



CITY OF SANTEE CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015



Front cover photo of San Diego River at Walker Preserve
Walker Preserve Trail dedicated April 23, 2015



CITY OF SANTEE

California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

MAYOR

Randy Voepel

VICE MAYOR

John W. Minto

COUNCIL MEMBERS

Jack E. Dale

Rob McNelis

Ronn Hall



**PREPARED BY THE
FINANCE DEPARTMENT**

**Tim K. McDermott
Director of Finance/Treasurer**

Website: www.cityofsanteeca.gov



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS

	PAGE
I. INTRODUCTORY SECTION	
Letter of Transmittal	i-vi
Government Finance Officers Association Award.....	vii
List of City Officials	viii
Organizational Chart	ix
Location Map	x
II. FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-14
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Fiduciary Net Position – Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	26
Notes to Financial Statements.....	27-75
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability	
CalPERS Miscellaneous Pension Plan.....	77
CalPERS Safety Pension Plan	78
CalPERS Safety 2 nd Tier Pension Plan	79
Schedule of Contributions	
CalPERS Miscellaneous Pension Plan.....	80
CalPERS Miscellaneous 2 nd Tier Plan	81
CalPERS PEPRA Miscellaneous Pension Plan	82
CalPERS Safety Pension Plan	83
CalPERS Safety 2 nd Tier Pension Plan	84
CalPERS PEPRA Safety Pension Plan	85
Schedule of Funding Progress - OPEB	87
Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual –	
General Fund.....	88-89
Notes to Required Supplementary Information	90

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015



TABLE OF CONTENTS (continued)

	PAGE
Supplementary Information:	
Non-Major Governmental Funds	
Combining Balance Sheet.....	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	92
Non-Major Special Revenue Funds	93
Combining Balance Sheet	94-97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	98-101
Schedules of Revenue, Expenditures and Change in Fund Balances – Budget and Actual	
Supplemental Law Enforcement Special Revenue Fund	102
Asset Seizure Special Revenue Fund.....	103
Gas Tax Special Revenue Fund	104
HOME Investment Partnership Special Revenue Fund	105
Energy Efficiency Block Grant Special Revenue Fund.....	106
Zone 2 Flood Control District Special Revenue Fund	107
Community Development Block Grant Special Revenue Fund	108
CDBG Section 108 Loan Special Revenue Fund	109
Town Center Landscape Maintenance Special Revenue Fund	110
Santee Landscape Maintenance Special Revenue Fund	111
Mobile Home Park Assessment Special Revenue Fund	112
Street Lighting Tax Special Revenue Fund	113
Roadway Lighting District Special Revenue Fund	114
Paramedic Equipment Special Revenue Fund	115
SAFE Program Special Revenue Fund.....	116
Non-Major Capital Projects Funds.....	117
Combining Balance Sheet.....	118-119
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	120-121

III. STATISTICAL SECTION

Description of Statistical Section Contents	123
Net Position by Component	124-125
Changes in Net Position	126-127
Fund Balances of Governmental Funds	128-129
Changes in Fund Balances of Governmental Funds	130-131
Tax Revenues by Source.....	132
Assessed Value of Taxable Property.....	133
Direct and Overlapping Property Tax Rates	134-135
Principal Property Tax Payers.....	136
Property Tax Levies and Collections	137
Ratios of Outstanding Debt by Type.....	138
Ratios of General Bonded Debt Outstanding.....	139
Direct and Overlapping Debt	141
Legal Debt Margin Information.....	142-143
Pledged-Revenue Coverage	144
Top 25 Principal Sales Tax Producers	145
Demographic and Economic Statistics.....	146



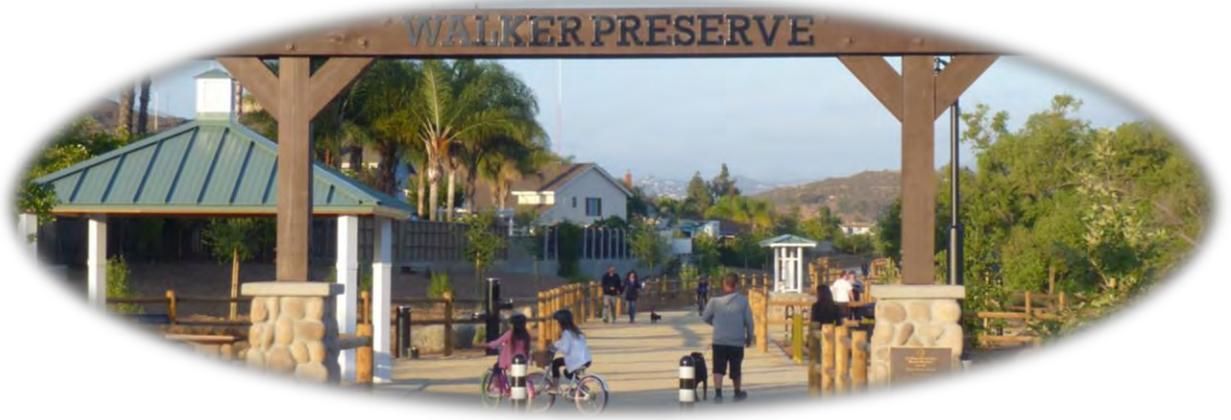
Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS (continued)

	PAGE
III. STATISTICAL SECTION – Continued:	
Principal Employers	147
Full-time City Employees by Function	148
Operating Indicators by Department	149
Capital Asset Statistics by Function	150

INTRODUCTORY SECTION



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CITY OF SANTEE

MAYOR
Randy Voepel

CITY COUNCIL
Jack E. Dale
Ronn Hall
Rob McNelis
John W. Minto

December 23, 2015

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, 2015. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed independent certified public accountants.

