



CITY OF SANTEE, CALIFORNIA



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2011



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CITY OF SANTEE, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011



MAYOR

Randy Voepel

VICE MAYOR

John W. Minto

COUNCIL MEMBERS

Jack E. Dale
Rob McNelis
John Ryan

CITY MANAGER

Keith Till

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

City of Santee
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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CITY OF SANTEE

MAYOR
Randy Voepel

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

CITY MANAGER
Keith Till

February 28, 2012

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

We are pleased to submit to you the Comprehensive Annual Financial Report of the City of Santee, California ("City") for the fiscal year ended June 30, 2011. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed independent certified public accountants.

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

The City's financial statements have been audited by Teaman, Ramirez & Smith, Inc., a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City

The City of Santee is located eighteen miles east of downtown San Diego and is nestled in the rolling hills of the San Diego River Valley. The City occupies a land area of 16.6 square miles and is a dynamic community of 54,183 residents. Santee's 2009 median household income of \$71,464 is the highest of all east San Diego County cities. Santee is best described as having family based neighborhoods, award winning schools and parks, and one of the lowest crime rates in the region.

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

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

The City is financially accountable for two legally separate entities: the Community Development Commission of the City of Santee and the Santee Public Financing Authority, each of which is reported within the City's financial statements. Additional information on all of these legally separate entities can be found in Note IA in the Notes to the Basic Financial Statements.

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

Local Economy

Santee, like virtually every city in California and across the nation has been adversely affected by the “Great Recession”. Retail sales, new development and general economic activity continue to remain sluggish. In response to these challenges the City is exercising caution during this period of uncertain economic conditions. However, with available land for development, a skilled labor force, transit linkage to downtown San Diego and San Diego State University by trolley and direct access to three regional freeways, Santee is well positioned with opportunities for economic growth and expansion.

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

The other important addition to the local economy is the Sportsplex USA complex which opened in mid-2010 on 15 acres within the 55-acre Town Center Community Park. This site includes a new themed sports complex, top quality athletic fields for soccer and football, an entertainment venue, multi-use trails and playgrounds. The sports complex within the park has three lighted softball/baseball fields with artificial turf outfields, two arena soccer fields, four batting cages and a restaurant with indoor and outdoor seating. It accommodates local and regional sports leagues, tournaments, sports camps, corporate events and other special events. The sports complex is operated by Sportsplex USA under a public-private partnership with the City. This \$24 million project was funded with a combination of redevelopment funds, developer impact fees and various grants.

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

Other recently completed projects include The Marketplace at Santee, a 72,750 square foot retail and commercial center which opened in December 2008, and the 63,500 square foot RiverView Professional Center.

Long Term Financial Planning

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

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

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

Relevant Financial Policies

The City's General Fund Reserve Policy states that a reserve of either 20% of annual General Fund operating expenditures or \$7 million be maintained by the end of the five-year financial planning time frame as a contingency for economic uncertainties. The City's Balanced General Fund Budget Policy states that ongoing revenues shall cover ongoing operating expenditures, allowing for the use of General Fund reserves if the General Fund Reserve Policy is met. Based on the most recent financial projections the City is not in compliance with these policies. The City is continuing its efforts to identify solutions in order to bring the General Fund reserves into compliance with the reserve policy and to protect the long-term fiscal health of the City, such as the results of a comprehensive cost allocation plan and user fee study that will be considered by the City Council in January 2012.

Major Initiatives

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

In March 2011 the Santee Community Development Commission also issued \$4.7 million in tax allocation bonds to assist in the development of the 44-unit Forester Square Apartments affordable housing development which is anticipated to begin construction in early 2012.

In September 2010 the 48-unit Cedar Creek Apartments affordable housing development was completed. This \$15 million project was made possible with the assistance of a \$5.28 million low interest loan from the Santee Community Development Commission.

The City has committed to an effort to promote energy efficiency and reduce our reliance on costly business practices through energy and water conservation, reduced demand and use of sustainable workplace practices. Following the launch of this effort (known as "The Sustainability Project"), 22 specific goals were identified including the recent completion of an Energy Roadmap for Santee, and the comprehensive energy assessment of all City facilities. The second phase of a city-wide street light upgrade project is currently underway. When completed, all city-owned street lights will have been replaced with lower-wattage induction lights, reducing energy use by 35-40% and saving the City over \$110,000 annually. This project is funded by a federal energy efficiency grant and an interest-free loan

City of Santee
Letter of Transmittal
February 28, 2012

from San Diego Gas and Electric, with no impact to the General Fund. The City's first photovoltaic energy system was recently installed as part of the Town Center Community Park project.

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

Another project which will play an integral part in the future of Santee is Fanita Ranch. As approved by the City Council in December 2007, Fanita will be a 2,600 acre master planned community with 1,380 single family homes on estate sized lots providing much desired move up housing. This project is currently on hold as a result of the economic recession and downturn in the housing market.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santee for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Keith Till
City Manager



Tim K. McDermott
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Santee
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Danison

President

Jeffrey R. Emmer

Executive Director

CITY OF SANTEE
LIST OF CITY OFFICIALS

CITY COUNCIL

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

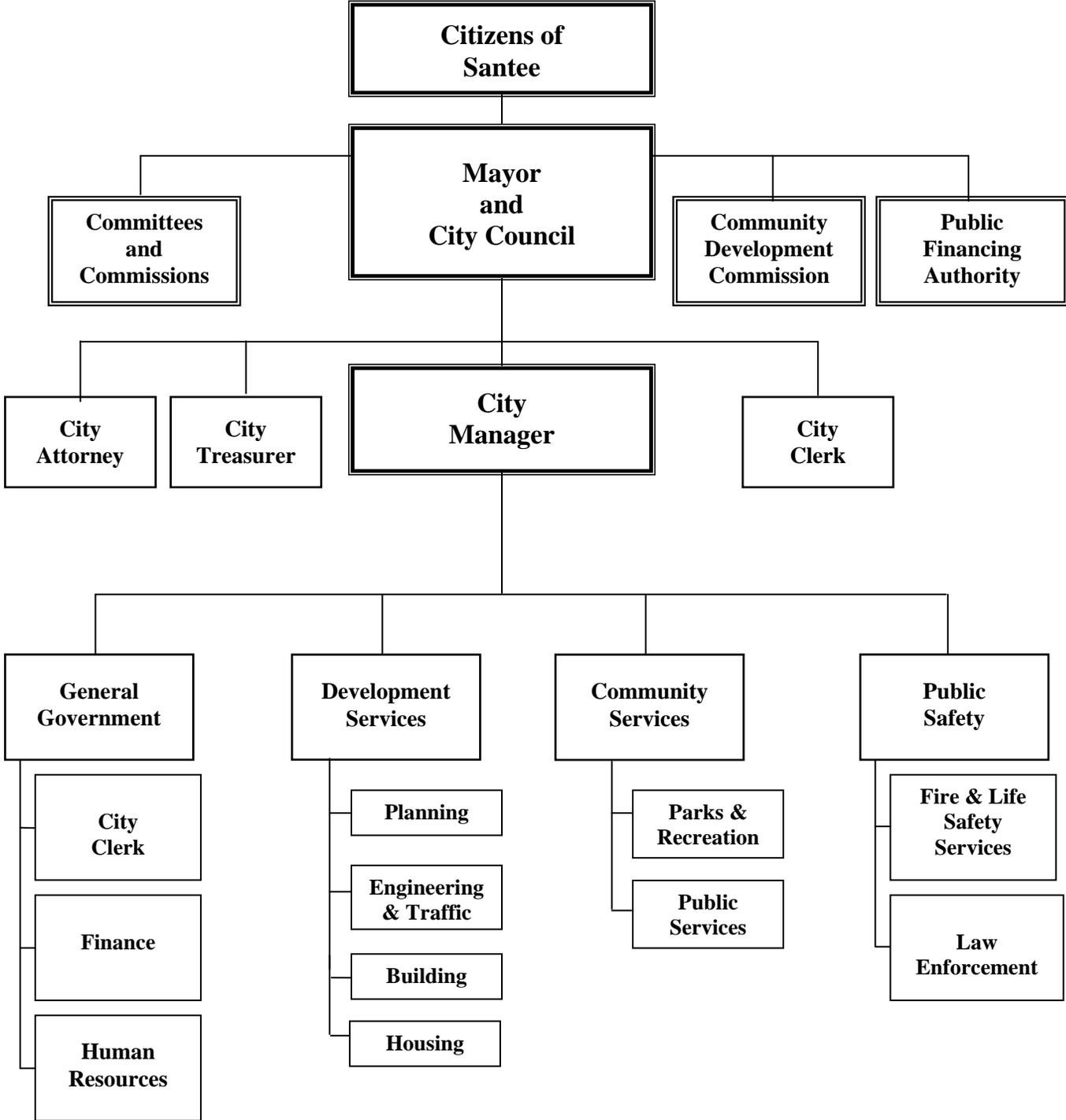
EXECUTIVE MANAGEMENT

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

FINANCE DEPARTMENT

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

**CITY OF SANTEE
ORGANIZATIONAL CHART**



Independent Auditors' Report

City Council
City of Santee, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Santee, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative financial information has been derived from the financial statements of the City for the year ended June 30, 2010 and was audited by other auditors whose report dated December 22, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

As described more fully in Note 3 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santee's financial statements as a whole. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The statements and schedules listed in the "Supplementary Information" section in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Jeaman Ramirez & Smith, Llc.

February 24, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Santee we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at June 30, 2011 by \$188.1 million (*net assets*).
- The City's total net assets increased by \$38.3 million. This increase is the result of prior period adjustments that were recorded this year, primarily from the addition of certain infrastructure assets with a net impact of \$40.4 million.
- At June 30, 2011 the City's governmental funds reported combined ending fund balances of \$75.4 million, an increase of \$33.7 million. This increase is primarily the result of the issuance of \$31.6 million of tax allocation bonds.
- The City's long-term liabilities increased by \$32.4 million, primarily the result of the issuance of \$31.6 million of tax allocation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

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

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. All of the funds of the City are governmental funds.

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

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

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

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

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

Notes to the basic 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 basic financial statements can be found in the financial section of this report, following the fund financial statements.

Other information

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. At June 30, 2011 assets exceeded liabilities by \$188.1 million, an increase of \$38.3 million from the prior year. The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

**City of Santee
Summary of Net Assets
June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010
Current and other assets	\$ 84,653,318	\$ 52,621,925
Capital assets	173,671,054	136,027,830
Total assets	<u>258,324,372</u>	<u>188,649,755</u>
Long-term liabilities	62,054,755	29,673,729
Other liabilities	8,138,398	9,112,796
Total liabilities	<u>70,193,153</u>	<u>38,786,525</u>
Net assets:		
Invested in capital assets – net of related debt	147,929,745	110,906,766
Restricted	33,791,161	29,617,019
Unrestricted	6,410,313	9,339,445
Total net assets	<u>\$188,131,219</u>	<u>\$149,863,230</u>

The largest portion of the City's net assets (\$147.9 million or 79%) 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 services to citizens. Consequently, these assets are not available for future spending.

CITY OF SANTEE

Management's Discussion and Analysis, continued
June 30, 2011

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$33.8 million or 18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$6.4 million or 3%) can be used for ongoing operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Governmental activities

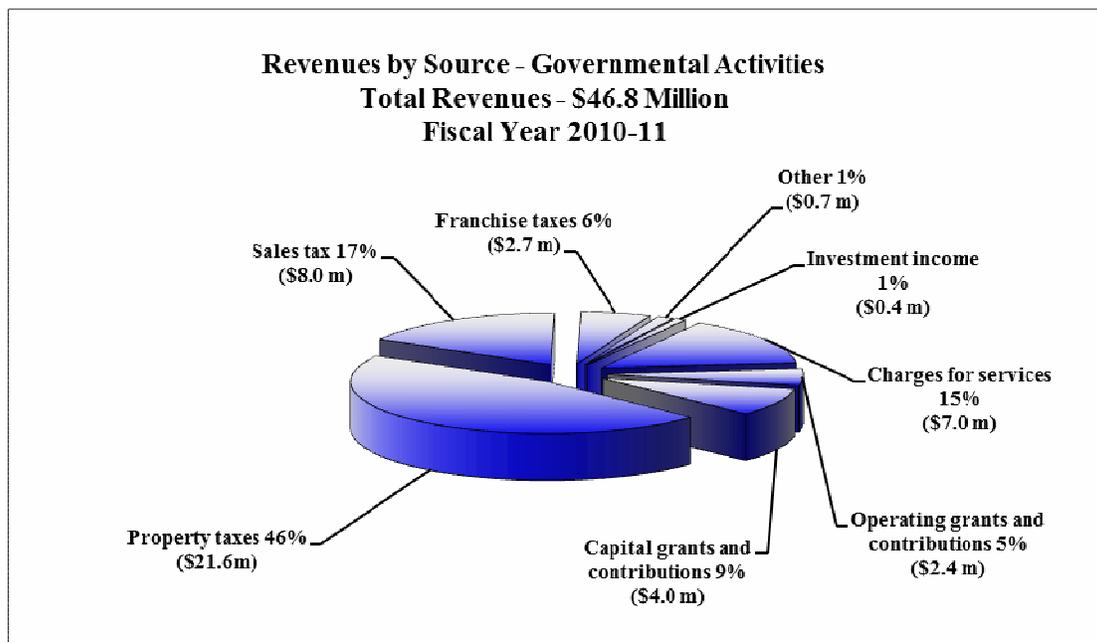
Net assets decreased by \$741,441 over the past fiscal year as a result of the City's governmental activities. Key elements of this decrease are as follows:

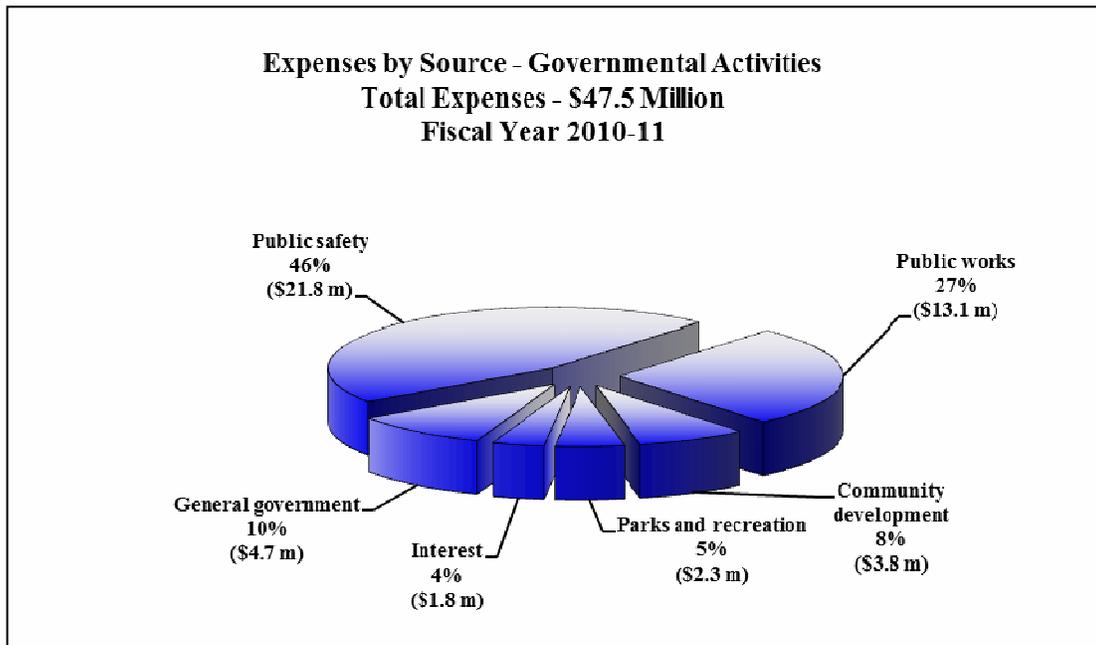
	City of Santee	
	Changes in Net Assets	
	For the Fiscal Years Ended June 30, 2011 and 2010	
	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 7,010,688	\$ 7,478,314
Operating grants and contributions	2,390,589	1,971,643
Capital grants and contributions	4,026,070	5,887,774
General revenues:		
Taxes:		
Property taxes	21,610,723	22,593,962
Sales tax	7,984,974	7,123,397
Franchise taxes	2,681,909	2,253,092
Other taxes	106,357	280,549
Motor vehicle in lieu, unrestricted	262,529	167,621
Investment income	417,358	496,415
Miscellaneous	280,286	188,626
Total revenues	<u>46,771,483</u>	<u>48,441,393</u>
Expenses:		
General government	4,682,937	8,542,271
Public safety	21,861,690	22,545,498
Public works	13,079,415	11,020,420
Community development	3,770,231	3,858,273
Parks and recreation	2,343,298	1,623,225
Interest and fiscal charges	1,775,353	1,007,602
Total expenses	<u>47,512,924</u>	<u>48,597,289</u>
Increase (decrease) in net assets	(741,441)	(155,896)
Net assets, beginning of year	149,863,230	150,019,126
Prior period adjustments	39,009,430	-
Net assets, end of year	<u>\$188,131,219</u>	<u>\$149,863,230</u>

CITY OF SANTEE

Management's Discussion and Analysis, continued
June 30, 2011

- Capital grants and contributions decreased by \$1.9 million or 32% from the prior fiscal year, the result of a decrease in various grant and transportation improvement program funding received and a decline in impact fee revenues received from new development.
- Property taxes, the City's largest revenue source, decreased by \$983,239 or 4% from the prior fiscal year, primarily the result of \$722,059 in redevelopment property tax increment revenue received in the prior year from the correction of a four-year tax allocation error by the County, and from a 0.6% decline in total assessed valuation.
- Sales tax revenues increased by \$861,577 or 12% from the prior fiscal year due to a 4% increase in retail sales and from the receipt of a true-up payment from the State from the prior year underpayment of Sales Tax in Lieu revenue.
- General government expenses decreased by \$3.9 million or 45% from the prior fiscal year due primarily to a \$3.3 million payment of redevelopment property tax increment that was required to be made to the State in the prior year in response to the State budget deficit.
- Public works expenses increased by \$2.1 million or 19%, the result of an \$851,948 increase in depreciation expense from the capitalization of storm drains in the City's infrastructure assets and an increase in street and storm drainage facilities maintenance expenses.
- Parks and recreation expenses increased by \$720,073 or 44% from the prior fiscal year, the result of a \$720,073 increase in depreciation expense from capital assets such as recently completed improvements at Town Center Community Park.
- Interest and fiscal charges expenses increased by \$767,751 or 76%, primarily the result of the issuance of \$31.6 million in tax allocation bonds during the year.





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

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. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$75.4 million, an increase of \$33.7 million from the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total General Fund balance was \$9.9 million which represents 33% of the total General Fund expenditures for the year.

The General Fund balance decreased by \$911,701 during the past fiscal year. This decrease is the result of a capital outlay expenditure in the amount of \$525,873 for the purchase of a new fire engine, as well as the impact of a budget deficit as total General Fund revenues reflected a \$128,343 or 0.4% decline from the prior year. Total General Fund expenditures were \$714,009 or 2.3% less than the previous fiscal year, the result of continued budget reductions enacted in response to the economic recession.

The Housing Set Aside Fund balance increased by \$720,847 during the past fiscal year as property tax and other revenues exceeded the amount of housing-related program expenditures.

The Redevelopment Debt Service Fund balance increased by \$4.3 million during the past fiscal year. Tax allocation bond proceeds in the amount of \$2.8 were received to establish debt service reserves and a capitalized interest account. Property tax and other revenues exceeded the amount expended during the year for redevelopment debt service and other redevelopment projects and activities.

The Redevelopment Projects Fund balance increased by \$27.9 million during the past year, primarily as a result of tax allocation bond proceeds in the net amount of \$27.7 million that were received.

The Town Center Community Park Fund balance decreased by \$373,719 during the past year as project costs in the amount of \$546,532 were incurred.

The Non-Major Governmental Funds balance increased by a combined \$408,497 during the past year, primarily due to the accumulation of resources in various Capital Project Funds for future projects.

General Fund Budgetary Highlights

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

General Fund appropriations were increased by \$1,124,341 during the year. Supplemental appropriations approved during the year include prior year encumbrances and appropriations that were carried forward and funded from the prior fiscal year's budget. Other supplemental appropriations include the appropriation of various federal, state and local grants received during the year.

Actual General Fund revenues were \$623,979 less than budgeted. Various charges for services were \$407,151 less than budgeted. Licenses and permits were \$104,691 less than budgeted. Property taxes were \$90,469 less than budgeted. Sales tax revenues were \$97,774 more than budgeted. Various other revenue categories experienced minor variances.

Actual General Fund expenditures were \$1,090,024 less than budgeted. Budget savings were realized in virtually every department budget. Fire expenditures were \$657,590 less than budgeted and police expenditures were \$316,402 less than budgeted. Community services expenditures were \$192,549 less than budgeted. Much of the budget savings can be attributed to personnel cost savings from unfilled vacant positions and from efforts to reduce discretionary expenditures whenever possible.

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital assets**

The City's investment in capital assets as of June 30, 2011 was \$147.9 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, parks, infrastructure, equipment, vehicles, and construction in progress. Major capital asset activity during the year included the following:

- \$2.2 million was spent for the ongoing rehabilitation of numerous streets and related drainage facilities, traffic signals and other traffic related improvements throughout the City.
- \$525,873 was spent for the purchase of a new fire engine.
- \$347,165 was spent to upgrade street lights throughout the City to energy efficient induction lights.

Additional information about the City's capital assets is presented in Note IIIB to the financial statements.

City of Santee
Capital Assets (Net of Accumulated Depreciation)
June 30, 2011 and 2010

	Governmental Activities	
	2011	2010 (as restated)
Land	\$ 13,315,062	\$ 8,503,297
Parks	4,858,872	4,858,872
Construction in progress	987,797	28,790,672
Buildings	15,230,939	11,602,244
Improvements other than buildings	5,509,666	93,394
Equipment	5,985,847	1,389,411
Vehicles	1,408,534	1,174,065
Infrastructure	126,374,337	120,061,300
Totals	<u>\$173,671,054</u>	<u>\$176,473,255</u>

Long-term debt

At June 30, 2011 the City had \$62.1 million in long-term debt outstanding. Of this amount, \$51.7 million is comprised of tax allocation bonds secured by tax revenues of the Community Development Commission, and \$1.4 million is comprised of lease revenue bonds payable from lease payments made by the City to the Santee Public Financing Authority.

The City's outstanding debt increased by \$30.0 million. During the past fiscal year \$31.6 million in tax allocation bonds were issued to finance the Prospect Avenue Improvements redevelopment project and the Forester Square Apartments affordable housing development. Reductions in long-term debt occurred primarily as a result of principal payments made on the tax allocation and lease revenue bonds. Additional information regarding long-term debt can be found at Note IIID to the basic financial statements.

**City of Santee
Long-term Debt
For the Fiscal Years Ended June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010 (as restated)
Bonds payable	\$ 53,011,445	\$ 22,760,000
Notes and loans payable	4,023,078	4,334,133
Capital lease payable	471,832	500,998
Claims and judgments	1,006,268	956,593
Compensated absences	1,199,630	1,000,676
Other post-employment benefits	115,166	121,329
Pension related debt	2,227,336	2,424,408
Totals	<u>\$ 62,054,755</u>	<u>\$ 32,098,137</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

- General Fund revenues are projected to total \$31.4 million, with budget appropriations totaling \$31.9 million.
- The total assessed valuation of property in the City is projected to increase by 1.2%. Weakness in the housing market and a sluggish economic recovery are expected to impact property tax revenues for several years.
- Retail sales activity is expected to increase by 3.5%, resulting in a corresponding increase in sales tax revenue.
- Moderate to no growth is anticipated for most other revenue sources.
- The City is making expenditure reductions in response to the dissolution of redevelopment agencies effective February 1, 2012 which will be formally incorporated into the budget.

REQUESTS FOR INFORMATION

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

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City of Santee
Statement of Net Assets
June 30, 2011

	Governmental Activities	
	2011	2010
ASSETS		
Cash and Investments	\$ 34,240,126	\$ 36,440,319
Cash and Investments with Fiscal Agent	32,538,347	1,475,645
Accounts Receivable	716,839	297,608
Loans Receivable	12,629,754	9,967,773
Interest Receivable	224,643	187,826
Due From Other Governments	3,149,375	3,109,611
Inventory	4,839	4,145
Prepaid Items	80,813	500,998
Land Held for Resale	638,000	638,000
Deferred Charges	430,582	-
Capital Assets, Not Being Depreciated	19,161,731	42,494,042
Capital Assets, Being Depreciated, Net	154,509,323	93,533,788
Total Assets	258,324,372	188,649,755
LIABILITIES		
Accounts Payable	5,012,444	6,532,190
Accrued Salaries and Benefits	354,962	756,443
Interest Payable	1,088,503	397,443
Deposits Payable	885,881	1,216,388
Unearned Revenue	796,608	210,332
Noncurrent Liabilities:		
Due Within One Year	2,077,706	1,885,637
Due in More Than One Year	59,977,049	27,788,092
Total Liabilities	70,193,153	38,786,525
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	147,929,745	110,906,766
Restricted for:		
Low and Moderate Income Housing	10,094,848	10,087,376
Public Safety	1,618	-
Public Works	11,187,190	11,744,298
Community Development	11,397,323	5,968,100
Parks and Recreation	1,110,182	1,012,977
Other Purposes	-	804,268
Unrestricted	6,410,313	9,339,445
Total Net Assets	\$ 188,131,219	\$ 149,863,230

The accompanying notes are an integral part of this statement.

City of Santee
Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2011	2010
General Government	\$ 4,682,937	\$ 199,368	\$ -	\$ -	\$ (4,483,569)	\$ (8,345,413)
Public Safety	21,861,690	3,848,784	284,760	119,696	(17,608,450)	(18,149,025)
Public Works	13,079,415	1,978,691	1,692,263	3,435,887	(5,972,574)	(3,210,590)
Community Development	3,770,231	609,272	392,143	-	(2,768,816)	(2,290,107)
Parks and Recreation	2,343,298	374,573	21,423	470,487	(1,476,815)	(256,821)
Interest and Fiscal Charges	1,775,353	-	-	-	(1,775,353)	(1,007,602)
Total Governmental Activities	\$47,512,924	\$ 7,010,688	\$ 2,390,589	\$ 4,026,070	(34,085,577)	(33,259,558)
General Revenues:						
Taxes:						
Property Taxes					21,610,723	22,593,962
Sales Taxes					7,984,974	7,123,397
Franchise Taxes					2,681,909	2,253,092
Other Taxes					106,357	280,549
Motor Vehicle in Lieu, Unrestricted					262,529	167,621
Investment Income					417,358	496,415
Miscellaneous					280,286	188,626
					<u>33,344,136</u>	<u>33,103,662</u>
					Change in Net Assets	(741,441) (155,896)
					Net Assets - Beginning	149,863,230 150,019,126
					Prior Period Adjustments	39,009,430 -
					Net Assets - Ending	<u>\$ 188,131,219</u> <u>\$ 149,863,230</u>

The accompanying notes are an integral part of this statement.

City of Santee
Balance Sheet
Governmental Funds
June 30, 2011

	General	Special Revenue	
		Housing Set Aside	Redevelopment Debt Service
ASSETS			
Cash and Investments	\$ 11,213,789	\$ 2,595,645	\$ 6,379,925
Cash and Investments with Fiscal Agents	6	-	4,305,259
Receivables:			
Accounts	581,483	-	-
Loans	-	12,629,754	-
Interest	46,940	6,793	132,124
Due From Other Funds	331,789	-	-
Due From Other Governments	1,866,448	161,407	103,186
Inventories	4,839	-	-
Prepaid Items	9,413	71,400	-
Land Held for Resale	-	199,000	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,054,707</u>	<u>\$ 15,663,999</u>	<u>\$ 10,920,494</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 2,154,813	\$ 20,638	\$ 1,013,381
Accrued Salaries and Benefits	310,449	9,913	-
Deposits Payable	885,881	-	-
Deferred Revenue	808,918	1,306,134	-
Due to Other Funds	-	-	290,441
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>4,160,061</u>	<u>1,336,685</u>	<u>1,303,822</u>
Fund Balances:			
Nonspendable	14,252	71,400	-
Restricted	6	14,255,914	9,616,672
Committed	31,002	-	-
Assigned	2,945,718	-	-
Unassigned	6,903,668	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>9,894,646</u>	<u>14,327,314</u>	<u>9,616,672</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 14,054,707</u>	<u>\$ 15,663,999</u>	<u>\$ 10,920,494</u>

The accompanying notes are an integral part of this statement.

Capital Projects		Total Non-Major Governmental Funds	Total Governmental Funds	
Redevelopment Projects	Town Center Community Park		2011	2010
\$ 867,777	\$ -	\$ 13,182,990	\$ 34,240,126	\$ 36,440,319
27,669,640	563,442	-	32,538,347	1,475,645
-	-	135,356	716,839	297,608
-	-	-	12,629,754	9,967,773
2,529	-	36,257	224,643	187,826
-	-	108,813	440,602	230,257
-	-	1,018,334	3,149,375	3,109,611
-	-	-	4,839	4,145
-	-	-	80,813	500,998
439,000	-	-	638,000	638,000
<u>\$ 28,978,946</u>	<u>\$ 563,442</u>	<u>\$ 14,481,750</u>	<u>\$ 84,663,338</u>	<u>\$ 52,852,182</u>
\$ 353,381	\$ 573,218	\$ 897,013	\$ 5,012,444	\$ 6,532,190
34,600	-	-	354,962	756,443
-	-	-	885,881	1,216,388
-	-	459,001	2,574,053	2,461,614
-	108,813	41,348	440,602	230,257
<u>387,981</u>	<u>682,031</u>	<u>1,397,362</u>	<u>9,267,942</u>	<u>11,196,892</u>
-	-	-	85,652	505,143
28,590,965	-	12,207,969	64,671,526	28,732,363
-	-	375,324	406,326	164,419
-	-	737,258	3,682,976	4,681,644
-	(118,589)	(236,163)	6,548,916	7,571,721
<u>28,590,965</u>	<u>(118,589)</u>	<u>13,084,388</u>	<u>75,395,396</u>	<u>41,655,290</u>
<u>\$ 28,978,946</u>	<u>\$ 563,442</u>	<u>\$ 14,481,750</u>	<u>\$ 84,663,338</u>	<u>\$ 52,852,182</u>

The accompanying notes are an integral part of this statement.

