848,784	4,065,732	3,781,291	4,082,952
Public Works	1,978,691	2,075,855	2,640,602	2,893,212
Community Development	609,272	501,688	-	-
Parks and Recreation	374,573	408,696	608,905	649,552
Operating Grants and Contributions	2,390,589	2,241,007	2,725,883	2,776,841
Capital Grants and Contributions	4,026,070	4,288,068	6,695,663	17,532,392
	<u>13,427,347</u>	<u>14,088,664</u>	<u>17,089,187</u>	<u>28,592,719</u>
Total Governmental Activities Program Revenues				
Net Revenues (Expenses) From Governmental Activities	(34,085,577)	(29,683,181)	(23,481,602)	(15,267,428)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities:				
Taxes:				
Property Taxes	21,610,723	13,610,976	13,242,248	13,351,823
Sales Taxes	7,984,974	7,898,623	8,227,675	9,460,428
Franchise Taxes	2,681,909	2,289,425	3,922,344	2,753,606
Other Taxes	106,357	269,764	366,834	574,132
Motor Vehicle In Lieu, Unrestricted	262,529	28,716	29,755	24,625
Investment Earnings	417,358	80,480	44,038	94,421
Miscellaneous	280,286	946,398	298,671	78,663
	<u>33,344,136</u>	<u>25,124,382</u>	<u>26,131,565</u>	<u>26,337,698</u>
Total Governmental Activities				
Extraordinary Item <sup>(1)</sup>	-	3,983,001	-	-
Changes in Net Position From Governmental Activities	<u>\$ (741,441)</u>	<u>\$ (575,798)</u>	<u>\$ 2,649,963</u>	<u>\$ 11,070,270</u>

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,766,971	\$ 6,575,847	\$ 7,772,714	\$ 7,445,329	\$ 7,322,174	\$ 7,674,778
23,427,308	24,321,086	26,069,863	28,327,605	30,688,969	33,660,167
15,058,755	21,112,813	19,022,773	16,461,625	15,663,815	21,912,084
114,060	104,282	106,108	315,174	508,050	168,999
2,004,958	2,568,283	2,708,167	3,265,037	2,442,245	2,664,122
511,712	499,695	489,461	455,071	410,553	256,413
<u>46,883,764</u>	<u>55,182,006</u>	<u>56,169,086</u>	<u>56,269,841</u>	<u>57,035,806</u>	<u>66,336,563</u>
629,965	710,476	1,547,383	473,990	581,691	360,666
3,970,360	3,784,014	4,852,436	4,113,655	5,998,396	5,405,941
3,118,374	3,490,444	4,070,185	4,398,192	3,890,190	4,281,073
-	-	-	7,693	10,260	9,655
698,557	773,992	754,659	783,200	785,517	599,740
2,422,390	2,757,140	1,844,943	2,965,914	2,989,446	4,049,925
18,761,627	8,008,366	4,016,506	11,925,270	15,644,810	7,399,277
<u>29,601,273</u>	<u>19,524,432</u>	<u>17,086,112</u>	<u>24,667,914</u>	<u>29,900,310</u>	<u>22,106,277</u>
(17,282,491)	(35,657,574)	(39,082,974)	(31,601,927)	(27,135,496)	(44,230,286)
14,224,160	14,717,412	16,107,853	17,151,586	18,255,129	19,414,752
11,492,706	13,842,272	12,814,078	12,645,534	14,089,139	14,794,271
2,875,723	2,912,740	2,803,436	2,871,885	2,947,828	3,014,156
620,267	745,340	854,709	886,764	929,842	854,454
23,787	22,516	25,426	30,057	27,357	46,227
122,434	185,129	103,861	163,160	572,229	549,728
3,397	32,615	148,598	1,458	1,429	6,214
<u>29,362,474</u>	<u>32,458,024</u>	<u>32,857,961</u>	<u>33,750,444</u>	<u>36,822,953</u>	<u>38,679,802</u>
-	-	-	-	-	-
<u>\$ 12,079,983</u>	<u>\$ (3,199,550)</u>	<u>\$ (6,225,013)</u>	<u>\$ 2,148,517</u>	<u>\$ 9,687,457</u>	<u>\$ (5,550,484)</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>GENERAL FUND</b>				
Nonspendable	\$ 14,252	\$ 18,518	\$ 20,512	\$ 580,563
Restricted	6	1,750,001	1,575,001	1,400,001
Committed	31,002	23,750	35,680	117,804
Assigned	2,945,718	3,048,930	3,770,108	2,578,208
Unassigned	<u>6,903,668</u>	<u>5,008,142</u>	<u>4,779,461</u>	<u>6,081,591</u>
Total General Fund	<u>\$ 9,894,646</u>	<u>\$ 9,849,341</u>	<u>\$ 10,180,762</u>	<u>\$ 10,758,167</u>
<b>ALL OTHER GOVERNMENT FUNDS</b>				
Nonspendable	\$ 71,400	\$ -	\$ -	\$ -
Restricted	64,671,520	17,756,123	20,758,594	22,217,863
Committed	375,324	280,658	1,536,726	1,230,004
Assigned	737,258	674,637	167,710	171,076
Unassigned	<u>(354,752)</u>	<u>(314,762)</u>	<u>(166,758)</u>	<u>(167,206)</u>
Total All Other Governmental Funds	<u>\$ 65,500,750</u>	<u>\$ 18,396,656</u>	<u>\$ 22,296,272</u>	<u>\$ 23,451,737</u>



Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 21,245	\$ 1,710,623	\$ 23,134	\$ 468,208	\$ 484,105	\$ 497,964
1,225,001	1,050,009	875,015	700,017	525,000	350,000
435,805	46,075	160,546	639,025	1,558,888	3,614,566
2,094,317	2,162,409	4,413,608	3,188,318	2,413,883	342,685
7,419,965	9,406,341	9,509,653	9,217,418	10,917,902	12,986,116
<u>\$ 11,196,333</u>	<u>\$ 14,375,457</u>	<u>\$ 14,981,956</u>	<u>\$ 14,212,986</u>	<u>\$ 15,899,778</u>	<u>\$ 17,791,331</u>
\$ -	\$ -	\$ 185	\$ -	\$ -	\$ -
24,280,101	18,721,910	15,953,119	23,244,183	28,817,597	27,746,742
925,180	1,764,251	995,094	1,904,822	2,216,637	1,678,932
441,060	380,506	431,044	450,616	-	-
(691,953)	-	-	-	(13,389)	(34,330)
<u>\$ 24,954,388</u>	<u>\$ 20,866,667</u>	<u>\$ 17,379,442</u>	<u>\$ 25,599,621</u>	<u>\$ 31,020,845</u>	<u>\$ 29,391,344</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>REVENUES</b>				
Property Taxes	\$ 22,107,239	\$ 14,266,895	\$ 13,758,489	\$ 13,886,610
Sales Taxes	7,984,974	7,898,623	8,227,675	9,460,428
Other Taxes	4,242,582	4,032,606	5,616,942	5,153,900
Special Assessments	1,649,594	1,664,583	1,685,246	1,687,180
Intergovernmental	3,424,883	2,327,765	4,579,832	5,505,496
Licenses and Permits	817,009	97,044	163,157	184,984
Fines and Forfeitures	234,620	151,965	157,459	153,385
Developer Fees	1,460,682	2,166,434	2,220,091	3,148,366
Charges for Services	3,512,338	4,741,495	5,027,855	5,504,980
Investment Earnings	542,125	550,469	167,153	214,129
Contributions From Property Owners	-	-	-	-
Other Revenue	572,394	1,109,946	545,885	324,676
<b>Total Revenues</b>	<b>46,548,440</b>	<b>39,007,825</b>	<b>42,149,784</b>	<b>45,224,134</b>
<b>EXPENDITURES</b>				
Current:				
General Government	5,148,805	3,597,817	3,788,514	4,227,876
Public Safety	21,685,377	22,497,381	22,005,803	23,497,665
Public Works	10,462,124	10,292,254	10,753,548	14,009,804
Community Development	3,737,357	2,147,005	112,300	96,033
Parks and Recreation	1,856,313	1,400,142	3,196,823	1,357,107
Debt Service:				
Principal	5,137,178	1,007,602	697,917	775,665
Interest and Fiscal Charges	1,084,293	2,620,760	372,069	372,185
Bond Issuance Costs	430,582	-	-	-
<b>Total Expenditures</b>	<b>49,542,029</b>	<b>43,562,961</b>	<b>40,926,974</b>	<b>44,336,335</b>
Excess (deficiency) of Revenues Over (under) Expenditures	(2,993,589)	(4,555,136)	1,222,810	887,799
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	3,001,510	7,709,261	4,186,442	5,215,185
Transfers Out	(3,001,510)	(7,709,261)	(4,186,442)	(5,215,185)
Capital Lease	-	-	-	-
Issuance of Long-term Debt	35,666,957	3,005,840	3,008,227	895,071
Discount on Bonds	(618,555)	-	-	-
Premium on Long-term Debt	-	-	-	-
<b>Total Other Financing Sources</b>	<b>35,048,402</b>	<b>3,005,840</b>	<b>3,008,227</b>	<b>895,071</b>
Extraordinary Item <sup>(1)</sup>	-	(45,600,103)	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 32,054,813</b>	<b>\$ (47,149,399)</b>	<b>\$ 4,231,037</b>	<b>\$ 1,782,870</b>
Debt Service as a Percentage of Noncapital Expenditures <sup>(2)</sup>	13.6%	9.3%	3.2%	4.1%