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

The City’s financial statements have been audited by 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, 2015 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, 2015 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 55,805 residents. Santee's 2014 median household income of \$78,699 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 items, 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.

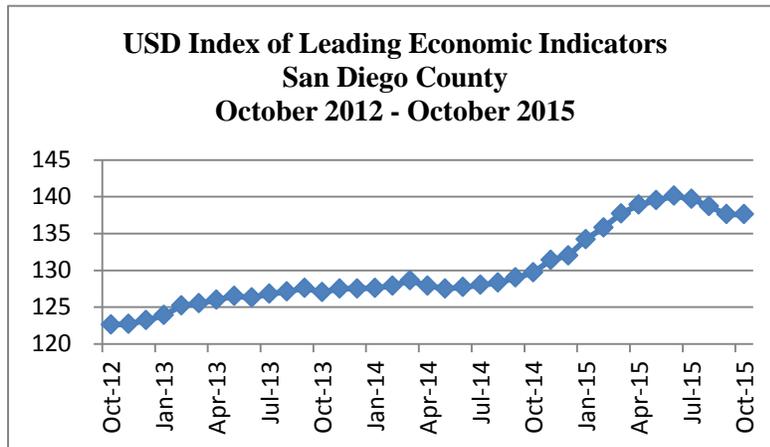
The City is responsible for providing a range of municipal services that includes law enforcement, fire and life safety, street maintenance, traffic circulation, planning and community development, park and landscape maintenance, code enforcement, building inspection and recreation programs for all ages.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

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

The biannual 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

The University of San Diego (USD) publishes a monthly index of leading economic indicators for San Diego County which provides insight into the health of the local economy. The index is calculated using the following six variables: building permit activity, initial claims for unemployment, stock prices, consumer confidence, help wanted advertising and the strength of the national economy. This index has shown a positive trend over the past several years and improved by 6.1% since October 2014.



Santee's economy is tied closely to that of the San Diego region. The City's primary General Fund revenue sources are property taxes and sales tax, which combined provide two-thirds of the General Fund revenues. Improvement in the housing market over the past couple of years, along with new residential and commercial construction activity resulted in a 5.8% increase in net assessed valuation in fiscal year 2014-15 and a 4.6% increase in net assessed valuation for the fiscal year 2015-16

tax roll. Improvement in general economic conditions including strong performance by major sales tax generating businesses resulted in a 21% increase in sales tax revenue in fiscal year 2014-15, with a 12% increase projected for fiscal year 2015-16 (though much of this increase is expected to come from prior year true-up payments and other payment timing anomalies). Santee currently has 148 national chain retailers and restaurants, with 25 national chains added since 2012. Overall, General Fund revenues are projected to increase by \$2.4 million or 6.6% in fiscal year 2015-16, though \$1.5 million of this increase is projected to be generated from non-recurring revenues.

Recent enhancements to the local economy include the March 2011 completion of the final segment of State Route 52, which now links all three freeways serving Santee and which provides direct freeway access into Santee Town Center and to the eastern and western ends of the City. The State Route 52 link provides 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.

An important component of 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 themed sports complex, top quality athletic fields for soccer and football, an entertainment venue, multi-use trails and playgrounds. The sports complex within the park has three lighted softball/baseball fields with artificial turf outfields, two arena soccer fields, four batting cages and a restaurant with indoor and outdoor seating. It accommodates local and regional sports leagues, tournaments, sports camps, corporate events and other special events, drawing approximately 360,000 visitors annually. The sports complex is operated by Sportsplex USA under a public-private partnership with the City.

Another major attraction is the Santee Lakes Recreation Preserve and Regional Campground, owned and operated by Padre Dam Municipal Water District, which generates approximately 700,000 visitors annually.

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

San Diego Christian College, an accredited 500-enrollment private college, relocated its campus to the RiverView Professional Center adjacent to Santee Trolley Square in January 2014, and has expansion plans to accommodate up to 1,200 students. Parc One, a 172-unit apartment project, was recently completed on a site adjacent to Santee Trolley Square and the college campus.

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

Long Term Financial Planning

The City utilizes a five-year financial 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. On June 24, 2015 with the adoption of the two-year operating budget for fiscal years 2015-16 and 2016-17 a General Fund Reserve Policy was re-established. The reserve policy states that a minimum reserve of 20% of annual General Fund operating expenditures be maintained as a contingency for economic uncertainties. Based on the most recent forecast this policy goal will be met throughout the current five-year planning time frame.