City of Santee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Fund Balances of Governmental Funds		\$ 75,395,396
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets, net of \$102,739,959 accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.		173,671,054
Receivables which are not considered to be available to finance current expenditures are reported as deferred revenue in the governmental funds.		1,777,445
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds Payable	\$ (53,630,000)	
Notes and Loans Payable	(4,023,078)	
Capital Lease Payable	(471,832)	
Pension Related Debt	(2,227,336)	
Deferred Charges for Issuance Costs	430,582	
Bond Discount	618,555	
Claims and Judgments Payable	(1,006,268)	
Compensated Absences	(1,199,630)	
OPEB Obligation	<u>(115,166)</u>	(61,624,173)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		<u>(1,088,503)</u>
Net Assets of Governmental Activities		<u><u>\$ 188,131,219</u></u>

The accompanying notes are an integral part of this statement.

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City of Santee
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	General	Special Revenue	
		Housing Set Aside	Redevelopment Debt Service
REVENUES			
Taxes:			
Property	\$ 12,144,231	\$ 1,893,298	\$ 7,573,191
Sales	7,984,974	-	-
Other	2,788,265	-	-
Special Assessments	925,855	-	-
Intergovernmental	746,309	142,505	-
Licenses and Permits	817,009	-	-
Fines and Forfeitures	234,620	-	-
Developer Fees	-	-	-
Charges for Services	3,145,709	100,948	-
Investment Income	233,702	24,897	183,963
Other Revenue	283,552	311	-
Total Revenues	<u>\$ 29,304,226</u>	<u>\$ 2,161,959</u>	<u>\$ 7,757,154</u>
EXPENDITURES			
Current:			
General Government	2,248,288	32,139	2,058,977
Public Safety	21,483,805	-	-
Public Works	4,429,075	-	-
Community Development	-	963,481	-
Parks and Recreation	1,262,766	-	-
Capital Outlay:			
General Government	527,818	-	-
Public Safety	-	-	-
Public Works	-	-	-
Parks and Recreation	-	-	-
Debt Service:			
Principal	174,166	384,133	540,000
Interest and Fiscal Charges	64,009	2,359	893,471
Bond Issuance Costs	-	-	-
Total Expenditures	<u>30,189,927</u>	<u>1,382,112</u>	<u>3,492,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(885,701)</u>	<u>779,847</u>	<u>4,264,706</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	59,000
Transfers Out	(26,000)	(59,000)	(2,819,980)
Issuance of Long-term Debt	-	-	2,842,251
Discount on Bonds	-	-	-
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>(59,000)</u>	<u>81,271</u>
Change in Fund Balances	(911,701)	720,847	4,345,977
Fund Balances - Beginning	11,856,534	8,818,255	7,323,427
Prior Period Adjustments	(1,050,187)	4,788,212	(2,052,732)
Fund Balances - Ending	<u>\$ 9,894,646</u>	<u>\$ 14,327,314</u>	<u>\$ 9,616,672</u>

The accompanying notes are an integral part of this statement.

Capital Projects		Total Non-Major Governmental Funds	Total Governmental Funds	
Redevelopment Projects	Town Center Community Park		2011	2010
\$ -	\$ -	\$ 496,519	\$ 22,107,239	\$ 22,823,768
-	-	-	7,984,974	7,123,397
-	-	1,454,317	4,242,582	3,507,045
-	-	723,739	1,649,594	1,655,900
-	76,283	2,459,786	3,424,883	4,192,870
-	-	-	817,009	913,222
-	-	-	234,620	255,907
-	-	1,460,682	1,460,682	2,724,653
265,681	-	-	3,512,338	5,751,284
9,760	-	89,803	542,125	746,071
23,584	-	264,947	572,394	369,209
<u>\$ 299,025</u>	<u>\$ 76,283</u>	<u>\$ 6,949,793</u>	<u>\$ 46,548,440</u>	<u>\$ 50,063,326</u>
-	-	100,948	4,440,352	8,396,467
-	-	100,000	21,583,805	22,235,349
-	-	3,111,224	7,540,299	7,330,871
2,628,497	-	145,379	3,737,357	4,280,822
-	-	-	1,262,766	1,260,720
-	-	180,635	708,453	54,342
-	-	101,572	101,572	142,106
185,104	-	2,736,721	2,921,825	2,348,779
7,574	546,532	39,441	593,547	11,866,514
-	-	4,038,879	5,137,178	670,000
-	-	124,454	1,084,293	1,012,907
430,582	-	-	430,582	-
<u>3,251,757</u>	<u>546,532</u>	<u>10,679,253</u>	<u>49,542,029</u>	<u>59,598,877</u>
<u>(2,952,732)</u>	<u>(470,249)</u>	<u>(3,729,460)</u>	<u>(2,993,589)</u>	<u>(9,535,551)</u>
2,819,980	96,530	26,000	3,001,510	24,379,163
(96,530)	-	-	(3,001,510)	(24,379,163)
28,712,749	-	4,111,957	35,666,957	4,450,998
(618,555)	-	-	(618,555)	-
<u>30,817,644</u>	<u>96,530</u>	<u>4,137,957</u>	<u>35,048,402</u>	<u>4,450,998</u>
27,864,912	(373,719)	408,497	32,054,813	(5,084,553)
726,053	255,130	12,675,891	41,655,290	46,739,843
-	-	-	1,685,293	-
<u>\$ 28,590,965</u>	<u>\$ (118,589)</u>	<u>\$ 13,084,388</u>	<u>\$ 75,395,396</u>	<u>\$ 41,655,290</u>

The accompanying notes are an integral part of this statement.

City of Santee
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 32,054,813

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	\$	3,851,342	
Loss on Disposal		(7,465)	
Depreciation Expense		<u>(6,646,078)</u>	(2,802,201)

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

Principal Payments	\$	5,334,250	
Issuance of Long-Term Debt		(35,666,957)	
Bond Issuance Costs		430,582	
Bond Discount		<u>618,555</u>	(29,283,570)

The Statement of Net Assets includes accrued interest on long-term debt.

Prior Year Accrual	\$	397,443	
Current Year Accrual		<u>(1,088,503)</u>	(691,060)

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

Intergovernmental	\$	(25,724)	
Use of Money and Property		<u>248,767</u>	223,043

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

Claims and judgments	\$	(49,675)	
Compensated Absences		(198,954)	
OPEB Obligation		<u>6,163</u>	<u>(242,466)</u>

Change in Net Assets of Governmental Activities \$ (741,441)

City of Santee
Notes to Financial Statements
June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

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

Blended Component Units

Santee Community Development Commission - The Santee Community Development Commission (Commission) was established pursuant to the State Health and Safety Code, Section 33000. The Commission is responsible for rehabilitation and economic revitalization of certain areas within the City. The Commission's Board of Directors is the Santee City Council.

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

Detailed financial statements are available for the Santee Community Development Commission from the City's Finance Department. Separate financial statements are not prepared for the Santee Public Financing Authority.

B) Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

City of Santee
Notes to Financial Statements
June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Government-wide and Fund Financial Statements - Continued

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

The City reports the following major governmental funds:

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

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

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

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

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

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

City of Santee
Notes to Financial Statements
June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

D) Assets, Liabilities, and Net Assets or Equity

Cash and Investments

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

City of Santee
Notes to Financial Statements
June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, and Net Assets or Equity - Continued

Cash and Investments - Continued

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

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

Inventories and Prepaid Items

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

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

City of Santee
Notes to Financial Statements
June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, and Net Assets or Equity - Continued

Land Held for Resale

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

Capital Assets

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

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

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

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

Long-Term Obligations

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation and compensatory time at June 30, 2011 is recorded as a long-term liability.

City of Santee
Notes to Financial Statements
June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, and Net Assets or Equity - Continued

Compensated Absences - Continued

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

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

	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.

Summarized Prior Year Data

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

2) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

Cash and investments at June 30, 2011 are classified in the accompanying financial statements as follow:

Cash and Investments	\$ 34,240,126
Cash and Investments with Fiscal Agent	32,538,347
Total Cash and Investments	\$ 66,778,473

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Cash and investments as of June 30, 2011 consist of the following:

Cash on Hand	\$ 6,400
Deposits with Financial Institutions	702,580
Investments	<u>66,069,493</u>
 Total Cash and Investments	 <u>\$ 66,778,473</u>

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

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

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage Of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	Yes	5 years	30%	None
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	90 days	10%	None
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	15%	10%

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

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

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage Of Portfolio*	Maximum Investment In One Issuer*
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-through Securities	No	N/A	N/A	N/A
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
California Asset Mgmt Program	Yes	N/A	None	None
JPA Pools (Other Investment Pools)	No	N/A	N/A	N/A

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

Investments Authorized by Debt Agreements

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

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

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

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:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 1,034,395	\$ 516,133	\$ 518,262	\$	\$
Federal Agency Securities	8,768,938	3,045,530	3,109,433	2,613,975	
Medium Term Notes	3,096,901		532,133	2,564,768	
Local Agency Investment Fund	21,103,067	21,103,067			
Money Market Funds	91,293	91,293			
Held By Bond Trustee:					
Federal Agency Securities	2,659,319			2,659,319	
Money Market Fund	27,841,386	27,841,386			
Investments Contracts	1,474,194				1,474,194
Total	\$ 66,069,493	\$ 52,597,409	\$ 4,159,828	\$ 7,838,062	\$ 1,474,194

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.

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Disclosures Relating to Credit Risk - Continued

Investment Type	Total	Minimum Legal Rating	Rating as of Year End		
			AAA	AA	Not Rated
U.S. Treasury Notes	\$ 1,034,395	N/A	\$ -	\$ -	\$ 1,034,395
Federal Agency Security	8,768,938	N/A	8,768,938	-	-
Medium Term Notes	3,096,901	AA	-	3,096,901	-
Local Agency Investment Fund	21,103,067	N/A	-	-	21,103,067
Money Market Funds	91,293	N/A	91,293	-	-
Held by Fiscal Agent:					
Federal Agency Securities	2,659,319		2,659,319		
Money Market Funds	27,841,386	AAA	27,841,386	-	-
Investment Contracts	1,474,194	N/A	-	-	1,474,194
Total	\$ 66,069,493		\$39,360,936	\$3,096,901	\$23,611,656

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount	% of Total Investments
Federal Home Loan Mortgage Corp	Federal Agency Securities	\$ 3,569,353	5.4%

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:

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Custodial Credit Risk - Continued

The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City generally manages its exposure to custodial credit risk by collateralizing deposits and by using an investment custodian other than the broker-dealer.

Investment in Investment Pools

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

The City is a voluntary participant in the California Asset Management Program (CAMP), an investment pool managed by Public Financial Management, Inc. CAMP was established under provisions of the California Joint Exercise of Powers Act. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

B) Capital Assets

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructures reporting, whereby depreciation expense and accumulated depreciation has been recorded. The following table presents summary information on the changes in governmental funds capital assets for the year ended June 30, 2011.

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

B) Capital Assets - Continued

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 8,503,297	\$ -	\$ -	\$ 4,811,765	\$ 13,315,062
Parks	4,858,872	-	-	-	4,858,872
Construction in Progress	28,790,672	758,225	-	(28,561,100)	987,797
Total Capital Assets, Not Being Depreciated	42,152,841	758,225	-	(23,749,335)	19,161,731
Capital Assets, Being Depreciated					
Buildings	15,822,552	-	-	4,334,970	20,157,522
Improvements Other Than Buildings	98,904	78,929	-	5,709,557	5,887,390
Equipment	3,524,965	290,725	(53,903)	4,684,135	8,445,922
Vehicles	4,527,531	585,873	(16,912)	-	5,096,492
Infrastructure	206,578,346	2,137,590	(74,653)	9,020,673	217,661,956
Total Capital Assets Being Depreciated	230,552,298	3,093,117	(145,468)	23,749,335	257,249,282
Less Accumulated Depreciated for:					
Buildings	(4,220,308)	(706,275)	-	-	(4,926,583)
Improvements Other Than Buildings	(5,510)	(372,214)	-	-	(377,724)
Equipment	(2,135,554)	(378,424)	53,903	-	(2,460,075)
Vehicles	(3,353,466)	(351,404)	16,912	-	(3,687,958)
Infrastructure	(86,517,046)	(4,837,761)	67,188	-	(91,287,619)
Total Accumulated Depreciation	(96,231,884)	(6,646,078)	138,003	-	(102,739,959)
Total Capital Assets Being Depreciated, Net	134,320,414	(3,552,961)	(7,465)	23,749,335	154,509,323
Governmental Activities Capital Assets, Net	<u>\$ 176,473,255 *</u>	<u>\$ (2,794,736)</u>	<u>\$ (7,465)</u>	<u>\$ -</u>	<u>\$ 173,671,054</u>

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

**City of Santee
Notes to Financial Statements
June 30, 2011**

2) DETAILED NOTES ON ALL FUNDS - Continued

B) Capital Assets - Continued

Depreciation expense was charged to the governmental activities as follows:

General Government	\$ 150,461
Public Safety	413,325
Public Works	5,013,128
Park and Recreation	<u>1,069,164</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 6,646,078</u>

C) Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2011 is as follows:

Due From/Due To

<u>Due From</u>	<u>Due To</u>	
Redevelopment Debt Service	General Fund	\$ 290,441
Nonmajor Governmental Funds	General Fund	41,348
Town Center Community Park	Nonmajor Governmental Funds	<u>108,813</u>
	TOTAL	<u>\$ 440,602</u>

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

Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>	
Redevelopment Debt Service Fund	Housing Set Aside Fund	\$ 59,000
Redevelopment Capital Projects	Redevelopment Debt Service Fund	2,819,980
Town Center Community Park Fund	Redevelopment Capital Projects Fund	96,530
Nonmajor Governmental Funds	General Fund	<u>26,000</u>
	TOTAL	<u>\$ 3,001,510</u>

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

C) Interfund Receivables, Payables and Transfers - Continued

The Housing Set Aside Fund made a transfer to the Redevelopment Debt Service Fund for the Housing Set Aside Fund's share of debt service payments made on outstanding tax allocation bonds. The Redevelopment Debt Service Fund made a transfer to the Redevelopment Capital Projects Fund to provide resources for the redevelopment projects. The Redevelopment Capital Projects Fund made a transfer to the Town Center Community Park Fund to provide resources for the development of a 55 acre park project. The General Fund made a transfer to the Nonmajor Governmental Funds to provide resources for an emergency storm drain repair.

D) Long-term Liabilities

Lease Revenue Bonds

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

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

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

Lease Revenue Bonds outstanding at June 30, 2011 were \$1,360,000.

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2012	\$ 150,000	\$ 47,943
2013	155,000	43,293
2014	160,000	38,255
2015	165,000	32,855
2016	175,000	27,080
2017-2019	555,000	42,443
Total	\$ 1,360,000	\$ 231,869

**City of Santee
Notes to Financial Statements
June 30, 2011**

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Tax Allocation Bonds

2005 Tax Allocation Bonds

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

The 2005 Bonds consist of \$13,450,000 of serial bonds and \$9,650,000 of term bonds. The serial bonds accrue interest at rates between 2.125% and 4.400% and, mature between August 1, 2006 and August 1, 2025. The term bonds accrue interest at rates between 4.500% and 4.650% and mature between August 1, 2027 and August 1, 2033. The reserve requirement at June 30, 2011 of \$1,474,194 was fully satisfied.