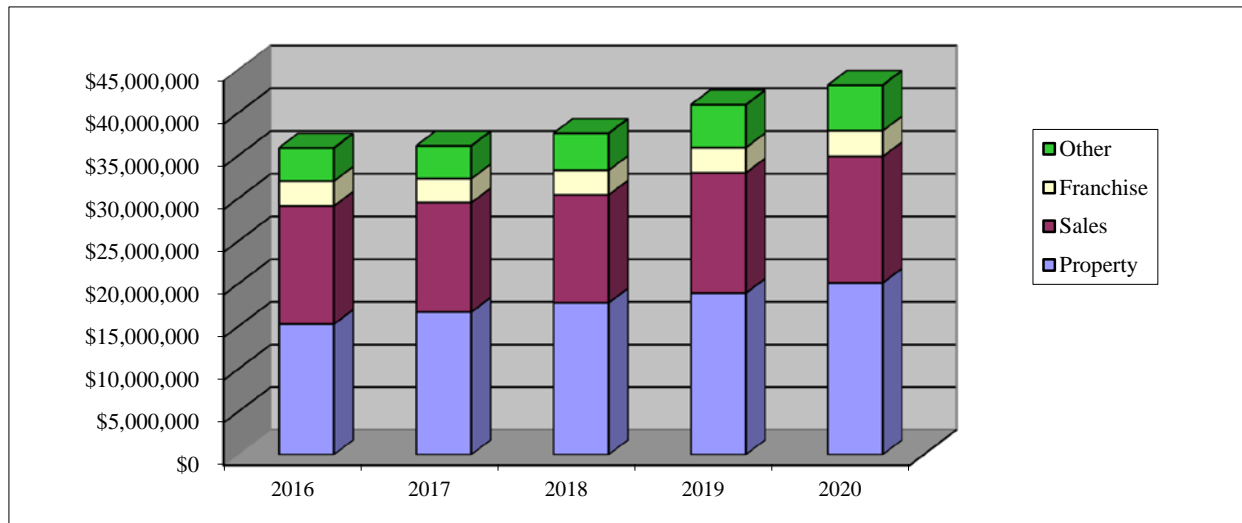
<sup>(1)</sup> Extraordinary item as a result of the dissolution of the Santee Community Development Corporation.

<sup>(2)</sup> Ratio of total debt service to noncapital expenditures is calculated by dividing total debt service expenditures (principal and interest) by total noncapital expenditures (the difference between total expenditures and capital expenditures). For purposes of this calculation capital expenditures are defined as capital asset additions as presented in the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds. FY2018 and 2019 Debt Service as a Percentage of Noncapital Expenditures are restated.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 14,785,930	\$ 15,311,705	\$ 16,728,874	\$ 17,813,396	\$ 18,950,630	\$ 20,148,751
11,492,706	13,842,272	12,814,078	12,645,534	14,089,139	14,794,271
5,148,174	4,977,021	4,765,174	5,305,578	6,015,912	6,406,886
1,724,079	1,799,217	1,874,402	1,883,090	1,926,239	2,008,277
5,740,458	3,752,831	3,498,568	3,268,990	4,427,590	4,433,623
161,431	165,258	168,512	157,522	141,647	162,205
211,411	218,241	213,785	210,855	233,544	223,296
1,373,348	3,703,007	1,960,901	9,002,746	2,302,703	4,931,260
5,083,759	5,663,982	7,198,261	6,723,181	7,610,710	7,349,108
260,638	361,187	169,156	309,310	1,161,796	1,184,778
-	-	-	-	8,703,847	-
384,764	717,545	1,288,924	537,159	1,092,683	244,027
<u>46,366,698</u>	<u>50,512,266</u>	<u>50,680,635</u>	<u>57,857,361</u>	<u>66,656,440</u>	<u>61,886,482</u>
6,054,182	6,243,184	6,842,093	6,193,346	7,164,557	7,663,516
23,885,753	24,660,671	28,324,248	27,588,902	29,596,254	30,829,669
14,691,262	19,020,068	13,394,895	12,616,533	12,651,373	15,924,549
114,060	104,282	106,108	315,174	508,050	168,999
3,359,775	1,535,812	3,125,495	1,736,471	7,951,397	5,611,364
930,981	1,016,325	1,201,480	1,193,930	1,189,404	1,004,561
573,680	524,483	567,042	528,649	487,389	368,137
-	-	-	-	-	-
<u>49,609,693</u>	<u>53,104,825</u>	<u>53,561,361</u>	<u>50,173,005</u>	<u>59,548,424</u>	<u>61,570,795</u>
<u>(3,242,995)</u>	<u>(2,592,559)</u>	<u>(2,880,726)</u>	<u>7,684,356</u>	<u>7,108,016</u>	<u>315,687</u>
7,052,320	11,702,655	6,114,047	5,141,199	8,005,283	5,760,809
(7,052,320)	(11,702,655)	(6,114,047)	(5,141,199)	(8,005,283)	(5,760,809)
-	1,683,962	-	-	-	-
4,500,000	-	-	-	-	-
-	-	-	-	-	-
858,075	-	-	-	-	-
<u>5,358,075</u>	<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>\$ 2,115,080</u>	<u>\$ (908,597)</u>	<u>\$ (2,880,726)</u>	<u>\$ 7,684,356</u>	<u>\$ 7,108,016</u>	<u>\$ 315,687</u>
5.2%	3.4%	3.9%	3.8%	3.5%	2.5%