A key factor that will affect the City's budget in future years is California Public Employees' Retirement System (CalPERS) pension costs. CalPERS is phasing the implementation of changes to actuarial methods, demographic assumptions, risk pooling and risk mitigation strategies in an effort to improve plan funding levels, resulting in substantial increases in required annual pension contributions over the next several years. Fortunately, in December 2011 the City Council took several pension cost reform actions. These actions included the adoption of a second tier of lower cost retirement benefits for new employees and the acceleration of payments being made against a portion of the City's unfunded pension liability. In addition, on January 1, 2013 the California Public Employees' Pension Reform Act took effect, creating a third tier of even lower cost retirement benefits for new members to the retirement system.

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 to ensure that limited resources are allocated in a prudent manner, that under-funded projects are identified in order to develop financial strategies for the future and that necessary investments continue to be made in infrastructure to protect the long-term fiscal health of the City. On June 24, 2015 the CIP budget for fiscal years 2015-16 through 2019-20 was adopted which includes \$145.1 million in projects for which \$81.0 million in funding has been identified. The CIP is revised periodically in response to continually evolving needs, priorities and financial conditions.

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 a one-mile stretch of the Prospect Avenue industrial corridor. This \$23.8 million project will expand future development opportunities along Prospect Avenue as well as create collaborative opportunities adjacent to the Gillespie Field Airport which is owned by the County of San Diego. Construction was substantially completed in mid-2015.

In November 2011 the City received a \$1.4 million loan from the U.S. Department of Housing and Urban Development to provide much needed street reconstruction, sidewalks and drainage improvements in the Buena Vista Avenue and Railroad Avenue neighborhood. Construction of the first phase of this \$5.4 million project was completed in December 2014. Construction of the final phase of improvements is expected to be completed in late 2016.

In September 2014 the City entered into a debt financing agreement with the San Diego Association of Governments which has provided \$5.4 million to accelerate the investment in street rehabilitation and improvements throughout the City and allow the City to capitalize on the current favorable construction bid pricing environment. Work has commenced on these improvements which are expected to be completed in late 2017.

In December 2012 the City acquired 107 acres of riverfront land using more than \$2.1 million in grant funds in an effort to complete a continuous multi-use recreation trail along the San Diego River. On April 23, 2015 the San Diego River Walker Preserve Trail was dedicated. Improvements along this 1.3 mile, 14-foot wide trail include an entrance gateway, shade shelter, picnic tables, benches, trail head kiosk, drinking fountain, bike racks, bike repair station, native landscape planting, drip irrigation, nature interpretive signs, trash receptacles and several scenic overlooks along the river. Santee has now completed approximately 3.5 miles or 80 percent of the City's portion of the San Diego River Trail.

The City has committed to an effort to promote energy efficiency and reduce the reliance on costly business practices through energy and water conservation, reduced demand and use of sustainable workplace practices. Following the launch of this effort (known as "The Sustainability Project"), 22 specific goals were identified including the completion of an Energy Roadmap for Santee, and the comprehensive energy assessment of all City facilities. All 1,718 city-owned street lights have been replaced with lower-wattage induction lights, reducing energy use by 30% and saving the City over \$110,000 annually. This project was funded by a federal energy efficiency grant and interest-free loans from San Diego Gas and Electric, with no impact to the General Fund. The City also upgraded 1,600 office lights with more energy efficient ones and installed motion-sensor devices to further reduce power usage, reducing energy use by 25% and saving \$19,000 annually. The City's first photovoltaic energy system was installed as part of the Town Center Community Park project. The City is the first in the region to receive County and State regulatory approval to use recycled water for street sweeping and implemented this cost-saving measure in 2013.

The retention and expansion of retail, commercial, and industrial businesses within Santee, as well as the development of both affordable and move-up housing are critical to the long-term financial stability of the City. RiverView at Santee will ultimately be one of the most significant developments in the City's history. RiverView is a 1.9 million square ft. master planned mixed-use project on 104 acres adjacent to Trolley Square designed for high technology, research & development and office uses along with residential units and retail space. The initial completed phases of RiverView include the 77,000 square foot office facility occupied by HD Supply Facilities Maintenance and the RiverView Professional Center occupied by the San Diego Christian College. The Parc One apartment project has recently been

completed, and the San Diego Christian College has received City approval for a 128-unit apartment project to serve their students. On December 17, 2015 the City Council approved a project for the construction of a Karl Strauss brewery operation with tasting room, corporate offices, warehouse, restaurant and outdoor patio grotto totaling 112,580 square ft. on a 10-acre site within RiverView. This project would serve as the corporate headquarters for Karl Strauss, be a destination venue and bring employment opportunities to Santee.

Construction of \$3.5 million in infrastructure improvements on Town Center Parkway aimed at encouraging current and future development within RiverView were completed in December 2014. These improvements include street widening, sidewalk installation, landscaping, utility undergrounding and the installation of a traffic signal. Also included is a raised pedestrian crossing, which will also serve as a traffic calming feature, to provide a seamless pedestrian link between Santee Trolley Square and the San Diego Metropolitan Transit System trolley station to destinations within RiverView. The pedestrian crossing includes decorative concrete pavement, mosaic stones, colored tiles and ornamental street lighting.