The 2005 Bonds outstanding at June 30, 2011 were \$20,715,000. Annual debt service requirements to maturity for the 2005 Bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2012	\$ 555,000	\$ 876,353
2013	575,000	857,990
2014	595,000	837,862
2015	615,000	815,931
2016	640,000	793,183
2017-2021	3,625,000	3,560,842
2022-2026	4,460,000	2,721,705
2027-2031	5,615,000	1,605,674
2032-2034	4,035,000	286,859
Total	<u>\$ 20,715,000</u>	<u>\$ 12,356,399</u>

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Tax Allocation Bonds - Continued

2011 Tax Allocation Bonds Series A and Series B

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

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

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

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Tax Allocation Bonds - Continued

2011 Tax Allocation Bonds Series A and Series B - Continued

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

Year Ending June 30,	2011A		2011B	
	Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2012	\$ -	\$ 1,566,489	\$ -	\$ 378,889
2013	470,000	1,717,525	70,000	415,987
2014	485,000	1,703,200	70,000	413,450
2015	505,000	1,686,456	75,000	410,175
2016	520,000	1,665,938	80,000	405,900
2017-2021	2,945,000	7,931,013	475,000	1,940,913
2022-2026	3,855,000	6,952,993	705,000	1,694,950
2027-2031	5,225,000	5,453,337	1,085,000	1,290,325
2032-2036	5,855,000	3,384,325	1,150,000	699,025
2037-2041	5,615,000	1,515,325	795,000	300,437
2042	1,370,000	47,950	205,000	9,738
Total	\$ 26,845,000	\$ 33,624,551	\$ 4,710,000	\$ 7,959,789

Capital Lease Payable

On June 10, 2010, the City entered into a Purchase Agreement with Pierce Manufacturing Incorporated in the amount of \$500,998 for the purchase of a 2010 1500 GPM Triple Combination Pumper. The capital asset has been recorded as of June 30, 2011. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with Oshkosh Capital dated June 18, 2010.

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Capital Lease Payable - Continued

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

Year Ending June 30,	Governmental Activities
2012	\$ 81,763
2013	81,763
2014	81,763
2015	81,763
2016	81,763
2017-2018	122,644
Total Minimum Lease Payments	531,459
Less: Amount Representing Interest	(59,627)
Present Value of Minimum Lease Payments	\$ 471,832

Notes and Loans Payable

On November 17, 2010, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City will borrow up to \$8,450,000 through the TransNet debt financing program. Under the agreement, the City is responsible for its proportionate share of SANDAG's bond issuance costs, annual debt service and administrative costs through the maturity date of the note in fiscal year ending 2030. Interest on the note is 3.116%. The repayment of debt will be the first priority on the use of the City's annual TransNet revenues. As of June 30, 2011, the City's total debt outstanding on this note was \$3,913,515.

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Notes and Loans Payable - Continued

Annual debt service requirements to maturity on this debt at June 30, 2011 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2012	\$ 156,169	\$ 119,727
2013	161,105	114,791
2014	166,198	109,699
2015	171,451	104,445
2016	176,871	99,026
2017-2021	971,832	407,650
2022-2026	1,135,446	244,036
2027-2030	974,443	59,252
Total	<u>\$ 3,913,515</u>	<u>\$ 1,258,626</u>

In August 2010, the City entered into an “On-Bill Financing Loan agreement” with the San Diego Gas & Electric Company (SDG&E) whereby SDG&E will provide no interest loan funding to the City to facilitate the purchase and installation of energy efficiency and demand reduction measures. The loan term to maturity is 53 months and will be paid back on a monthly basis on the City’s SDG&E utility bills. The monthly savings from the energy efficiency upgrades is estimated to be approximately \$2,196 and the monthly loan payment to maturity is \$2,067. Imputed interest on the loan is immaterial and has not been included in these financial statements. The total loan balance outstanding at June 30, 2011 is \$109,563.

Annual loan payments to maturity are as follows:

Year Ending June 30,	Principal
2012	\$ 24,807
2013	24,807
2014	24,807
2015	24,807
2016	10,335
Total	<u>\$ 109,563</u>

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Claims and Judgments

The outstanding liability for claims payable at June 30, 2011 was \$1,006,268 (see Note 3 A). This liability is primarily liquidated from the General Fund.

Compensated Absences

The outstanding liability for compensated absences earned at June 30, 2011 was \$1,199,630. Compensated absences relate to accrued vacation and sick pay for City employees. This liability is primarily liquidated from the General Fund. There is no fixed payment schedule for compensated absences.

Other Post-Employment Benefits (OPEB)

The outstanding liability for other post-employment benefits payable at June 30, 2011 was \$115,166 (see Note 3 D).

Pension-Related Debt

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

City of Santee
Notes to Financial Statements
June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Pension-Related Debt - Continued

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

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
2012	\$ 224,856	\$ 158,058	\$ 382,914
2013	255,200	140,158	395,358
2014	288,318	119,891	408,209
2015	25,833	107,981	133,814
2016	32,349	105,814	138,163
2017-2021	284,331	476,828	761,159
2022-2026	572,161	320,990	893,151
2027-2029	544,288	64,322	608,610
Total	\$ 2,227,336	\$ 1,494,042	\$ 3,721,378

Changes in Long-term Liabilities

Long-term liability activity for the governmental activities for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 22,760,000	\$ 31,555,000	\$ 685,000	\$ 53,630,000	\$ 705,000
Discount on Bonds		(618,555)		(618,555)	-
Notes and Loans Payable	4,334,133	4,111,957	4,423,012	4,023,078	156,169
Capital Lease Payable	500,998		29,166	471,832	65,866
Claims and Judgments	956,593	322,366	272,691	1,006,268	326,000
Compensated Absences	1,000,676	1,008,105	809,151	1,199,630	599,815
OPEB Payable	121,329	235,543	241,706	115,166	-
Pension Related Debt		2,424,408*	197,072	2,227,336	224,856
Total	\$ 29,673,729	\$ 39,038,824	\$ 6,657,798	\$ 62,054,755	\$ 2,077,706

* This represents a prior period adjustment in the Statement of Activities.

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION

A) Risk Management

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

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

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

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

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

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

The changes in the claims liability for the years ended June 30, 2011 and 2010 were as follows:

	2011	2010
Claims payable, beginning of year	\$ 956,593	\$ 1,025,845
Current year claims and changes in estimates	322,366	335,192
Current year claims payments	(272,691)	(404,444)
Claims payable, end of year	\$ 1,006,268	\$ 956,593

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

A) Risk Management - Continued

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2009-10 to fiscal year 2010-11. Furthermore, there was no settlement which exceeded the insurance coverage for the past three years.

B) Loans Receivable

Loans receivable consist primarily of the following:

- 1) The Santee Community Development Commission, as part of an Affordable Housing Agreement with Southern California Housing Development Corporation, has made a loan for the acquisition, rehabilitation and construction of low and moderate income housing in the amount of \$3,016,248. During the fiscal year ending June 30, 2011, \$90,488 in accrued interest was added to the outstanding balance, which was \$4,006,103 at June 30, 2011. Principal and interest at a rate of 3% are due no later than 55 years from the date of the note. Due to the long-term nature of the loan, deferred revenue has been recorded in the Housing Set-Aside Special Revenue Fund for the accrued interest totaling \$989,855.
- 2) The Santee Community Development Commission, as part of an Affordable Housing Agreement with Fanita 48, L.P., has made a loan in the amount of \$5,276,000 for land acquisition and construction of low and moderate income housing. During the fiscal year ended June 30, 2011, \$158,280 in accrued interest was added to the outstanding balance, which was \$5,543,757 at June 30, 2011. Principal and interest, at a rate of 3% are due no later than 55 years from the date of the note. Due to the long-term nature of the loan, deferred revenue has been recorded in the Housing Set-Aside Special Revenue Fund for the accrued interest totaling \$267,757.
- 3) The Santee Community Development Commission has made housing rehabilitation loans to individuals at varying terms and interest rates ranging from zero to 3%. The balance outstanding at June 30, 2011 is \$811,094.
- 4) The Commission has made various First Time Home Buyer Loans to individuals with Federal HOME and CalHome Program funding to assist them in acquiring a single family residence within the City. These loans are at various low simple interest rates. Assuming all conditions of the loans are met, accrued and unpaid interest is forgiven by the Commission 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, 2011 was \$2,268,800.

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

C) Employee Retirement System and Pension Plans

California Public Employee Retirement System

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

Funding Policy: Participants are required to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. Effective October 1, 2009, miscellaneous and safety employees contribute 4%, which amounted to \$400,404 for 2010-11. The City contributed the remainder for City employees on their behalf which amounted to \$505,213 during the year ended June 30, 2011.

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2011 was 13.541% for miscellaneous employees and 25.664% for safety employees. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Three Year Trend Information for the Miscellaneous and Safety Plans:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/09	\$ 2,919,404	100%
6/30/10	\$ 2,599,706	100%
6/30/11	\$ 2,030,958	100%

Public Agency Retirement System

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

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

C) Employee Retirement System and Pension Plans - Continued

Public Agency Retirement System - Continued

For the year ended June 30, 2011, the City's payroll covered by the plan was \$286,044. The City made employer contributions of \$10,727 (3.75% of covered payroll), and employees contributed \$10,727 (3.75% of covered payroll).

D) Other Post-Employment Benefits (OPEB)

Plan Description

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

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

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

These benefits are established by City Council action. Expenditures for post-employment benefits are reported on a pay-as-you-go basis, and for fiscal year ended June 30, 2011 were \$107,079. As of June 30, 2011, 40 participants were eligible to receive benefits.

The City provides a retiree health premium assistance program to executive management personnel who retire with at least eight years of service with the City. Expenditures for post-employment benefits are reported on a pay-as-you-go basis, and for fiscal year ended June 30, 2011 were \$8,746. There was one participant in this program as of June 30, 2011.

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

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

D) Other Post-Employment Benefits (OPEB)

City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pre-funding basis (i.e., as medical insurance premiums become due). For fiscal year 2010-11, the City contributed \$241,706 to the plan, including \$235,543 for current premiums. Contributions are typically made from the General Fund.

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

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual Required Contribution	\$	233,939
Interest on Net OPEB Obligation		9,100
Adjustment to Annual Required Contribution		(7,496)
Annual OPEB Cost (Expense)		235,543
Contributions Made (Including Premiums Paid)		(241,706)
Increase (Decrease) in Net OPEB Obligation		(6,163)
Net OPEB Obligation - Beginning of Year		121,329
Net OPEB Obligation - End of Year	\$	115,166

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

June 30,	OPEB Cost	(Net of Adjustments)	Cost Contributed	Obligation
6/30/09	\$ 234,631	\$ 178,365	76.0%	\$ 56,266
6/30/10	\$ 239,788	\$ 174,725	72.9%	\$ 121,329
6/30/11	\$ 235,543	\$ 241,706	102.6%	\$ 115,166

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

E) Net Assets and Fund Balances

Net Assets

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

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

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

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

Fund Balances

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

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 action. 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

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

E) Net Assets and Fund Balances

Fund Balances - Continued

resources that are restricted, committed, or assigned, negative unassigned fund balance may be necessary to report.

The details of the fund balances as of June 30, 2011 are presented below:

	General Fund	Housing Set Aside	RDA Debt Service	RDA Capital Projects	Town Center Community Park	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays	\$ 9,413	\$ 71,400	\$	\$	\$	\$	\$ 80,813
Inventory	4,839						4,839
Restricted for:							
Low/Mod Housing		14,255,914					14,255,914
Debt Service	6		9,616,672				9,616,678
Redevelopment				28,590,965			28,590,965
Public Safety						1,618	1,618
Public Works						196,876	196,876
Community Development						243,000	243,000
Streets and Roads						290,567	290,567
Flood Control						176,737	176,737
Capital Projects						10,795,844	10,795,844
Other Purposes						503,327	503,327
Committed to:							
General Government	31,002						31,002
Software Upgrade						365,879	365,879
Public Safety						9,445	9,445
Assigned to:							
General Government	36,602						36,602
Public Safety	68,673						68,673
Public Works	9,761						9,761
Parks and Recreation	94,491						94,491
Self Insurance	976,460						976,460
Vehicle Replacement	853,138						853,138
Capital Projects						666,953	666,953
Subsequent Budget	897,900						897,900
Other Purposes	8,693					70,305	78,998
Unassigned:	6,903,668				(118,589)	(236,163)	6,548,916
Total Fund Balance	<u>\$ 9,894,646</u>	<u>\$14,327,314</u>	<u>\$ 9,616,672</u>	<u>\$28,590,965</u>	<u>\$ (118,589)</u>	<u>\$ 13,084,388</u>	<u>\$ 75,395,396</u>

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

F) Commitments and Contingencies

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2011, the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

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

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each local government would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city, special district or county "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Santee intends to use available monies of its redevelopment agency for this purpose and the City and Commission have approved a reimbursement agreement to accomplish that. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, any receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency would become uncollectible with a loss recognized to the City. Additionally, the City would be impacted by the elimination of reimbursements previously paid to the City by the redevelopment agency for shared administrative services.

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

F) Commitments and Contingencies - Continued

Recent Changes in Legislation Affecting California Redevelopment Agencies - Continued

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15 2011, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

On April 10, 2011, City of Santee Ordinance No. 510 was adopted indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Commission, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$3,389,067 with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$880,136 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the Commission's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Commission to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

F) Commitments and Contingencies - Continued

Recent Changes in Legislation Affecting California Redevelopment Agencies - Continued

As of December 29, 2011, the Supreme Court of California upheld the provisions of Assembly Bill XI 26 and invalidated Assembly Bill XI 27. The ruling provides for the wind-up and dissolution of redevelopment agencies as of February 1, 2012.

G) Prior Period Adjustments

The prior period adjustment in the General Fund of \$1,050,187 is the result of reclassifying refundable deposits from developers out of fund balance to deposits payable as of the beginning of the fiscal year.

The prior period adjustment in the Housing Set-Aside fund of \$4,788,212 consists of the following:

- (1) Recording \$2,068,800 of loans receivable made in prior years which were not previously reported;
- (2) To reverse \$666,680 of deferred revenue for loans receivable that should not be deferred;
- (3) Recording the prior year 20% tax increment allocation of \$2,052,732 that was suspended as part of a provision of California State Assembly ABX4-26 but should have been recorded as an interfund receivable in the prior year.

In the prior year, the Agency suspended the 20% tax increment allocation to the Housing Set-Aside fund and recorded 100% of the tax increment received as revenue in the Debt Service fund. The amount representing the 20% suspended allocation of \$2,052,732 should have properly been recorded as an advance payable in the Debt Service fund in the prior year. The advance was repaid in the 2010-11 fiscal year.

The prior period adjustment in the Statement of Activities of \$39,009,430 consists of the following:

- (1) The City added certain infrastructure assets, including related accumulated depreciation, in the current year as part of the implementation of GASB 34. This resulted in a net prior period adjustment of \$40,445,425.
- (2) The City recorded loans receivable of \$2,068,800 for loans made in prior years but not recorded as receivables when the loans were made.