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

Fiscal Year	Property Taxes	Real Property			Sales Tax	Franchise Taxes	Transient Occupancy Tax	Gas Tax	Total
		Transfer Tax	Special Assessments						
2011	\$22,107,239	\$ 152,170	\$ 1,649,106	\$ 7,984,974	\$ 2,681,908	\$ 106,357	\$ 904,765	\$ 35,586,519	
2012	14,266,895	155,341	1,664,583	7,898,623	2,289,425	112,493	848,229	27,235,589	
2013	13,758,489	159,920	1,685,246	8,227,675	3,922,344	206,914	1,327,764	29,288,352	
2014	13,886,610	185,883	1,687,180	9,460,428	2,753,606	388,249	1,826,162	30,188,118	
2015	14,785,930	188,717	1,724,079	11,492,706	2,875,723	431,550	1,652,184	33,150,889	
2016	15,311,705	261,981	1,799,216	13,842,272	2,912,740	483,359	1,318,941	35,930,214	
2017	16,728,874	329,650	1,874,402	12,814,078	2,803,436	525,059	1,107,029	36,182,528	
2018	17,813,396	351,617	1,883,088	12,645,534	2,871,885	535,417	1,546,929	37,647,866	
2019	18,950,630	366,227	1,926,239	14,089,139	2,947,828	563,615	2,138,242	40,981,920	
2020	20,148,751	300,958	2,008,277	14,794,271	3,014,156	553,496	2,466,213	43,286,122	



Notes:

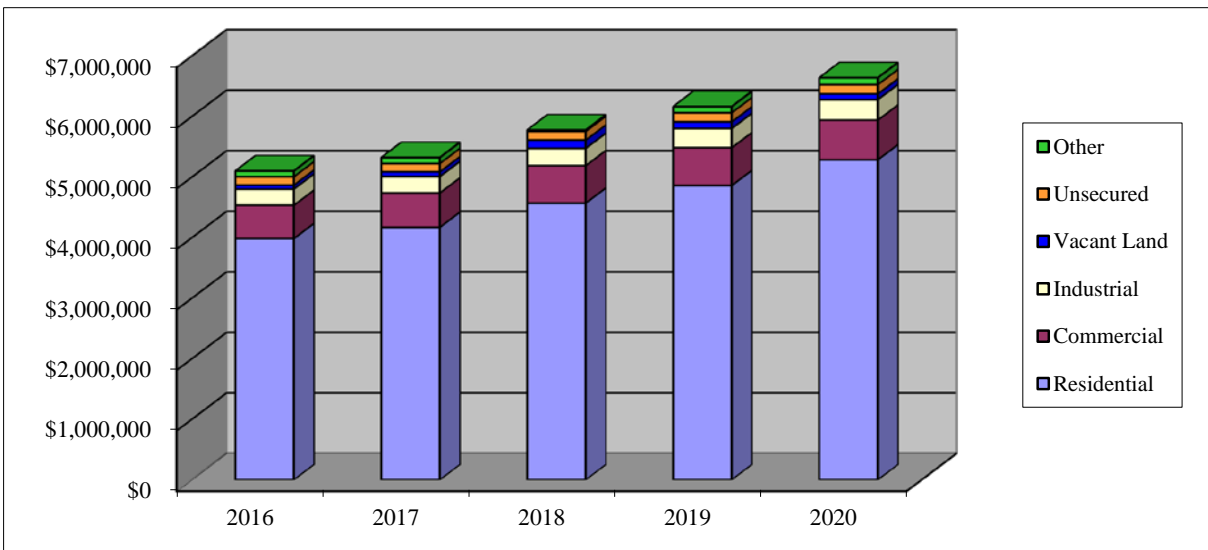
As of FY 2012, the decrease in property tax revenue reflects the dissolution of the Santee Community Development Commission and related loss of property tax increment revenue.