On October 9, 2013 the City Council approved an annexation agreement related to the Castlerock development project and requested that the San Diego Local Agency Formation Commission (“LAFCO”) initiate proceedings for the detachment of approximately 114.8-acres of territory from the City of San Diego and the concurrent annexation of the territory to the City of Santee. On November 2, 2015 the San Diego LAFCO approved the proposed reorganization. The current development plans for the annexation area include the construction of approximately 277 single family homes and 147 detached condominiums. Development is anticipated to commence sometime in 2016.

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, 2014. This was the eleventh 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, especially Donna Goldsmith, Finance Manager and Jan Sherar, Administrative Secretary. Additionally we would like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted,



Paul Malone
Interim City Manager



Tim K. McDermott
Director of Finance/Treasurer



City of Santee, California

**Government Finance
Officers Association**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Santee
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

List of City Officials



City of Santee, California

CITY COUNCIL

Randy Voepel, Mayor

John W. Minto, Vice Mayor

Jack E. Dale, Council Member

Rob McNelis, Council Member

Ronn Hall, Council Member

EXECUTIVE MANAGEMENT

Interim City Manager.....	Paul Malone
City Attorney	Shawn Hagerty
City Clerk.....	Patsy Bell
Director of Development Services.....	Melanie Kush
Assistant to the City Manager.....	Kathy Valverde
Senior Economic Development Coordinator	Pamela A. White
Director of Community Services	Bill Maertz
Director of Finance/Treasurer.....	Tim K. McDermott
Director of Fire and Life Safety.....	Richard Mattick
Interim Director of Human Resources & Risk Management.....	Ashley Kite
Sheriff Captain.....	James Bovet

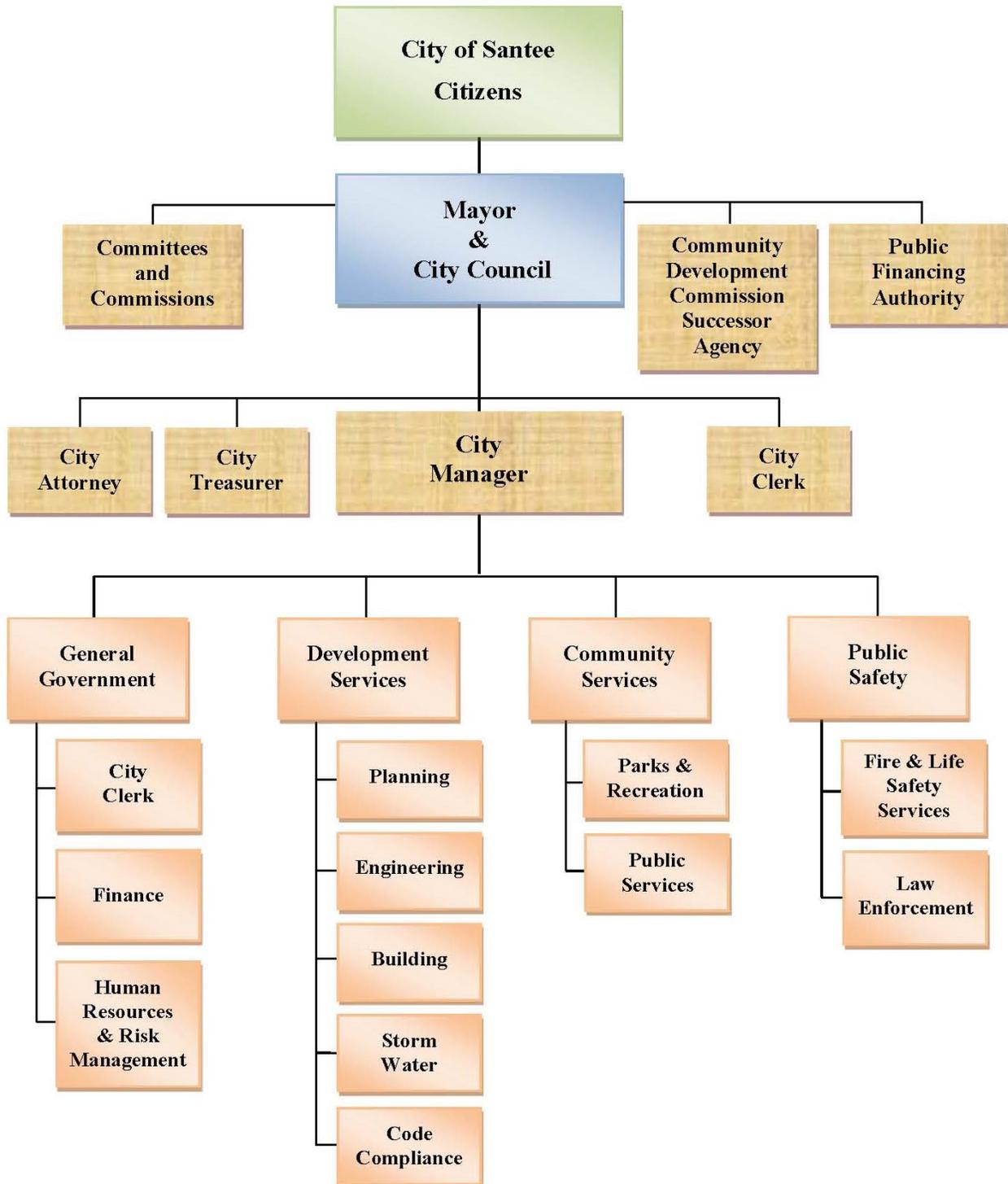
FINANCE DEPARTMENT

Director of Finance/Treasurer.....	Tim K. McDermott
Finance Manager.....	Donna Goldsmith
Senior Buyer	Linda Christensen
Accountant.....	Janet Fernandez
Confidential Payroll Specialist.....	Karen Ashwill
Senior Account Clerk.....	Vacant
Administrative Secretary	Jan Sherar
Account Clerk.....	Tanya Espinola