City of Santee
Notes to Financial Statements
June 30, 2011

3) OTHER INFORMATION - Continued

G) Prior Period Adjustments - Continued

- (3) The City, as described more fully in Note 2 D, recorded a liability in the current year for Pension Related Debt relating to their "Side Fund" from CalPERS retirement plans. The adjustment at the beginning of the year to record the liability was (\$2,424,408).
- (4) In the prior year project deposits from developers were included as part of net assets. These amounts should be recorded as liabilities. An adjustment of (\$1,050,187) was made to net assets to record the liability at the beginning of the year.
- (5) A receivable recorded in prior years should not have been recorded. An adjustment of (\$30,200) was made to net assets to remove the receivable at the beginning of the year.

H) Restatement of Fund Balances

Fund balances in the funds below were restated as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

	General Fund	Project Deposits Governmental Funds	Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Fund Balances, as Previously Reported	\$ 10,709,119	\$ 1,050,187	\$ 12,773,119
Restatements:			
Changes to fund balance resulting from the Implementation of GASB 54	<u>1,147,415</u>	<u>(1,050,187)</u>	<u>(97,228)</u>
Fund Balances, Restated	<u>\$ 11,856,534</u>	<u>\$ -</u>	<u>\$ 12,675,891</u>

I) Subsequent Event

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.

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City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property Taxes	\$ 12,536,000	\$ 12,234,700	\$ 12,144,231	\$ (90,469)
Sales	7,448,000	7,887,200	7,984,974	97,774
Other	2,470,000	2,796,600	2,788,265	(8,335)
Special Assessments	918,000	918,000	925,855	7,855
Intergovernmental	369,000	720,195	746,309	26,114
Licenses and Permits	945,000	921,700	817,009	(104,691)
Fines and Forfeitures	247,000	232,200	234,620	2,420
Charges for Services	3,933,190	3,552,860	3,145,709	(407,151)
Investment Income	449,000	269,200	233,702	(35,498)
Other Revenue	423,000	395,550	283,552	(111,998)
	<u>29,738,190</u>	<u>29,928,205</u>	<u>29,304,226</u>	<u>(623,979)</u>
EXPENDITURES				
Current:				
City Council	331,518	331,518	331,785	(267)
City Manager	464,207	502,560	488,613	13,947
City Attorney	413,960	465,195	469,128	(3,933)
City Clerk	201,327	216,145	209,292	6,853
Finance	625,772	668,527	660,787	7,740
Human Resources	381,037	412,832	366,257	46,575
Risk Management	353,564	353,564	320,508	33,056
Police	11,647,800	11,733,367	11,416,965	316,402
Fire	10,261,705	10,459,673	9,802,083	657,590
Animal Control	268,840	268,840	264,757	4,083
Development Services	1,950,140	1,950,161	1,889,623	60,538
Community Services	3,291,550	3,396,685	3,204,136	192,549
Capital Outlay	60,000	590,694	527,818	62,876
Debt Service:				
Principal	190,000	178,284	174,166	4,118
Interest and Fiscal Charges	52,290	64,006	64,009	(3)
Projected Expenditure Savings	(312,100)	(312,100)	-	(312,100)
	<u>30,181,610</u>	<u>31,279,951</u>	<u>30,189,927</u>	<u>1,090,024</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(443,420)</u>	<u>(1,351,746)</u>	<u>(885,701)</u>	<u>466,045</u>

Continued

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund - Continued
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(132,100)	(158,100)	(26,000)	132,100
 Total Other Financing Sources (Uses)	 (132,100)	 (158,100)	 (26,000)	 132,100
 Net Change in Fund Balances	 (575,520)	 (1,509,846)	 (911,701)	 598,145
Fund Balance, Beginning	11,856,534	11,856,534	11,856,534	-
Prior Period Adjustment	-	-	(1,050,187)	(1,050,187)
Fund Balance, End of Year	<u>\$ 11,281,014</u>	<u>\$ 10,346,688</u>	<u>\$ 9,894,646</u>	<u>\$ (452,042)</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Set Aside Special Revenue Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,910,400	\$ 1,890,400	\$ 1,893,298	\$ 2,898
Intergovernmental	239,300	243,900	142,505	(101,395)
Charges for Services	77,800	112,600	100,948	(11,652)
Investment Income	11,200	11,200	24,897	13,697
Other Revenue	20,000	310	311	1
Total Revenues	2,258,700	2,258,410	2,161,959	(96,451)
EXPENDITURES				
Current:				
General Government	83,600	220,000	32,139	187,861
Community Development	1,458,480	2,100,444	963,481	1,136,963
Current:				
Principal	385,000	385,000	384,133	867
Interest	5,000	5,000	2,359	2,641
Total Expenditures	1,932,080	2,710,444	1,382,112	1,328,332
Excess (Deficiency) of Revenues Over Expenditures	326,620	(452,034)	779,847	1,231,881
OTHER FINANCING SOURCES (USES)				
Transfers Out	(59,000)	(59,000)	(59,000)	-
Net Change in Fund Balance	267,620	(511,034)	720,847	1,231,881
Fund Balance, Beginning of Year	8,818,255	8,818,255	8,818,255	-
Prior Period Adjustment			4,788,212	4,788,212
Fund Balance, End of Year	<u>\$ 9,085,875</u>	<u>\$ 8,307,221</u>	<u>\$ 14,327,314</u>	<u>\$ 6,020,093</u>

City of Santee
Notes to the Required Supplementary Information
June 30, 2011

Budgetary Information

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

1. Public hearings are conducted to obtain public comments.
2. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, certain Special Revenue Funds, and Debt Service Fund. However, no budget is prepared for the Paramedic Equipment Special Revenue Fund.
3. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary comparisons are not presented for Capital Projects Funds because the adopted budget is primarily a "long-term" budget which emphasized major programs and capital outlay plans extending over a number of years. Because of the long-term nature of projects, "annual" budget comparisons are not considered meaningful, and accordingly, no budgetary information is included in the accompanying financial statements.
4. Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations at the fund level. The City Manager is authorized to transfer amounts within departmental budgets. Transfers of appropriations between departments, or any increase in total appropriations of a fund must be approved by the City Council. Budgeted expenditure amounts represent original appropriations adjusted by prior year encumbrances, designated amounts carried forward, and supplemental appropriations approved by City Council during the year. During 2010-11, the City made supplemental appropriations and other appropriation adjustments which increased the original General Fund budget by \$1,124,341. Budget appropriations for the various governmental funds become effective each July 1. Unexpended appropriations lapse at year-end.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in any year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2011, based on the calculations by City management, proceeds of taxes did not exceed the appropriations limit.

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City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Redevelopment Debt Service Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 7,561,600	\$ 7,573,191	\$ 11,591
Investment Income	122,500	183,963	61,463
Total Revenues	<u>7,684,100</u>	<u>7,757,154</u>	<u>73,054</u>
EXPENDITURES			
Current:			
General Government	2,126,300	2,058,977	67,323
Debt Service			
Principal	555,000	540,000	15,000
Interest and Fiscal Charges	893,480	893,471	9
Total Expenditures	<u>3,574,780</u>	<u>3,492,448</u>	<u>82,332</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,109,320</u>	<u>4,264,706</u>	<u>155,386</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	59,000	59,000	-
Transfers Out	(2,819,980)	(2,819,980)	-
Issuance of Long-Term Debt	-	2,842,251	2,842,251
Total Other Financing Sources (Uses)	<u>(2,760,980)</u>	<u>81,271</u>	<u>2,842,251</u>
Net Change in Fund Balance	1,348,340	4,345,977	2,997,637
Fund Balance, Beginning of Year	7,323,427	7,323,427	-
Prior Period Adjustment	<u>(2,052,732)</u>	<u>(2,052,732)</u>	<u>(2,052,732)</u>
Fund Balance, End of Year	<u>\$ 8,671,767</u>	<u>\$ 9,616,672</u>	<u>\$ 944,905</u>

City of Santee
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue Fund	Capital Projects Funds	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 1,320,387	\$ 11,862,603	\$ 13,182,990
Interest Receivable	1,430	34,827	36,257
Accounts Receivable	127,263	8,093	135,356
Due from Other Funds	-	108,813	108,813
Due from Other Governments	502,749	515,585	1,018,334
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,951,829</u>	<u>\$ 12,529,921</u>	<u>\$ 14,481,750</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 517,498	\$ 379,515	\$ 897,013
Deferred Revenue	261,987	197,014	459,001
Due to Other Funds	41,348	-	41,348
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>820,833</u>	<u>576,529</u>	<u>1,397,362</u>
 Fund Balances:			
Restricted	1,357,714	10,850,255	12,207,969
Committed	9,445	365,879	375,324
Assigned	-	737,258	737,258
Unassigned	(236,163)	-	(236,163)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,130,996</u>	<u>11,953,392</u>	<u>13,084,388</u>
 Total Liabilities and Fund Balances	<u>\$ 1,951,829</u>	<u>\$ 12,529,921</u>	<u>\$ 14,481,750</u>

City of Santee
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property Taxes	\$ 496,519	\$ -	\$ 496,519
Other Taxes	1,454,317	-	1,454,317
Special Assessments	723,739	-	723,739
Intergovernmental	546,613	1,913,173	2,459,786
Developer Fees	-	1,460,682	1,460,682
Use of Money and Property	6,042	83,761	89,803
Other Revenue	51,666	213,281	264,947
	<u>3,278,896</u>	<u>3,670,897</u>	<u>6,949,793</u>
EXPENDITURES			
Current:			
General Government	100,948	-	100,948
Public Safety	100,000	-	100,000
Public Works	3,111,224	-	3,111,224
Community Development	145,379	-	145,379
Capital Outlay:			
General Government	-	180,635	180,635
Public Safety	101,572	-	101,572
Public Works	117,771	2,618,950	2,736,721
Parks and Recreation	-	39,441	39,441
Debt Service:			
Principal	-	4,038,879	4,038,879
Interest and Fiscal Charges	-	124,454	124,454
	<u>3,676,894</u>	<u>7,002,359</u>	<u>10,679,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(397,998)</u>	<u>(3,331,462)</u>	<u>(3,729,460)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	26,000	-	26,000
Transfers Out	-	-	-
Issuance of Long-term Debt	109,563	4,002,394	4,111,957
	<u>135,563</u>	<u>4,002,394</u>	<u>4,137,957</u>
Net Change in Fund Balances	(262,435)	670,932	408,497
Fund Balances, Beginning of Year	<u>1,393,431</u>	<u>11,282,460</u>	<u>12,675,891</u>
Fund Balances, End of Year	<u>\$ 1,130,996</u>	<u>\$ 11,953,392</u>	<u>\$ 13,084,388</u>

City of Santee
Non-Major Governmental Funds
June 30, 2011

Special Revenue Funds

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

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

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

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

Traffic Congestion Relief - is used to account for revenue received from the State of California restricted for street and highway pavement maintenance, rehabilitation, reconstruction and storm damage repair.

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

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

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

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

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

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

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

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

**City of Santee
Non-Major Governmental Funds
June 30, 2011**

Special Revenue Funds - Continued

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

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

City of Santee
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2011

	Supplemental Law Enforcement	Asset Seizure	Gas Tax	Traffic Congestion Relief
ASSETS				
Cash and Investments	\$ -	\$ 1,616	\$ 166,218	\$ 303,988
Accounts Receivable	-	-	-	-
Interest Receivable	-	2	137	371
Due from Other Governments	25,000	-	436,204	-
	<u>25,000</u>	<u>-</u>	<u>436,204</u>	<u>-</u>
Total Assets	<u>\$ 25,000</u>	<u>\$ 1,618</u>	<u>\$ 602,559</u>	<u>\$ 304,359</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 16,666	\$ -	\$ 104,482	\$ 304,359
Deferred Revenue	-	-	261,921	-
Due to Other Funds	8,334	-	-	-
	<u>8,334</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>25,000</u>	<u>-</u>	<u>366,403</u>	<u>304,359</u>
Fund Balances:				
Restricted	-	1,618	472,312	-
Committed	-	-	-	-
Unassigned	-	-	(236,156)	-
	<u>-</u>	<u>-</u>	<u>(236,156)</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>1,618</u>	<u>236,156</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 25,000</u>	<u>\$ 1,618</u>	<u>\$ 602,559</u>	<u>\$ 304,359</u>

<u>Energy Efficiency Block Grant</u>	<u>Zone 2 Flood Control District</u>	<u>Community Development Block Grant</u>	<u>CDBG Section 108 Loan</u>	<u>Town Center Landscape Maintenance</u>	<u>Santee Landscape Maintenance</u>	<u>Mobile Home Park Assessment</u>
\$ 21,307	\$ 174,421	\$ -	\$ -	\$ 182,680	\$ 43,091	\$ 67,104
-	-	-	-	-	-	-
-	173	1	-	169	48	104
7	2,997	33,876	-	162	720	-
<u>\$ 21,314</u>	<u>\$ 177,591</u>	<u>\$ 33,877</u>	<u>\$ -</u>	<u>\$ 183,011</u>	<u>\$ 43,859</u>	<u>\$ 67,208</u>
\$ 21,314	\$ 795	\$ 14,769	\$ -	\$ 23,854	\$ 6,140	\$ -
7	59	-	-	-	-	-
-	-	12,264	-	-	-	-
<u>21,321</u>	<u>854</u>	<u>27,033</u>	<u>-</u>	<u>23,854</u>	<u>6,140</u>	<u>-</u>
-	176,737	6,844	-	159,157	37,719	67,208
-	-	-	-	-	-	-
(7)	-	-	-	-	-	-
<u>(7)</u>	<u>176,737</u>	<u>6,844</u>	<u>-</u>	<u>159,157</u>	<u>37,719</u>	<u>67,208</u>
<u>\$ 21,314</u>	<u>\$ 177,591</u>	<u>\$ 33,877</u>	<u>\$ -</u>	<u>\$ 183,011</u>	<u>\$ 43,859</u>	<u>\$ 67,208</u>

Continued

City of Santee
Combining Balance Sheet
Non-Major Special Revenue Funds - Continued
June 30, 2011

	Special Street Lighting Tax	Roadway Lighting District	Paramedic Equipment	Total Non-Major Special Revenue Funds
ASSETS				
Cash and Investments	\$ -	\$ 334,546	\$ 25,416	\$ 1,320,387
Accounts Receivable	117,197	10,066	-	127,263
Interest Receivable	11	385	29	1,430
Due from Other Governments	2,307	1,476	-	502,749
	<u>2,307</u>	<u>1,476</u>	<u>-</u>	<u>502,749</u>
Total Assets	<u>\$ 119,515</u>	<u>\$ 346,473</u>	<u>\$ 25,445</u>	<u>\$ 1,951,829</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 13,849	\$ 3,270	\$ 8,000	\$ 517,498
Deferred Revenue	-	-	-	261,987
Due to Other Funds	12,750	-	8,000	41,348
	<u>12,750</u>	<u>-</u>	<u>8,000</u>	<u>41,348</u>
Total Liabilities	<u>26,599</u>	<u>3,270</u>	<u>16,000</u>	<u>820,833</u>
Fund Balances:				
Restricted	92,916	343,203	-	1,357,714
Committed	-	-	9,445	9,445
Unassigned	-	-	-	(236,163)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236,163)</u>
Total Fund Balances	<u>92,916</u>	<u>343,203</u>	<u>9,445</u>	<u>1,130,996</u>
Total Liabilities and Fund Balances	<u>\$ 119,515</u>	<u>\$ 346,473</u>	<u>\$ 25,445</u>	<u>\$ 1,951,829</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, 2011