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

Source: City of Santee Finance Department

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

Fiscal Year	Residential	Commercial	Industrial	Vacant Land	Unsecured	Other	Total	Total Direct Tax Rate
2011	\$ 3,278,608	\$ 520,685	\$ 268,318	\$ 83,082	\$ 154,831	\$ 118,129	\$4,423,653	0.1795%
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%



**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			
	2011	2012	2013	2014
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	0.0340	0.0331	0.0339	0.0341
Grossmont Union High School District	0.0594	0.0612	0.0610	0.0617
Grossmont-Cuyamaca Community College District	0.0293	0.0308	0.0317	0.0475
Metropolitan Water District	0.0037	0.0037	0.0035	0.0035
Grossmont Healthcare District	<u>0.0132</u>	<u>0.0201</u>	<u>0.0200</u>	<u>0.0200</u>
Total Voter Approved Rates	<u>0.1396</u>	<u>0.1489</u>	<u>0.1501</u>	<u>0.1668</u>
Total Tax Rate	<u><u>1.1396</u></u> %	<u><u>1.1489</u></u> %	<u><u>1.1501</u></u> %	<u><u>1.1668</u></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					
2015	2016	2017	2018	2019	2020
<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>
0.0332	0.0328	0.0397	0.0371	0.0347	0.0341
0.0612	0.0605	0.0572	0.0661	0.0648	0.0670
0.0465	0.0454	0.0401	0.0467	0.0423	0.0404
0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
0.0200	0.0235	0.0235	0.0235	0.0235	0.0249
<u>0.1644</u>	<u>0.1657</u>	<u>0.1640</u>	<u>0.1770</u>	<u>0.1688</u>	<u>0.1699</u>
<u><u>1.1644</u></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> %

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

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Parc One LP	\$ 58,864,610	1	0.89%	\$ -	-	-
Vestar Kimco Santee LP	51,333,879	2	0.77%	44,339,953	1	1.00%
Santee Partners LP	32,962,853	3	0.50%	27,040,503	3	0.61%
Walmart Stores LP	31,778,739	4	0.48%	27,856,778	2	0.63%
LLJ Stratford Somerest LLC	30,723,051	5	0.46%	-	-	-
HCA Arbors Apartments LP	30,504,785	6	0.46%	26,294,542	4	0.59%
Union City Investments LLC	29,220,348	7	0.44%	-	-	-
Santee Senior Retirement Communities LLC	23,069,401	8	0.35%	-	-	-
Santee Retail LP	23,036,169	9	0.35%	21,366,864	7	0.48%
M H C Meadowbrook LP	22,805,460	10	0.34%	-	-	-
MB BP Portfolio LLC	-	-	-	25,153,919	5	0.57%
Pacific Castle Santee LP	-	-	-	24,141,932	6	0.55%
Redwood Santana LLC	-	-	-	17,424,772	9	0.39%
MHC Financing LP Two	-	-	-	19,789,856	8	0.45%
Lowes HIW Inc	-	-	-	16,603,501	10	0.38%
	<u>\$ 334,299,295</u>		<u>5.04%</u>	<u>\$ 250,012,620</u>		<u>5.65%</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			
2011	\$ 20,065,820	\$18,449,152	91.9%	\$ 680,468	\$19,129,620	95.3%
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	10,279,128	94.1%	177,765	10,456,893	95.7%
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	14,070,121	94.6%	138,206	14,208,327	95.6%

Notes:

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

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

FY 2012 - 2019 Levy amounts have been re-stated to include property tax supplemental apportionments collected by the County of San Diego and remitted to the City.

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

Fiscal Year Ended June 30,	Governmental Activities						Debt Per Capita <sup>(2)</sup>
	Tax Allocation Bonds <sup>(1)</sup>	Lease Revenue Bonds	Notes & Loans	Capital Lease Obligations	Total Governmental Activities	Percentage of Personal Income <sup>(2)</sup>	
2011	\$52,270,000	\$1,360,000	\$3,913,515	\$ 471,832	\$58,015,347	2.46%	\$ 1,086
2012	-	1,210,000	6,792,181	405,966	8,408,147	0.34%	155
2013	-	1,055,000	8,441,947	453,284	9,950,231	0.38%	183
2014	-	895,000	7,965,871	1,208,766	10,069,637	0.37%	183
2015	-	730,000	13,165,251	970,128	14,865,379	0.50%	267
2016	-	555,000	12,450,459	2,458,347	15,463,806	0.51%	273
2017	-	375,000	11,733,103	2,085,210	14,193,313	0.45%	250
2018	-	190,000	10,998,851	1,741,324	12,930,175	0.42%	229
2019	-	-	10,243,065	1,428,494	11,671,559	0.37%	203
2020	-	-	8,377,975	1,115,969	9,493,944	0.28%	164