City of Santee, California

Organizational Chart



Location Map



City of Santee, California

California



City of Santee, California

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

City Council
City of Santee, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Santee, California (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Santee, California, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, on pages 5-14 and 77-90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Teaman Ramirez & Smith, Inc.

Riverside, California
December 29, 2015



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City of Santee, California

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, 2015. 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, 2015 by \$183.1 million (*net position*).
- The City's total net position increased by \$12.1 million during the fiscal year. This increase is primarily the result of substantial investments in infrastructure made over the past year, much of which was funded by the Santee Community Development Commission Successor Agency.
- The City's total net position at July 1, 2014 reflected a \$27.4 million reduction from the amount reported at the end of last fiscal year, \$26.8 million of which is the result of the implementation of Government Accounting Standards Board (GASB) Statements No. 68 and 71 related to the recognition of the City's net pension liability.
- At June 30, 2015 the City's governmental funds reported combined fund balances of \$36.2 million, an increase of \$2.1 million from the prior year. During the year the City received \$5.4 million in long-term debt proceeds that will be expended for street improvement projects over the next couple of years.
- The City's long-term liabilities increased by \$27.0 million during the fiscal year. This increase is the result of the implementation of GASB Statements No. 68 and 71 related to the City's net pension liability and the debt incurred for street improvement projects mentioned above.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in 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 Public Financing Authority is reported as part of the City. As discussed in Notes 1A and 3G in the Notes to the Financial Statements, in accordance with State law the Santee Community Development Commission was dissolved and ceased to exist as a legal entity as of February 1, 2012.

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

Fund Financial Statements

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

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

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

The City maintains 28 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, Traffic Mitigation Fund, TransNet Fund and Capital Projects Fund which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The City adopts a two year appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

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

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability, pension contributions, progress in funding its Other Post-Employment Benefits (OPEB) to employees, budgetary information and compliance. Required supplementary information can be found in the financial section of this report, following the notes to the financial statements.

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2015 assets exceeded liabilities by \$183.1 million, an increase of \$12.1 million during the year. However, prior period adjustments are also reflected which reduce the City's net position by \$27.4 million as of July 1, 2014. Included in these prior period adjustments is a \$26.8 million reduction as the result of the implementation of Government Accounting Standards Board (GASB) Statements No. 68 and 71 related to the recognition of the City's net pension liability.

**City of Santee
Summary of Net Position
June 30, 2015 and 2014**

	Governmental Activities	
	2015	2014
Current and other assets	\$ 42,440,145	\$ 42,841,457
Capital assets	189,978,886	176,903,561
Total assets	<u>232,419,031</u>	<u>219,745,018</u>
Deferred outflows of resources	<u>3,205,818</u>	-
Long-term liabilities	40,366,388	13,359,938
Other liabilities	5,174,226	7,934,455
Total liabilities	<u>45,540,614</u>	<u>21,294,393</u>
Deferred inflows of resources	<u>6,948,576</u>	-
Net position:		
Net investment in capital assets	181,378,029	167,953,925
Restricted	20,088,351	22,882,344
Unrestricted	<u>(18,330,721)</u>	<u>7,614,356</u>
Total net position	<u>\$183,135,659</u>	<u>\$198,450,625</u>

The largest portion of the City's net position (\$181.4 million or 99%) reflects the investment in capital assets, less any related debt outstanding that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$20.1 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (a deficit of \$18.3 million) reflects the net impact of the recognition of the City's net pension liability (and related deferred outflows and inflows of resources) which reduce the City's net position by \$26.9 million at June 30, 2015. Over the past four years the City has elected to make supplemental payments towards its unfunded pension liability, and another such payment was made in July 2015.