	Supplemental Law Enforcement	Asset Seizure	Gas Tax	Traffic Congestion Relief
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	1,454,317	-
Special Assessments	-	-	-	-
Intergovernmental	100,000	-	75,684	-
Use of Money and Property	-	9	1,018	1,504
Other Revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>100,000</u>	<u>9</u>	<u>1,531,019</u>	<u>1,504</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	100,000	-	-	-
Public Works	-	-	1,307,851	326,554
Community Development	-	-	-	-
Capital Outlay:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>100,000</u>	<u>-</u>	<u>1,307,851</u>	<u>326,554</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>9</u>	<u>223,168</u>	<u>(325,050)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Long-term Debt	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	9	223,168	(325,050)
Fund Balances, Beginning of Year	<u>-</u>	<u>1,609</u>	<u>12,988</u>	<u>325,050</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 1,618</u>	<u>\$ 236,156</u>	<u>\$ -</u>

<u>Energy Efficiency Block Grant</u>	<u>Zone 2 Flood Control District</u>	<u>Community Development Block Grant</u>	<u>CDBG Section 108 Loan</u>	<u>Town Center Landscape Maintenance</u>	<u>Santee Landscape Maintenance</u>	<u>Mobile Home Park Assessment</u>
\$ -	\$ 270,339	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	315,141	104,408	20,988
226,095	1,883	142,951	-	-	-	-
-	468	9	-	596	159	435
-	-	-	-	18,787	-	-
<u>226,095</u>	<u>272,690</u>	<u>142,960</u>	<u>-</u>	<u>334,524</u>	<u>104,567</u>	<u>21,423</u>
-	-	-	-	-	-	100,948
-	-	-	-	-	-	-
226,102	332,605	-	-	317,245	97,763	-
-	-	142,951	2,428	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>226,102</u>	<u>332,605</u>	<u>142,951</u>	<u>2,428</u>	<u>317,245</u>	<u>97,763</u>	<u>100,948</u>
<u>(7)</u>	<u>(59,915)</u>	<u>9</u>	<u>(2,428)</u>	<u>17,279</u>	<u>6,804</u>	<u>(79,525)</u>
-	26,000	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(7)	(33,915)	9	(2,428)	17,279	6,804	(79,525)
-	210,652	6,835	2,428	141,878	30,915	146,733
<u>\$ (7)</u>	<u>\$ 176,737</u>	<u>\$ 6,844</u>	<u>\$ -</u>	<u>\$ 159,157</u>	<u>\$ 37,719</u>	<u>\$ 67,208</u>

Continued

City of Santee
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds - Continued
Year Ended June 30, 2011

	<u>Special Street Lighting Tax</u>	<u>Roadway Lighting District</u>	<u>Paramedic Equipment</u>	<u>Total Non-Major Special Revenue Funds</u>
REVENUES				
Property Taxes	\$ 226,180	\$ -	\$ -	\$ 496,519
Other Taxes	-	-	-	1,454,317
Special Assessments	-	283,202	-	723,739
Intergovernmental	-	-	-	546,613
Use of Money and Property	155	1,584	105	6,042
Other Revenue	18,983	11,094	2,802	51,666
	<u>245,318</u>	<u>295,880</u>	<u>2,907</u>	<u>3,278,896</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	-	-	-	100,948
Public Safety	-	-	-	100,000
Public Works	237,585	265,519	-	3,111,224
Community Development	-	-	-	145,379
Capital Outlay:				
Public Safety	-	-	101,572	101,572
Public Works	117,771	-	-	117,771
	<u>355,356</u>	<u>265,519</u>	<u>101,572</u>	<u>3,676,894</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>(110,038)</u>	<u>30,361</u>	<u>(98,665)</u>	<u>(397,998)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	26,000
Transfers Out	-	-	-	-
Issuance of Long-term Debt	109,563	-	-	109,563
	<u>109,563</u>	<u>-</u>	<u>-</u>	<u>135,563</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(475)	30,361	(98,665)	(262,435)
Fund Balances, Beginning of Year	<u>93,391</u>	<u>312,842</u>	<u>108,110</u>	<u>1,393,431</u>
Fund Balances, End of Year	<u>\$ 92,916</u>	<u>\$ 343,203</u>	<u>\$ 9,445</u>	<u>\$ 1,130,996</u>

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City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Supplemental Law Enforcement Special Revenue Fund
Year Ended June 30, 2011

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

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Asset Seizure Special Revenue Fund
Year Ended June 30, 2011

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of Money and Property	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>
Total Revenues	<u>-</u>	<u>9</u>	<u>9</u>
Net Change in Fund Balances	-	9	9
Fund Balance, Beginning of Year	<u>1,609</u>	<u>1,609</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,609</u></u>	<u><u>\$ 1,618</u></u>	<u><u>\$ 9</u></u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2011

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Other Taxes	\$ 1,459,900	\$ 1,454,317	\$ (5,583)
Use of Money and Property	-	1,018	1,018
Intergovernmental	-	75,684	75,684
	<u>1,459,900</u>	<u>1,531,019</u>	<u>71,119</u>
EXPENDITURES			
Current:			
Public Works	1,501,342	1,307,851	193,491
	<u>1,501,342</u>	<u>1,307,851</u>	<u>193,491</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(41,442)</u>	<u>223,168</u>	<u>264,610</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	104,160	-	(104,160)
	<u>104,160</u>	<u>-</u>	<u>(104,160)</u>
Net Change in Fund Balances	62,718	223,168	160,450
Fund Balance, Beginning of Year	<u>12,988</u>	<u>12,988</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 75,706</u></u>	<u><u>\$ 236,156</u></u>	<u><u>\$ 160,450</u></u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Traffic Congestion Relief Special Revenue Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ 1,504	\$ 1,504
Total Revenues	-	1,504	1,504
EXPENDITURES			
Current:			
Public Works	315,041	326,554	(11,513)
Total Expenditures	315,041	326,554	(11,513)
Excess (Deficiency) of Revenues over Expenditures	(315,041)	(325,050)	(10,009)
Fund Balance, Beginning of Year	325,050	325,050	-
Fund Balance, End of Year	\$ 10,009	-	\$ (10,009)

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Energy Efficiency Block Grant Special Revenue Fund
Year Ended June 30, 2011

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 474,908	\$ 226,095	\$ (248,813)
Total Revenues	<u>474,908</u>	<u>226,095</u>	<u>(248,813)</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Works	474,908	226,102	248,806
Capital Outlay			
General Government	-	-	-
Public Works	-	-	-
Total Expenditures	<u>474,908</u>	<u>226,102</u>	<u>248,806</u>
Net Change in Fund Balances	-	(7)	7
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ 7</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Zone 2 Flood Control District Special Revenue Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 273,040	\$ 270,339	\$ (2,701)
Intergovernmental	-	1,883	1,883
Use of Money and Property	-	468	468
Total Revenues	<u>273,040</u>	<u>272,690</u>	<u>(350)</u>
EXPENDITURES			
Current:			
Public Works	<u>486,958</u>	<u>332,605</u>	<u>154,353</u>
Total Expenditures	<u>486,958</u>	<u>332,605</u>	<u>154,353</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(213,918)</u>	<u>(59,915)</u>	<u>154,003</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Net Change in Fund Balances	(187,918)	(33,915)	154,003
Fund Balance, Beginning of Year	<u>210,652</u>	<u>210,652</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 22,734</u></u>	<u><u>\$ 176,737</u></u>	<u><u>\$ 154,003</u></u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Development Block Grant Special Revenue Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue	\$ 342,199	\$ 142,951	\$ (199,248)
Use of Money and Property	-	9	9
	<u>342,199</u>	<u>142,960</u>	<u>(199,239)</u>
EXPENDITURES			
Current:			
Community Development	357,270	142,951	214,319
Capital Outlay			
Public Works	-	-	-
Parks and Recreation	-	-	-
	<u>357,270</u>	<u>142,951</u>	<u>214,319</u>
Excess (Deficiency) of Revenues over Expenditures	(15,071)	9	(15,080)
Fund Balance, Beginning of Year	<u>6,835</u>	<u>6,835</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (8,236)</u></u>	<u><u>\$ 6,844</u></u>	<u><u>\$ (15,080)</u></u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Section 108 Loan Special Revenue Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Capital Outlay			
Parks and Recreation	1,594	2,428	(834)
Total Expenditures	1,594	2,428	(834)
Excess (Deficiency) of Revenues over Expenditures	(1,594)	(2,428)	(834)
Fund Balance, Beginning of Year	2,428	2,428	-
Fund Balance, End of Year	\$ 834	\$ -	\$ (834)

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Town Center Landscape Maintenance Special Revenue Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 314,480	\$ 315,141	\$ 661
Use of Money and Property	1,000	596	(404)
Other Revenues	-	18,787	18,787
Total Revenues	<u>315,480</u>	<u>334,524</u>	<u>19,044</u>
EXPENDITURES			
Current:			
Public Works	<u>400,138</u>	<u>317,245</u>	<u>82,893</u>
Total Expenditures	<u>400,138</u>	<u>317,245</u>	<u>82,893</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(84,658)</u>	<u>17,279</u>	<u>101,937</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>27,940</u>	<u>-</u>	<u>(27,940)</u>
Total Other Financing Sources (Uses)	<u>27,940</u>	<u>-</u>	<u>(27,940)</u>
Net Changes in Fund Balances	(56,718)	17,279	73,997
Fund Balance, Beginning of Year	<u>141,878</u>	<u>141,878</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 85,160</u></u>	<u><u>\$ 159,157</u></u>	<u><u>\$ 73,997</u></u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Santee Landscape Maintenance Special Revenue Fund
Year Ended June 30, 2011

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Special Assessments	\$ 103,760	\$ 104,408	\$ 648
Use of Money and Property	<u>100</u>	<u>159</u>	<u>59</u>
Total Revenues	<u>103,860</u>	<u>104,567</u>	<u>707</u>
EXPENDITURES			
Current:			
Public Works	<u>108,553</u>	<u>97,763</u>	<u>10,790</u>
Total Expenditures	<u>108,553</u>	<u>97,763</u>	<u>10,790</u>
Excess (Deficiency) of Revenues over Expenditures	(4,693)	6,804	11,497
Fund Balance, Beginning of Year	<u>30,915</u>	<u>30,915</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 26,222</u></u>	<u><u>\$ 37,719</u></u>	<u><u>\$ 11,497</u></u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Mobile Home Park Assessment Special Revenue Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 21,080	\$ 20,988	\$ (92)
Use of Money and Property	500	435	(65)
Total Revenues	21,580	21,423	(157)
EXPENDITURES			
Current:			
General Government	95,780	100,948	(5,168)
Total Expenditures	95,780	100,948	(5,168)
Excess (Deficiency) of Revenues over Expenditures	(74,200)	(79,525)	(5,325)
Fund Balance, Beginning of Year	146,733	146,733	-
Fund Balance, End of Year	\$ 72,533	\$ 67,208	(5,325)

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Street Lighting Tax Special Revenue Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Tax	\$ 228,400	\$ 226,180	\$ (2,220)
Use of Money and Property	200	155	(45)
Other Revenue	40,000	18,983	(21,017)
Total Revenues	<u>268,600</u>	<u>245,318</u>	<u>(23,282)</u>
EXPENDITURES			
Current:			
Public Works	310,400	237,585	72,815
Capital Outlay:			
Public Works	139,987	117,771	22,216
Total Expenditures	<u>450,387</u>	<u>355,356</u>	<u>95,031</u>
Excess (Deficiency) of Revenues over Expenditures	(181,787)	(110,038)	(71,749)
OTHER FINANCING SOURCES (USES)			
Issuance of Long-Term Debt	124,387	109,563	(14,824)
Total Other Financing Sources (Uses)	<u>124,387</u>	<u>109,563</u>	<u>(14,824)</u>
Net Changes in Fund Balances	(57,400)	(475)	(86,573)
Fund Balance, Beginning of Year	<u>93,391</u>	<u>93,391</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 35,991</u>	<u>\$ 92,916</u>	<u>\$ (86,573)</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Roadway Lighting District Special Revenue Fund
Year Ended June 30, 2011

	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 275,000	\$ 283,202	\$ 8,202
Use of Money and Property	1,200	1,584	384
Other Revenue	-	11,094	11,094
Total Revenues	<u>276,200</u>	<u>295,880</u>	<u>19,680</u>
EXPENDITURES			
Current:			
Public Works	<u>340,714</u>	<u>265,519</u>	<u>75,195</u>
Total Expenditures	<u>340,714</u>	<u>265,519</u>	<u>75,195</u>
Excess (Deficiency) of Revenues over Expenditures	(64,514)	30,361	94,875
OTHER FINANCING SOURCES (USES)			
Issuance of Long-Term Debt	<u>10,066</u>	<u>-</u>	<u>(10,066)</u>
Total Other Financing Sources (Uses)	<u>10,066</u>	<u>-</u>	<u>(10,066)</u>
Net Changes in Fund Balances	(54,448)	30,361	84,809
Fund Balance, Beginning of Year	<u>312,842</u>	<u>312,842</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 258,394</u></u>	<u><u>\$ 343,203</u></u>	<u><u>\$ 84,809</u></u>

City of Santee
Non-Major Governmental Funds
June 30, 2011

Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Santee
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2011

	Transportation Improvements Prop A	Traffic Mitigation	Regional Transportation Congestion Improvements	Public Facilities
ASSETS				
Cash and Investments	\$ 195,730	\$ 5,002,056	\$ 624,034	\$ 1,353,255
Accounts Receivable	-	-	-	-
Interest Receivable	225	25,696	702	1,080
Due from Other Funds	-	-	-	-
Due from Other Governments	200,000	4,489	-	-
	<u>395,955</u>	<u>5,032,241</u>	<u>624,736</u>	<u>1,354,335</u>
Total Assets	<u>\$ 395,955</u>	<u>\$ 5,032,241</u>	<u>\$ 624,736</u>	<u>\$ 1,354,335</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 222,280	\$ -	\$ -	\$ -
Deferred Revenue	-	4,489	-	-
	<u>222,280</u>	<u>4,489</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>222,280</u>	<u>4,489</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	173,675	5,027,752	624,736	1,354,335
Committed	-	-	-	-
Assigned	-	-	-	-
	<u>173,675</u>	<u>5,027,752</u>	<u>624,736</u>	<u>1,354,335</u>
Total Fund Balances	<u>173,675</u>	<u>5,027,752</u>	<u>624,736</u>	<u>1,354,335</u>
Total Liabilities and Fund Balances	<u>\$ 395,955</u>	<u>\$ 5,032,241</u>	<u>\$ 624,736</u>	<u>\$ 1,354,335</u>