Notes:

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

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

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

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

Fiscal Year Ended June 30,	Outstanding General Bonded Debt			Percent of Assessed Value <sup>(3)</sup>	Debt Per Capita
	Tax Allocation Bonds <sup>(1)</sup>	Lease Revenue Bonds <sup>(2)</sup>	Total		
2011	\$ 52,270,000	\$ 1,360,000	\$ 53,630,000	1.21%	\$ 1,004
2012	-	1,210,000	1,210,000	0.03%	22
2013	-	1,055,000	1,055,000	0.02%	19
2014	-	895,000	895,000	0.02%	16
2015	-	730,000	730,000	0.01%	13
2016	-	555,000	555,000	0.01%	10
2017	-	375,000	375,000	0.01%	7
2018	-	190,000	190,000	0.00%	3
2019	-	-	-	-	-
2020	-	-	-	-	-

Notes:

General bonded debt is debt payable with governmental fund resources.

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

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

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



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**City of Santee  
Direct and Overlapping Debt  
June 30, 2020**

Total Assessed Valuation		<u>\$ 6,641,073,498</u>	
	Percentage Applicable <sup>(1)</sup>	Outstanding Debt 6/30/20	Estimated Share of Overlapping Debt
<b>OVERLAPPING DEBT REPAYED WITH PROPERTY TAXES</b>			
Grossmont-Cuyamaca Community College District	12.2980%	\$ 308,340,377	\$ 37,919,700
Palomar Community College District	0.0002%	610,657,763	1,221
Grossmont Union High School District	12.6610%	610,442,915	77,288,177
Poway Unified School District Facilities Improvement Districts	0.0010%	301,541,723	3,016
Lakeside Union School District	0.2860%	49,788,179	142,394
Santee School District	90.9930%	64,863,262	59,021,028
Metropolitan Water District	0.2130%	37,300,000	79,449
Grossmont Healthcare District	11.6170%	254,648,330	29,582,496
City of Santee Community Facilities District No. 2017-1	100.0000%	8,665,000	8,665,000
California Statewide Community Development Authority Assess District	100.0000%	1,955,000	1,955,000
		<u>2,248,202,549</u>	<u>214,657,481</u>
<b>OVERLAPPING OTHER DEBT</b>			
San Diego County General Fund Obligations	1.1940%	231,350,000	2,762,319
San Diego County Pension Obligations	1.1940%	456,040,000	5,445,118
San Diego County Superintendent of Schools Obligations	1.1940%	9,350,000	111,639
Grossmont Cuyamaca Community College Dist. Gen. Fd. Obligations	12.2980%	225,000	27,671
Palomar Community College District General Fund Obligations	0.0002%	1,675,000	3
Poway Unified School District General Fund Obligations	0.0010%	55,650,000	557
Santee School District Certificates of Participation	90.9930%	28,749,849	26,160,350
		<u>783,039,849</u>	<u>34,507,657</u>
Total Overlapping Other Debt		<u>783,039,849</u>	<u>34,507,657</u>
Total Overlapping Debt		<u>\$ 3,031,242,398</u>	249,165,138
City Direct Debt			9,493,944
Overlapping Tax Increment Debt (Successor Agency)			<u>39,510,000</u>
Total Direct and Overlapping Debt			<u>\$ 298,169,082</u>

Notes:

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

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

Source: Avenu Insights & Analytics  
HdL, Coren & Cone

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

	Fiscal Year			
	2011	2012	2013	2014
Assessed Valuation	\$ 4,423,653	\$ 4,475,983	\$ 4,481,124	\$ 4,610,658
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	1,105,913	1,118,996	1,120,281	1,152,665
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	165,887	167,849	168,042	172,900
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 165,887</u>	<u>\$ 167,849</u>	<u>\$ 168,042</u>	<u>\$ 172,900</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					
2015	2016	2017	2018	2019	2020
\$ 4,879,149	\$ 5,103,319	\$ 5,324,570	\$ 5,778,423	\$ 6,165,097	\$ 6,641,073
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,219,787	1,275,830	1,331,143	1,444,606	1,541,274	1,660,268
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
182,968	191,374	199,671	216,691	231,191	249,040
-	-	-	-	-	-
<u>\$ 182,968</u>	<u>\$ 191,374</u>	<u>\$ 199,671</u>	<u>\$ 216,691</u>	<u>\$ 231,191</u>	<u>\$ 249,040</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year Ended June 30,	Tax Allocation Bonds			
	Tax Revenues	Debt Service		Coverage
		Principal	Interest	
2011	\$ 6,374,690	\$ 540,000	\$ 893,471	4.45
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-