Governmental Activities

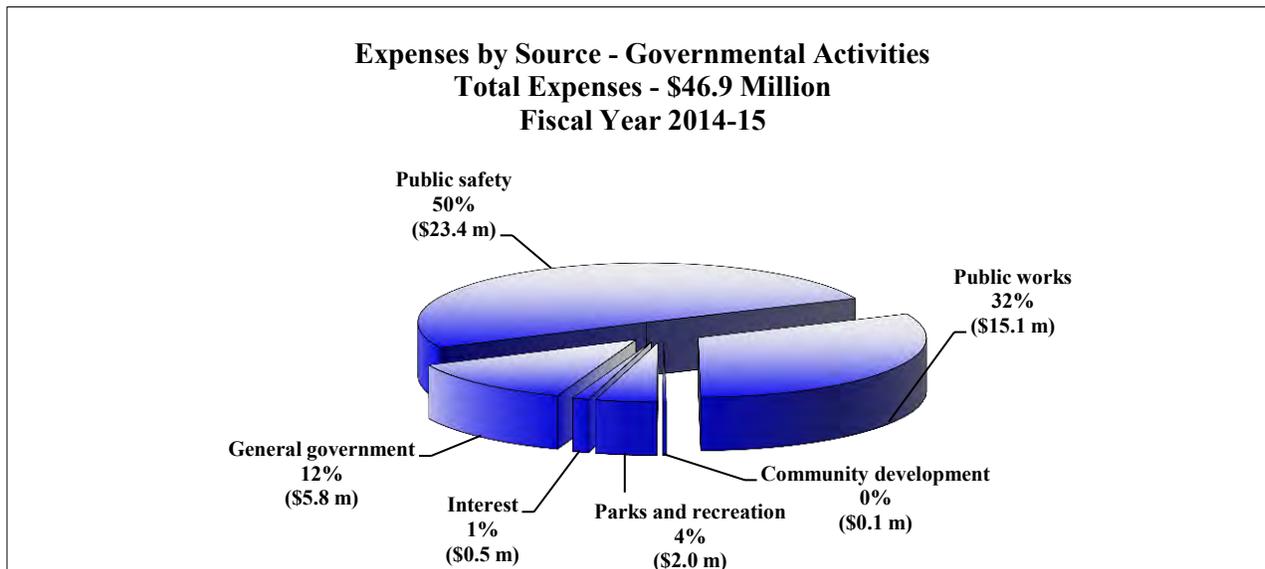
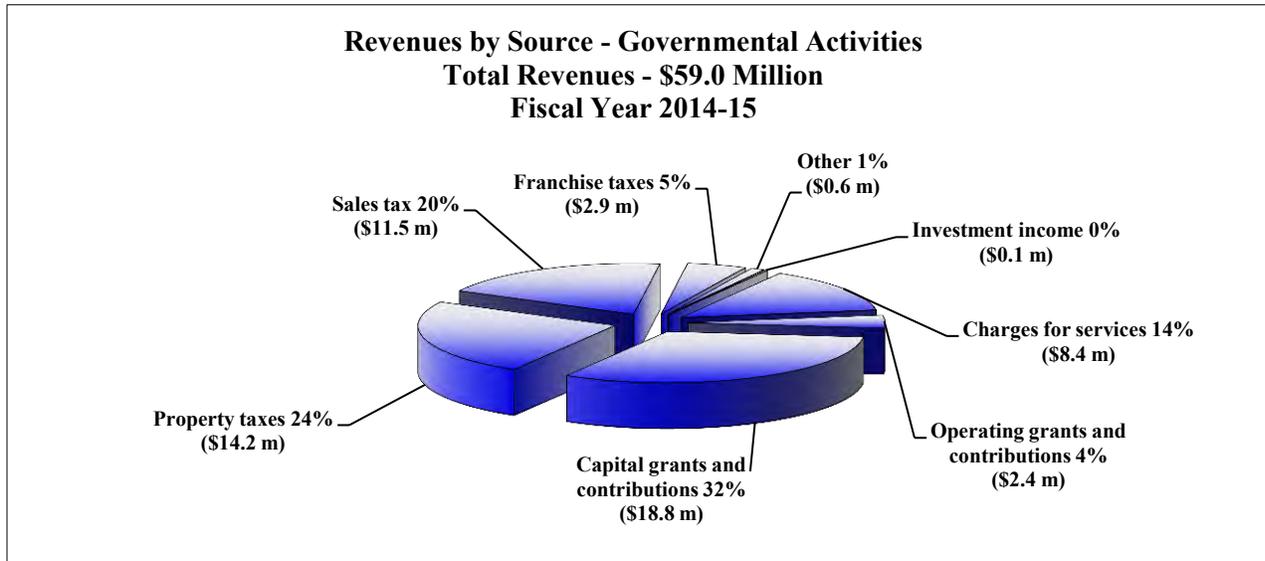
Net position increased by \$12.1 million during the fiscal year as a result of the City's governmental activities. Key elements of this increase are as follows:

**City of Santee
Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014**

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 8,417,256	\$ 8,283,486
Operating grants and contributions	2,422,390	2,776,841
Capital grants and contributions	18,761,627	17,532,392
General revenues:		
Taxes:		
Property taxes	14,224,160	13,351,823
Sales tax	11,492,706	9,460,428
Franchise taxes	2,875,723	2,753,606
Other taxes	620,267	574,132
Motor vehicle in lieu, unrestricted	23,787	24,625
Investment income	122,434	94,421
Miscellaneous	3,397	78,663
Total revenues	<u>58,963,747</u>	<u>54,930,417</u>
Expenses:		
General government	5,766,971	4,152,628
Public safety	23,427,308	23,416,772
Public works	15,058,755	13,787,911
Community development	114,060	96,033
Parks and recreation	2,004,958	2,036,868
Interest and fiscal charges	511,712	369,935
Total expenses	<u>46,883,764</u>	<u>43,860,147</u>
Increase in net position	<u>12,079,983</u>	<u>11,070,270</u>
Net position, beginning of year	198,450,625	187,380,355
Prior period adjustments	<u>(27,394,949)</u>	<u>-</u>
Net Position , beginning of year, as restated	<u>171,055,676</u>	<u>-</u>
Net position, end of year	<u>\$183,135,659</u>	<u>\$198,450,625</u>