<u>Traffic Signal</u>	<u>Drainage</u>	<u>Forester Creek Development</u>	<u>Park Development</u>	<u>Capital Projects</u>	<u>Utility Underground</u>
\$ 265,275	\$ 1,888,165	\$ 144,340	\$ 1,017,189	\$ 1,172,124	\$ 70,278
-	-	-	-	8,093	-
348	3,966	168	1,161	1,301	27
-	-	-	108,813	-	-
55,745	-	250,000	-	5,351	-
<u>\$ 321,368</u>	<u>\$ 1,892,131</u>	<u>\$ 394,508</u>	<u>\$ 1,127,163</u>	<u>\$ 1,186,869</u>	<u>\$ 70,305</u>
\$ -	\$ 40,250	\$ 7,213	\$ 16,981	\$ 90,916	\$ -
55,745	-	-	-	8,710	-
55,745	40,250	7,213	16,981	99,626	-
265,623	1,851,881	387,295	1,110,182	54,411	-
-	-	-	-	365,879	-
-	-	-	-	666,953	70,305
<u>265,623</u>	<u>1,851,881</u>	<u>387,295</u>	<u>1,110,182</u>	<u>1,087,243</u>	<u>70,305</u>
<u>\$ 321,368</u>	<u>\$ 1,892,131</u>	<u>\$ 394,508</u>	<u>\$ 1,127,163</u>	<u>\$ 1,186,869</u>	<u>\$ 70,305</u>

Continued

City of Santee
Combining Balance Sheet
Non-Major Capital Projects Funds - Continued
June 30, 2011

	<u>TDA Bikeways Construction</u>	<u>TDA Transit</u>	<u>Total Non-Major Capital Projects Funds</u>
ASSETS			
Cash and Investments	\$ -	\$ 130,157	\$ 11,862,603
Accounts Receivable	-	-	8,093
Interest Receivable	-	153	34,827
Due from Other Funds	-	-	108,813
Due from Other Governments	-	-	515,585
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ -</u>	<u>\$ 130,310</u>	<u>\$ 12,529,921</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ 1,875	\$ 379,515
Deferred Revenue	-	128,070	197,014
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>129,945</u>	<u>576,529</u>
Fund Balances:			
Restricted	-	365	10,850,255
Committed	-	-	365,879
Assigned	-	-	737,258
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>-</u>	<u>365</u>	<u>11,953,392</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 130,310</u>	<u>\$ 12,529,921</u>

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City of Santee
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds
Year Ended June 30, 2011

	Transportation Improvements Prop A	Traffic Mitigation	Regional Transportation Congestion Improvements	Public Facilities
REVENUES				
Intergovernmental	\$ 515,139	\$ -	\$ -	\$ -
Developer Fees	-	160,107	124,860	324,314
Use of Money and Property	943	50,312	2,906	8,420
Other Revenue	-	84,888	-	-
	<u>516,082</u>	<u>295,307</u>	<u>127,766</u>	<u>332,734</u>
EXPENDITURES				
Capital Outlay:				
General Government	-	-	-	-
Public Works	348,996	14,546	1,713	-
Parks and Recreation	-	-	-	-
Debt Service:				
Principal	4,038,879	-	-	-
Interest and Fiscal Charges	124,454	-	-	-
	<u>4,512,329</u>	<u>14,546</u>	<u>1,713</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,996,247)</u>	<u>280,761</u>	<u>126,053</u>	<u>332,734</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Long-term Debt	4,002,394	-	-	-
	<u>4,002,394</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,147	280,761	126,053	332,734
Fund Balances, Beginning of Year	197,728	4,746,991	498,683	1,021,601
Prior Period Adjustments	<u>(30,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 173,675</u>	<u>\$ 5,027,752</u>	<u>\$ 624,736</u>	<u>\$ 1,354,335</u>

<u>Traffic Signal</u>	<u>Drainage</u>	<u>Forester Creek Development</u>	<u>Park Development</u>	<u>Capital Projects</u>	<u>Utility Underground</u>
\$ 506,517	\$ -	\$ 250,000	\$ -	\$ 583,591	\$ -
28,367	161,169	271,012	390,853	-	-
553	9,824	695	3,351	6,255	137
-	58,225	-	-	-	70,168
<u>535,437</u>	<u>229,218</u>	<u>521,707</u>	<u>394,204</u>	<u>589,846</u>	<u>70,305</u>
-	-	-	-	180,635	-
580,960	337,052	12,215	-	1,265,542	-
-	-	-	39,441	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>580,960</u>	<u>337,052</u>	<u>12,215</u>	<u>39,441</u>	<u>1,446,177</u>	<u>-</u>
<u>(45,523)</u>	<u>(107,834)</u>	<u>509,492</u>	<u>354,763</u>	<u>(856,331)</u>	<u>70,305</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(45,523)	(107,834)	509,492	354,763	(856,331)	70,305
311,146	1,959,715	(122,197)	755,419	1,943,574	-
-	-	-	-	-	-
<u>\$ 265,623</u>	<u>\$ 1,851,881</u>	<u>\$ 387,295</u>	<u>\$ 1,110,182</u>	<u>\$ 1,087,243</u>	<u>\$ 70,305</u>

Continued

City of Santee
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds - Continued
Year Ended June 30, 2011

	TDA Bikeways Construction	TDA Transit	Total Non-Major Capital Projects Funds
REVENUES			
Intergovernmental	\$ -	\$ 57,926	\$ 1,913,173
Developer Fees	-	-	1,460,682
Use of Money and Property	-	365	83,761
Other Revenue	-	-	213,281
	<hr/>	<hr/>	<hr/>
Total Revenues	-	58,291	3,670,897
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Capital Outlay:			
General Government	-	-	180,635
Public Works	-	57,926	2,618,950
Parks and Recreation	-	-	39,441
Debt Service:			
Principal	-	-	4,038,879
Interest and Fiscal Charges	-	-	124,454
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	57,926	7,002,359
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	-	365	(3,331,462)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Long-term Debt	-	-	4,002,394
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	4,002,394
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	-	365	670,932
Fund Balances, Beginning of Year	(30,200)	-	11,282,460
Prior Period Adjustments	30,200	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ -	\$ 365	\$ 11,953,392
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF SANTEE
Description of Statistical Section Contents
June 30, 2010

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

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u> - these schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	98-107
<u>Revenue Capacity</u> – these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	108-110
<u>Debt Capacity</u> – these schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	111-116
<u>Demographic and Economic Information</u> – these schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	117-120
<u>Operating Information</u> - these schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	121-122

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

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

*The City of Santee implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.*

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

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

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

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

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

The City of Santee implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

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

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

The City of Santee implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

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

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

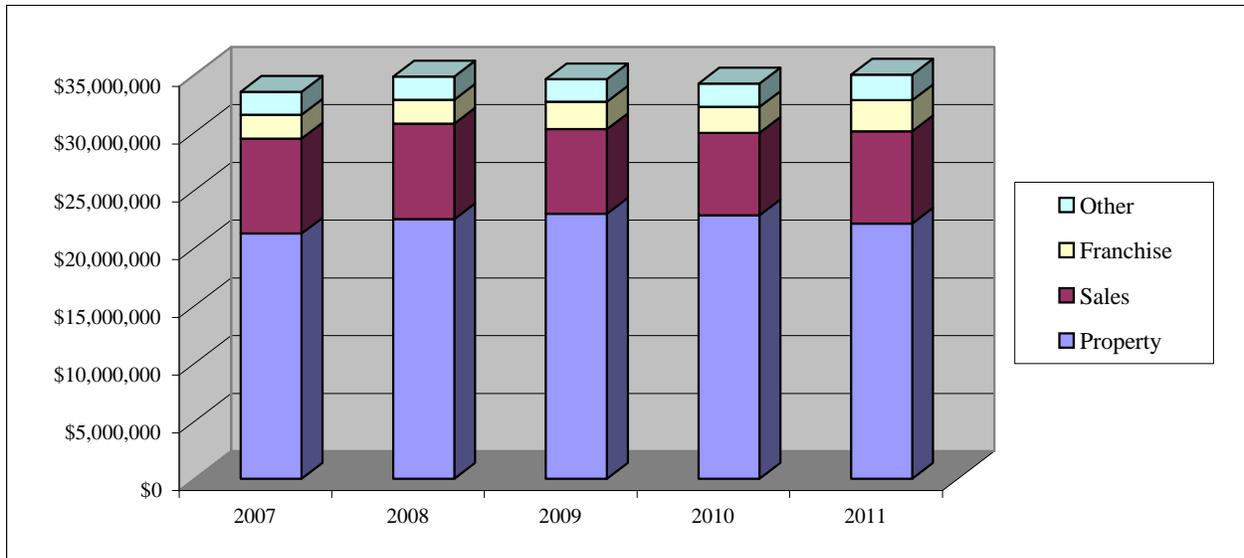
	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes:				
Property	\$ 9,245,258	\$ 10,687,618	\$ 11,759,431	\$ 18,097,285
Sales	6,273,557	6,811,327	7,370,893	7,945,067
Other	2,754,825	2,862,487	3,061,203	3,614,190
Special assessments	807,540	780,579	822,528	820,204
Intergovernmental	5,687,807	7,857,062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

The City of Santee implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 21,235,364	\$ 22,487,877	\$ 22,960,655	\$ 22,823,768	\$ 22,107,239
8,215,910	8,267,858	7,305,578	7,123,397	7,984,974
3,792,037	3,362,316	3,513,140	3,507,045	4,242,582
640,116	710,901	811,593	729,894	1,649,594
16,640,225	6,249,006	4,194,836	4,192,870	3,424,883
1,419,902	1,442,945	1,047,037	913,222	817,009
297,438	283,595	275,462	255,907	234,620
3,533,514	3,204,197	2,338,126	2,724,653	1,460,682
8,633,920	6,165,867	6,297,619	6,677,290	3,512,338
2,916,732	2,976,899	1,980,121	746,071	542,125
550,999	455,795	1,289,798	369,209	572,394
<u>67,876,157</u>	<u>55,607,256</u>	<u>52,013,965</u>	<u>50,063,326</u>	<u>46,548,440</u>
4,943,009	5,018,476	5,304,489	8,396,467	4,440,352
20,232,393	21,491,194	22,786,561	22,235,349	21,583,805
8,436,459	8,985,782	7,659,637	7,330,871	7,540,299
4,009,043	5,036,315	5,575,680	4,280,822	3,737,357
1,542,970	1,562,736	1,596,155	1,260,720	1,262,766
26,092,494	8,418,623	16,942,014	14,411,741	4,325,397
798,159	752,964	772,982	670,000	5,137,178
1,183,453	1,158,722	1,100,957	1,012,907	1,084,293
-	-	-	-	430,582
<u>67,237,980</u>	<u>52,424,812</u>	<u>61,738,475</u>	<u>59,598,877</u>	<u>49,542,029</u>
<u>638,177</u>	<u>3,182,444</u>	<u>(9,724,510)</u>	<u>(9,535,551)</u>	<u>(2,993,589)</u>
-	-	-	-	-
1,415,965	4,129,554	13,855,417	24,379,163	3,001,510
(1,415,965)	(4,129,554)	(13,855,417)	(24,379,163)	(3,001,510)
-	-	-	4,450,998	35,666,957
-	-	-	-	-
-	-	-	-	(618,555)
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,450,998</u>	<u>35,048,402</u>
<u>\$ 638,177</u>	<u>\$ 3,182,444</u>	<u>\$ (9,724,510)</u>	<u>\$ (5,084,553)</u>	<u>\$ 32,054,813</u>
4.8%	4.3%	4.2%	3.7%	13.8%

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

Fiscal Year	Property Taxes (1)	Real Property Transfer Tax	Special Assessments	Sales Tax	Franchise Taxes	Transient Occupancy Tax	Gas Tax	Total
2002	\$ 8,766,884	\$ 157,085	\$ 818,214	\$ 5,615,953	\$ 1,361,725	\$ 99,938	\$ 918,666	\$17,738,465
2003	9,245,258	179,502	807,540	6,273,557	1,262,194	109,115	1,111,050	18,988,216
2004	10,687,618	281,699	780,579	6,811,327	1,358,884	116,909	1,011,806	21,048,822
2005	11,759,431	306,022	822,528	7,370,893	1,613,081	123,976	1,018,124	23,014,055
2006	18,097,285	319,934	820,204	7,945,067	1,928,092	118,669	1,004,329	30,233,580
2007	21,235,364	218,853	640,116	8,215,910	2,067,216	116,081	1,005,657	33,499,197
2008	22,487,877	172,317	710,901	8,267,859	2,067,948	135,485	986,566	34,828,953
2009	22,960,655	172,957	811,593	7,305,577	2,390,367	115,327	834,490	34,590,966
2010	22,823,768	180,275	729,894	7,123,397	2,253,092	100,274	1,019,995	34,230,695
2011	22,107,239	152,170	1,649,106	7,984,974	2,681,908	106,357	904,765	35,586,519



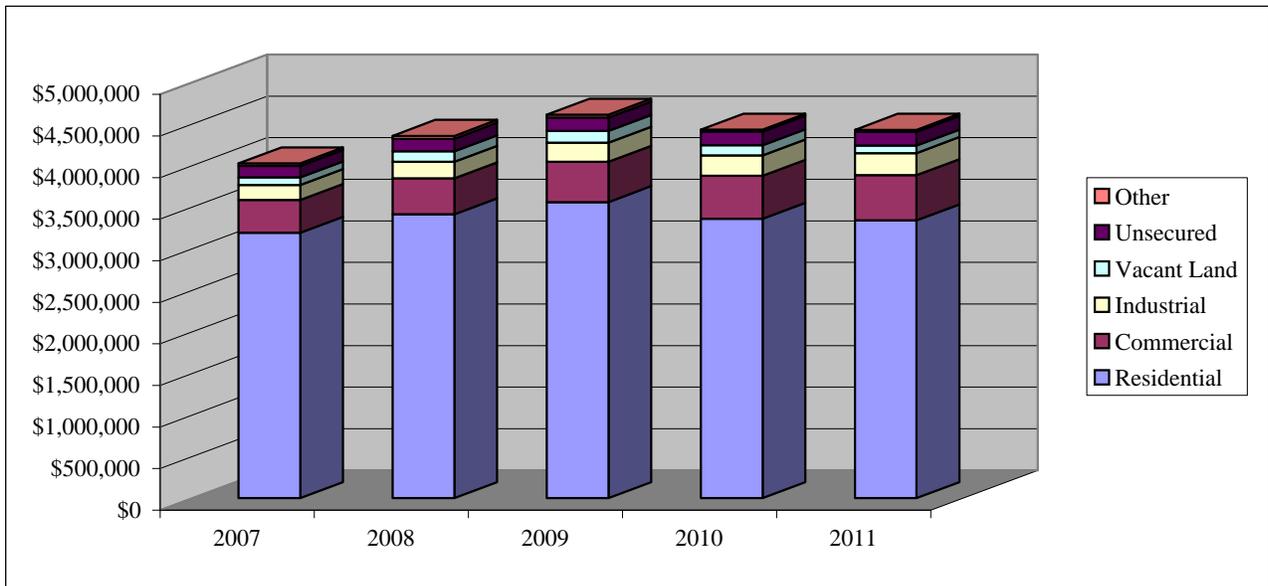
Note:

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

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
2002	\$ 1,954,604	\$ 251,933	\$ 150,159	\$ 48,711	\$ 99,680	\$ 27,269	\$ 2,532,356	0.303%
2003	2,082,762	262,398	146,340	63,296	94,379	12,919	2,662,094	0.302%
2004	2,236,235	312,717	150,704	63,915	111,656	25,310	2,900,537	0.293%
2005	2,451,718	357,471	170,127	73,494	117,338	22,337	3,192,485	0.302%
2006	2,792,539	396,437	179,398	92,246	135,851	32,727	3,629,198	0.337%
2007	3,191,407	431,721	199,486	124,157	152,656	34,210	4,133,637	0.351%
2008	3,415,528	482,362	230,366	142,738	161,660	33,403	4,466,057	0.359%
2009	3,561,950	515,710	247,445	121,047	165,011	22,870	4,634,033	0.365%
2010	3,360,411	544,219	265,789	91,253	164,635	23,634	4,449,941	0.370%
2011	3,341,134	552,502	268,405	83,098	154,831	23,683	4,423,653	0.380%



Notes:

Exempt values are not included in total.