Note:

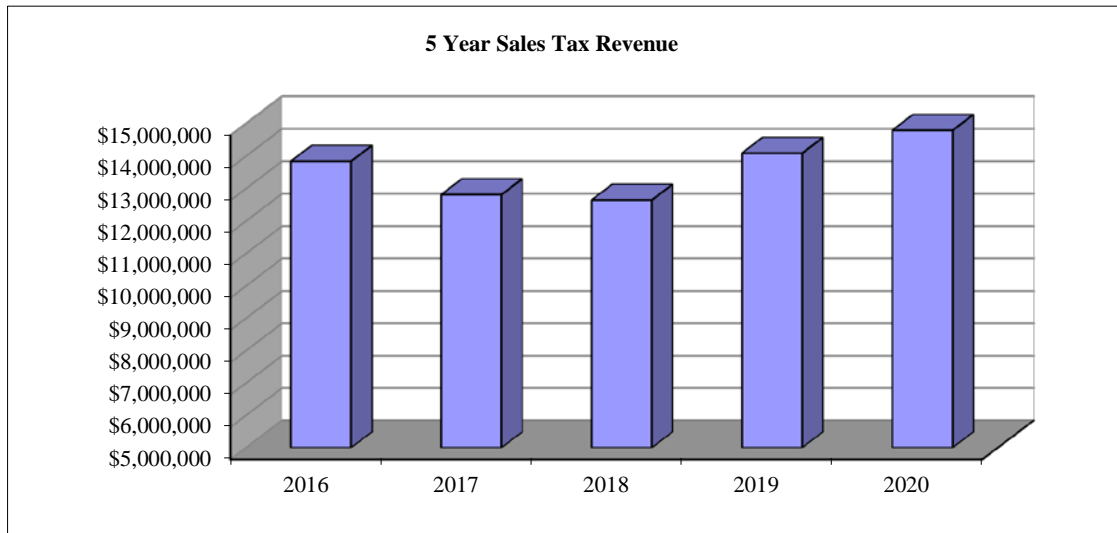
Tax allocation bonds issued by the Santee Community Development Commission are no longer reported as a result of the dissolution of the Santee Community Development Commission on February 1, 2012. Details regarding the City's outstanding debt can be found in the notes to the financial statements.



**City of Santee  
Top 25 Principal Sales Tax Producers  
Fiscal Year Ended June 30, 2020**

Firm	Business Description
7 Eleven	Service Stations
Best Buy	Electronics/Appliance Stores
Chevron	Service Stations
Chick Fil A	Quick-Service Restaurants
Circle K	Service Stations
Consolidated Electrical Distributors	Plumbing/Electrical Supplies
Costco	Discount Dept Stores
GTM Wholesale Liquidators	Variety Stores
HD Supply	Building Materials
Home Depot	Building Materials
Kalasho KP Mart	Service Stations
Kohls	Department Stores
Lowes	Building Materials
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
USA Gasoline	Service Stations
Verizon Wireless	Electronics/Appliance Stores
Vons	Grocery Stores
Walmart	Discount Dept Stores

Percent of fiscal year total paid by top 25 accounts = 72.41%



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

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

Calendar Year	Population ( <sup>1</sup> )	Personal Income (in millions) ( <sup>2</sup> )	Per Capita Personal Income ( <sup>2</sup> )	Unemployment Rate ( <sup>3</sup> )
2010	53,413	\$ 2,354	\$ 44,075	10.5%
2011	54,102	2,490	45,960	10.1%
2012	54,384	2,621	47,792	8.9%
2013	55,110	2,758	49,385	7.7%
2014	55,658	2,946	52,150	6.3%
2015	56,653	3,034	53,544	5.1%
2016	56,725	3,125	54,976	4.6%
2017	56,434	3,063	54,772	3.6%
2018	57,410	3,145	54,797	3.1%
2019	57,780	3,365	58,851	2.9%

Sources:

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

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

Employer	2020			2011		
	Number of Employees	Rank	Percent of Total Employment <sup>(1)</sup>	Number of Employees	Rank	Percent of Total Employment
Santee Elementary School District	839	1	2.96%	713	1	2.85%
Las Colinas Detention Facility	457	2	1.61%	-	-	-
Costco Wholesale	375	3	1.33%	235	5	0.94%
San Diego County Sheriff's Department	347	4	1.23%	-	-	-
Edgemoor Skilled Nursing Facility	324	5	1.14%	350	3	1.40%
HD Supply	251	6	0.88%	-	-	-
Grossmont Union High School District	244	7	0.86%	188	9	0.75%
T C Construction CO Inc	221	8	0.78%	-	-	-
Walmart	207	9	0.73%	275	4	1.10%
Vons Stores	162	10	0.57%	-	-	-
Hartford Financial Services	-	-	-	520	2	2.08%
Scantibodies Laboratory	-	-	-	215	6	0.86%
Home Depot	-	-	-	200	7	0.80%
Target	-	-	-	190	8	0.76%
Lowe's	-	-	-	172	10	0.69%
<b>Total</b>	<b>3,427</b>		<b>12.09%</b>	<b>3,058</b>		<b>12.23%</b>

Notes:

This schedule presents data for the ten principal employers as of June 30, 2020 and June 30, 2011.

<sup>(1)</sup> Total employment of all employers located within City limits as provided by EDD Labor Force Data.  
Total Labor Force FY 2020: 28,300

Source: Avenu Insights & Analytics

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

Function	Full-Time Employees as of June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	23.75	26.05	26.05	26.05	26.30	28.30	28.30	28.30	28.20	29.20
Public Safety	60.40	54.00	54.00	58.00	58.60	58.60	57.60	57.60	57.60	60.60
Public Works	21.65	30.20	29.70	29.70	33.20	35.20	35.20	35.20	35.30	35.30
Community Development	16.50	-	-	-	-	-	-	-	-	-
Parks and Recreation	6.35	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00
Total	<u>128.65</u>	<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>

Source: City of Santee

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>DEVELOPMENT SERVICES</b>										
Building Permits Issued	868	938	909	952	1,516	1,826	1,634	1,922	1,787	1,794
Building Inspections Completed	5,310	4,347	4,661	6,946	5,388	6,084	9,838	7,889	5,959	5,415
Development Applications Processed	99	161	151	111	113	158	129	97	89	75
Street Resurfacing (miles) <sup>(1)</sup>	4.7	5.9	9.9	1.1	6.7	41.8	-	9.6	3.5	11.7
<b>COMMUNITY SERVICES</b>										
Number of Recreation Classes Offered	269	202	347	333	367	403	366	410	400	236
Number of Recreation Class Participants	2,141	1,912	1,859	1,711	1,434	1,811	1,369	1,580	1,271	757
Attendance at City-Wide Special Events	30,050	30,509	35,599	43,450	48,000	62,096	73,194	71,800	74,324	58,850
Number of Facility Rentals	1,016	983	1,302	1,287	1,350	1,422	1,349	1,392	1,222	775
<b>FIRE</b>										
Fire Responses	137	135	138	173	157	149	157	203	172	160
Emergency Medical Responses	5,149	5,012	5,417	5,534	6,015	6,485	6,439	6,927	6,687	6,325
Community Service Calls	340	405	389	339	399	374	465	489	454	468
Other Responses <sup>(2)</sup>	1,387	1,495	1,770	1,820	1,962	2,133	2,206	2,209	2,193	2,147
Fire Prevention & Safety Inspections	525	730	572	543	325	235	182	176	179	55
<b>SHERIFF</b>										
Arrests	1,889	1,999	2,059	2,398	1,861	1,694	2,033	2,719	1,780	1,435
Parking Citations Issued	1,367	937	920	685	699	489	680	798	2,185	1,586
Traffic Citations Issued	4,244	2,916	3,504	2,129	2,165	1,238	2,552	2,421	3,453	3,763
Calls for Service	19,974	20,591	21,667	20,376	20,686	19,744	16,255	16,645	15,267	14,548

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

<sup>(2)</sup> Other responses includes: Good Intent, Call Cancel, Hazardous Condition, False Alarm, Weather and Other types of responses.

Source: City of Santee

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>FIRE</b>										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Apparatus	6	6	6	6	6	7	7	7	7	7
Paramedic Vehicles	4	4	4	4	4	4	5	5	6	6
<b>PUBLIC WORKS</b>										
Streets (centerline miles)	114.56	114.56	115.32	115.32	115.32	121.42	121.42	121.42	121.46	122.04
Street Lights	2,800	3,171	3,070	3,070	3,207	3,244	3,316	3,335	3,337	3,341
Traffic Signals	57	57	57	57	58	59	60	61	61	61
<b>PARKS &amp; RECREATION</b>										
Parks	8	8	8	8	8	9	9	9	9	9

Source: City of Santee