- Capital grants and contributions increased by \$1.2 million from the prior fiscal year. This increase is the result of \$14.0 million in funding received from the Santee Community Development Commission Successor Agency for the Prospect Avenue Enhancements project and the Town Center Parkway Improvements project.
- Property tax, the City's largest revenue sources, increased by \$872,337 or 6.5% as a result of the strong recovery in residential real estate values and new construction over the prior year.
- Sales tax, the City's second largest revenue source, increased by \$2.0 million or 21% from the prior fiscal year, reflecting improving economic conditions and growth from major sales tax generating businesses over the past year.
- General government expenses increased by \$1.6 million or 39%. The largest component of this increase is the result of the first full year of payments being issued under an economic development location agreement to a major tax generating business. Additional increases are the result of non-recurring City Manager personnel cost expenses and an increase in City Attorney expenses.

- Public works expenses increased by \$1.3 million or 9%, primarily as a result of a substantial investment in street maintenance over the past year.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

At June 30, 2015, the City's governmental funds reported combined fund balances of \$36.2 million, an increase of \$2.1 million from the prior year. Approximately 19% of this amount (\$6.7 million) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$21,245), 2) restricted for particular purposes (\$25.5 million), 3) committed for particular purposes (\$1.4 million), or 4) assigned for particular purposes (\$2.5 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7.4 million, while the total fund balance was \$11.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 20% of total General Fund expenditures for the year, while total fund balance represents approximately 31% of the total General Fund expenditures for the year.

The General Fund balance increased by \$438,166 during the past fiscal year. General Fund revenues were \$3.4 million more than in the previous fiscal year. As discussed above, sales tax revenue increased by \$2.0 million from the prior fiscal year with improving economic conditions and growth from major sales tax generating businesses, and property tax revenue increased by \$872,337 from the prior fiscal year. Intergovernmental revenues increased by \$494,653 from the prior fiscal year due to an increase in federal and state grants, state mandated costs reimbursements related to prior years and final abandoned vehicle abatement program reimbursements received for prior years. General Fund expenditures were \$2.3 million more than in the previous fiscal year. Key components of this increase include: 1) an increase of \$875,951 in payments issued under an economic development location agreement to a major tax generating business, 2) a \$557,879 increase in public safety capital expenditures as the result of the purchase of a new fire engine and two fire command vehicles over the past fiscal year, and 3) increases in non-recurring City Manager personnel expenditures and in City Attorney expenditures as discussed above.

The Traffic Mitigation Fund, a major fund, experienced a \$1.8 million decrease in fund balance during the past fiscal year as a result of street improvement expenditures, bringing the fund's total fund balance to \$3.9 million, all of which is legally restricted for street improvement capital projects.

The TransNet Fund, a major fund, experienced a \$5.5 million increase in fund balance during the past fiscal year as a result of receiving nearly \$5.4 million in long-term debt proceeds that will be used for street repair and rehabilitation projects, bringing the fund's total fund balance to \$5.6 million, all of which is restricted for street improvement capital projects.

The Capital Projects Fund, a major fund, experienced a \$338,907 decrease in fund balance during the past fiscal year, bringing the fund's total fund balance to \$921,149, the majority of which is either legally restricted or committed for capital projects.

The Nonmajor Governmental Funds balance decreased by a combined \$1.7 million during the past year, bringing the Nonmajor Governmental Funds total fund balance to \$14.5 million. The primary factor leading to this decrease is the expenditure of funds for various capital improvement projects.

General Fund Budgetary Highlights

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

General Fund appropriations were increased by \$2.9 million from the originally adopted budget. Supplemental appropriations approved during the two-year period 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, and appropriation adjustments for legal costs, claims, personnel costs and vehicle purchases.

Actual General Fund revenues were \$20,814 more than budgeted. Sales tax revenue was \$224,606 more than budgeted. Property tax revenues were \$148,340 less than budgeted. Charges for services were \$320,961 less than budgeted. Various other revenue categories experienced minor variances.

Actual General Fund expenditures were \$1.8 million less than budgeted. Fire expenditures were \$642,792 less than budgeted. Capital outlay expenditures (primarily vehicle replacements and grant funded capital expenditures) were \$404,717 less than budgeted. Community services expenditures were \$357,970 less than budgeted. Development Services expenditures were \$172,394 less than budgeted. Human resources expenditures were \$114,142 less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of June 30, 2015 was \$190.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, parks, infrastructure, equipment, vehicles, and construction in progress.