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

Sources: HdL Coren & Cone
San Diego County Assessor

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

	Fiscal Year 2011
City Direct Rates:	
City basic rate	0.158 %
Redevelopment agency	0.179
Total City Direct Rate	0.337
Overlapping Rates:	
Santee Elementary School District	0.178
County of San Diego	0.191
Grossmont Union High School District	0.131
Educational Revenue Augmentation Fund	0.088
Grossmont-Cuyamaca Community College District	0.050
Padre Dam Municipal Water District	0.011
Grossmont Hospital District	0.008
Other	0.006
Total Overlapping Rates	0.663
Total Direct Rate	1.000
Voter Approved Rates:	
General Bond Santee Elementary Prop R	0.034
Grossmont Healthcare District Bonds	0.013
Grossmont-Cuyamaca Community College District Bonds	0.029
Grossmont Union High School District Bonds	0.059
Other	0.105
Total Voter Approved Rates	0.240
Total Tax Rate	1.240 %

Notes:

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

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

Source: HdL Coren & Cone

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

Taxpayer	2011		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Vestar Kimco Santee LP	\$ 44,339,953	1.00%		
Santee Partners LP	27,040,503	0.61%		
HCA Arbors Apartments LLC	26,294,542	0.59%		
MB BP Portfolio LLC	25,153,919	0.57%		
Pacific Castle Santee Limited Partnership	24,141,932	0.55%		
Santee Retail LP	21,366,864	0.48%		
M H C Financing LP Two	19,789,856	0.45%	\$ 16,871,679	0.67%
Wal Mart Stores	18,515,370	0.42%	14,874,869	0.59%
Redwood Santana LLC	17,424,772	0.39%		
Lowes HIW INC	16,603,501	0.38%		
Santee Villas Investors Limited			18,272,099	0.73%
Arbors Santee, LLC			16,058,914	0.64%
The Price Company			13,430,344	0.53%
Cox Communications San Diego			13,298,113	0.53%
KIMCO Santee 705 Inc			12,892,440	0.51%
Westbrook Fanita Ranch LP			12,436,486	0.49%
WDOP Sub 1 LP			10,506,000	0.42%
4055 Redwood Avenue Associates			9,784,006	0.39%
	<u>\$ 240,671,212</u>	<u>5.44%</u>	<u>\$ 138,424,950</u>	<u>5.50%</u>

Note:

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

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
	Current Secured Tax Levy	Current Secured Collected	Percent of Levy Collected		
2002	\$ 9,108,449	\$ 8,585,534	94.3%	\$ 181,349	\$ 8,766,883
2003	9,585,383	9,085,790	94.8%	159,468	9,245,258
2004	10,975,938	10,447,332	95.2%	165,322	10,612,654
2005	12,784,950	12,077,253	94.5%	163,323	12,240,576
2006	17,134,297	16,214,609	94.6%	254,230	16,468,839
2007	19,256,855	18,098,201	94.0%	339,648	18,437,849
2008	20,188,926	18,718,002	92.7%	502,495	19,220,497
2009	20,648,960	18,921,417	91.6%	760,598	19,682,015
2010	20,688,236	18,949,178	91.6%	777,368	19,726,546
2011	20,065,820	18,449,152	91.9%	680,468	19,129,620

Note:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed- through to other agencies.

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

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

Fiscal Year Ended June 30,	Governmental Activities						Percentage of Personal Income (2)	Debt Per Capita (2)
	Tax Allocation Bonds (1)	Lease Revenue Bonds (1)	Certificates of Participation	Notes & Loans	Capital Lease Obligations	Total Governmental Activities		
2002	\$10,685,000	-	\$ 2,240,000	\$ 2,329,787	\$ 389,904	\$15,644,691	0.59%	\$ 294
2003	10,020,000	-	2,155,000	1,988,888	226,230	14,390,118	0.55%	273
2004	9,320,000	-	2,065,000	1,658,701	54,704	13,098,405	0.51%	250
2005	23,100,000	2,180,000	-	1,308,547	-	26,588,547	1.01%	510
2006	23,100,000	2,055,000	-	953,988	-	26,108,988	0.98%	501
2007	22,800,000	1,925,000	-	594,829	-	25,319,829	0.93%	487
2008	22,295,000	1,790,000	-	481,865	-	24,566,865	0.89%	473
2009	21,780,000	1,650,000	-	381,883	-	23,811,883	0.91%	455
2010	21,255,000	1,505,000	-	4,334,133	500,998	27,595,131	1.07%	521
2011	52,270,000	1,360,000	-	3,913,515	471,832	58,015,347	2.38%	1,084

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
N/A- data not available

- (1) The City issued \$2,180,000 of Lease Revenue Bonds and \$23,100,000 of Tax Allocation Bonds in 2005. A portion of the proceeds were used to refund the 1993 Tax Allocation Bonds and 1993 Certificates of Participation.
(2) These ratios are calculated using personal income and population for the prior calendar year.

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

Fiscal Year Ended June 30,	Outstanding General Bonded Debt				Percent of Assessed Value (1)	Debt Per Capita
	Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Total		
2002	\$ 10,685,000	\$ -	\$ 2,240,000	\$ 12,925,000	0.51%	\$ 243
2003	10,020,000	-	2,155,000	12,175,000	0.46%	231
2004	9,320,000	-	2,065,000	11,385,000	0.39%	217
2005	23,100,000	2,180,000	-	25,280,000	0.79%	485
2006	23,100,000	2,055,000	-	25,155,000	0.69%	483
2007	22,800,000	1,925,000	-	24,725,000	0.60%	476
2008	22,295,000	1,790,000	-	24,085,000	0.54%	464
2009	21,780,000	1,650,000	-	23,430,000	0.51%	447
2010	21,255,000	1,505,000	-	22,760,000	0.51%	430
2011	52,270,000	1,360,000	-	53,630,000	1.21%	1,002

Note:

General bonded debt is debt payable with governmental fund resources.

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

**City of Santee
Direct and Overlapping Debt
June 30, 2011**

City Assessed Valuation		\$3,493,949,029	
Redevelopment Agency Incremental Valuation		<u>930,969,956</u>	
Total Assessed Valuation		<u><u>\$4,424,918,985</u></u>	
	Percentage Applicable (1)	Outstanding Debt 6/30/11	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Grossmont-Cuyamaca Community College District	10.160%	\$ 193,373,290	\$ 19,646,726
Grossmont Union High School District	10.486%	419,743,431	44,014,296
Poway Unified School District Facilities Improvement Districts	0.001%	274,996,263	2,750
Lakeside Union School District	0.192%	34,815,358	66,845
Santee School District	90.264%	43,892,358	39,618,998
Metropolitan Water District	0.193%	227,670,000	439,403
Grossmont Healthcare District	9.552%	<u>222,282,076</u>	<u>21,232,384</u>
Total overlapping debt repaid with property taxes		<u>1,416,772,776</u>	<u>125,021,402</u>
Overlapping Other Debt:			
San Diego County General Fund Obligations	1.019%	385,650,000	3,929,774
San Diego County Pension Obligations	1.019%	820,288,160	8,358,736
San Diego County Superintendent of Schools Obligations	1.019%	19,992,500	203,724
Grossmont Cuyamaca Community College Dist. Gen. Fd. Obligations	10.160%	1,665,000	169,164
Grossmont Union High School District Certificates of Participation	10.486%	1,212,500	127,143
Poway Unified School District Certificates of Participation	0.001%	127,465,490	1,275
Santee School District Certificates of Participation	90.264%	<u>30,824,849</u>	<u>27,823,742</u>
Total overlapping other debt		<u>1,387,098,499</u>	<u>40,613,558</u>
Total overlapping debt		<u><u>\$2,803,871,275</u></u>	165,634,960
City direct debt			<u>58,015,347</u>
Total direct and overlapping debt			<u><u>\$ 223,650,307</u></u>

Notes:

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

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

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2002	2003	2004	2005
Assessed valuation	\$ 2,532,356	\$ 2,662,094	\$ 2,900,537	\$ 3,192,485
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	633,089	665,524	725,134	798,121
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	94,963	99,829	108,770	119,718
Total net debt applicable to limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 94,963</u>	<u>\$ 99,829</u>	<u>\$ 108,770</u>	<u>\$ 119,718</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Note:

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

Sources: HdL Coren & Cone
San Diego County Assessor

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 3,629,198	\$ 4,133,637	\$ 4,466,057	\$ 4,634,033	\$ 4,449,941	\$ 4,423,653
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
907,300	1,033,409	1,116,514	1,158,508	1,112,485	1,105,913
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
136,095	155,011	167,477	173,776	166,873	165,887
-	-	-	-	-	-
<u>\$ 136,095</u>	<u>\$ 155,011</u>	<u>\$ 167,477</u>	<u>\$ 173,776</u>	<u>\$ 166,873</u>	<u>\$ 165,887</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	
2002	\$ 2,687,577	\$ 640,000	\$ 591,272	2.18
2003	2,853,207	665,000	561,513	2.33
2004	3,437,559	700,000	529,925	2.79
2005	4,094,672	-	248,163	16.50
2006	5,075,458	-	961,744	5.28
2007	5,920,383	300,000	942,790	4.76
2008	6,038,060	505,000	934,237	4.20
2009	6,337,623	515,000	922,112	4.41
2010	6,779,176	525,000	908,462	4.73
2011	6,374,690	540,000	893,471	4.45

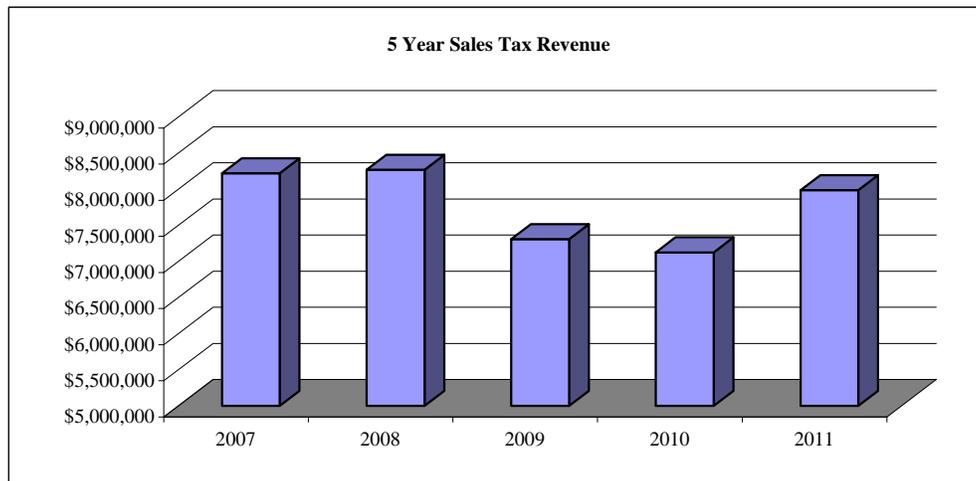
Note:

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, 2011**

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

Percent of fiscal year total paid by top 25 accounts = 61.40%



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

City of Santee
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in millions) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2001	53,138	\$ 2,650	\$ 49,870	3.5%
2002	52,770	2,617	49,590	4.3%
2003	52,474	2,583	49,230	4.3%
2004	52,142	2,644	50,700	3.9%
2005	52,110	2,655	50,940	3.6%
2006	51,983	2,711	52,150	3.3%
2007	51,936	2,771	53,350	3.8%
2008	52,367	2,612	49,880	5.0%
2009	52,963	2,576	48,630	8.1%
2010	53,508	2,433	45,470	8.9%

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

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

Function	Full-Time Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	23.50	23.50	23.00	21.50	22.95	23.75	22.75	22.75	21.75	21.75
Public Safety	60.00	60.00	59.75	60.00	60.40	63.40	63.40	63.40	60.40	60.40
Public Works	29.50	29.50	29.00	28.00	27.00	28.50	27.35	27.35	24.15	23.65
Community Development	12.00	12.00	12.50	12.50	13.55	12.75	16.35	16.35	17.00	16.50
Parks and Recreation	8.00	8.00	8.00	7.00	7.00	7.00	7.55	7.55	6.35	6.35
Total	<u>133.00</u>	<u>133.00</u>	<u>132.25</u>	<u>129.00</u>	<u>130.90</u>	<u>135.40</u>	<u>137.40</u>	<u>137.40</u>	<u>129.65</u>	<u>128.65</u>

Source: City of Santee

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

Employer	2011			2002		
	Number of Employees	Rank	Percent of Total Employment (1)	Number of Employees	Rank	Percent of Total Employment (1)
Santee Elementary School District	713	1	2.85%	900	1	6.12%
Hartford Financial Services	520	2	2.08%			
Edgemoor Skilled Nursing Facility	350	3	1.40%	350	2	2.38%
Wal-Mart	275	4	1.10%	344	3	2.34%
Costco Wholesale	235	5	0.94%	170	8	1.16%
Scantibodies Laboratory	215	6	0.86%	300	4	2.04%
Home Depot	200	7	0.80%	200	6	1.36%
Target	190	8	0.76%			
Grossmont Union High School District	188	9	0.75%	250	5	1.70%
Lowe's	172	10	0.69%			
Kohl's Department Store	165	11	0.66%			
European Natural Stone	160	12	0.64%			
Vons Stores	150	13	0.60%	176	7	1.20%
Pure Flo Water Company	150	14	0.60%			
Cal Custom Manufacturing	133	15	0.53%			
J.L. Davidson				150	9	1.02%
San Diego Design II				130	10	0.88%
City of Santee				125	11	0.85%
Padre Dam Municipal Water District				115	12	0.78%
Stanford Court Nursing Center				110	13	0.75%
SD CO Sheriff's/Santee				105	14	0.71%
RCP Block & Brick				104	15	0.71%
Total	3,816		15.26%	3,529		24.01%

Notes:

This schedule presents data for the fifteen principal employers as of June 30, 2011 and June 30, 2002.

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

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

Source: City of Santee

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

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

Source: City of Santee

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FIRE										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire apparatus	6	6	6	6	6	6	6	6	6	6
Paramedic vehicles (1)	-	-	-	2	2	3	4	4	4	4
PUBLIC WORKS										
Streets (miles)	122.08	127.14	131.76	131.76	133.10	133.98	134.09	134.09	134.09	134.47
Street lights	2,649	2,672	2,686	2,713	2,731	2,739	2,747	2,747	2,799	2800
Traffic signals	49	49	49	53	54	55	55	56	56	57
PARKS & RECREATION										
Parks	6	6	7	7	7	7	7	7	8	8

Note:

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

Source: City of Santee