City of Santee
Capital Assets (Net of Accumulated Depreciation)
June 30, 2015 and 2014

	Governmental Activities	
	2015	2014
Land	\$ 12,064,250	\$ 11,796,478
Parks	4,858,872	4,858,872
Construction in progress	23,052,029	13,722,162
Buildings	12,747,899	13,287,382
Improvements other than buildings	5,044,060	4,521,949
Equipment	5,243,409	5,223,980
Vehicles	1,596,506	1,206,565
Infrastructure	125,371,861	122,286,173
Totals	<u>189,978,886</u>	<u>\$176,903,561</u>

Major capital asset activity during the year included the following:

- \$12.0 million was spent for the construction of the \$23.8 million Prospect Avenue Enhancements project which was substantially completed in early 2015.
- \$2.1 million was spent for the construction of a 1.3 mile multi-use recreation trail along the San Diego River. Construction of this \$4.6 million project was completed in early 2015.
- \$2.0 million was spent for the construction of street and drainage improvements to Town Center Parkway which was completed in late 2014.

- \$1.8 million was spent for the rehabilitation of numerous streets and related drainage facilities throughout the City.
- \$1.8 million was spent for the completion of the first phase of the Buena Vista Avenue/Railroad Avenue street and drainage improvement project. Final design work for the second and final phase of this project has commenced, with construction expected to be completed in the summer of 2016.
- \$796,713 was spent for the lining and replacement of corrugated metal drainage pipes in various locations throughout the City.
- \$559,899 was spent for a Pierce triple combination pumper for use by the Fire Department.

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

Long-term Debt

At June 30, 2015 the City had \$40.4 million in long-term debt outstanding. Of this amount, \$730,000 is comprised of lease revenue bonds payable from lease payments made by the City to the Santee Public Financing Authority.

**City of Santee
Long-term Debt
June 30, 2015 and 2014**

	Governmental Activities	
	2015	2014
Bonds payable	\$ 730,000	\$ 895,000
Notes and loans payable	11,938,528	7,965,871
Capital leases payable	970,128	1,208,766
Claims and judgments	990,371	1,021,259
Compensated absences	1,123,450	1,147,986
Other post-employment benefits	186,147	165,731
Pension related debt	-	955,325
Net pension liability	23,201,041	-
Premiums on long-term debt	1,226,723	-
	\$40,366,388	\$13,359,938
Totals		

The City's outstanding debt increased by \$27.0 million during the past fiscal year. Most of this increase can be attributed to the implementation of GASB Statements No. 68 and 71 related to the recognition of the City's net pension liability. In addition, during the past fiscal year long-term debt totaling \$5.4 million was incurred by the City to provide resources for the repair and rehabilitation of streets through the City. Reductions in long-term debt occurred primarily as a result of principal payments made on lease revenue bonds and various notes, loans and capital leases payable. In addition the City made an accelerated payment to reduce its pension related debt. Additional information regarding long-term debt can be found at Note 2D in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

- Total General Fund revenues are projected to increase by 6.6% including \$1.5 million in non-recurring revenues.
- The total assessed valuation of property in the City is anticipated to increase by 4.6%, resulting in a corresponding increase in property tax revenues. Continued improvement has been seen in the residential real estate market over the past year (though at a lesser rate than experienced in the prior year), allowing for some restoration of valuation that had been temporarily reduced over the past five years. Valuation additions are also expected from changes in ownership and new construction over the past year.
- Sales tax revenue is projected to increase by \$1.3 million or 11.8% next fiscal year. Much of this increase is the result of the early retirement by the State of California of "economic recovery bonds" which will have a direct impact on the timing of the receipt of a portion of the City's sales tax revenues and will result in an estimated \$723,000 in additional sales tax revenue during next fiscal year.
- Franchise fee revenue is expected to increase by just 0.3%, with a decrease expected in the revenues to be received from the City's telecommunications franchisee.
- The General Fund adopted budget for next fiscal year reflects a 2.6% increase from the FY 2014-15 budgeted expenditures.
- Law enforcement services contract costs are expected to increase by 3.0% over the next year, with additional future increases expected.
- Next year's budget reflects the addition or conversion of four full-time positions and the reclassification of three positions.
- Next year's budget provides for a 2.5% across the board salary increases for all employee groups.
- Actuarial method, demographic assumption, risk pooling and risk mitigation strategy changes that are being implemented by the California Public Employee Retirement System are expected to result in increasing unfunded liability payments over each of the next five years.
- A General Fund reserve policy was established with the adoption of next year's budget that a minimum reserve of 20% of annual General Fund operating expenditures be maintained.

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.cityofsanteeca.gov.

City of Santee, California

BASIC FINANCIAL STATEMENTS



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City of Santee
Statement of Net Position
June 30, 2015

	Governmental Activities
ASSETS	
Cash and Investments	\$ 30,944,269
Accounts Receivable	1,344,563
Loans Receivable	1,658,500
Interest Receivable	66,672
Due From Other Governments	3,092,692
Inventory	3,692
Deposits	5,312,204
Prepaid Items	17,553
Capital Assets, Not Being Depreciated	39,975,151
Capital Assets, Being Depreciated, Net	150,003,735
Total Assets	232,419,031
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	3,205,818
Total Deferred Outflows of Resources	3,205,818
LIABILITIES	
Accounts Payable	2,965,983
Accrued Salaries and Benefits	644,683
Interest Payable	14,755
Deposits Payable	1,168,455
Unearned Revenue	380,350
Noncurrent Liabilities:	
Due Within One Year	1,793,016
Due in More Than One Year	38,573,372
Total Liabilities	45,540,614
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	6,948,576
Total Deferred Inflows of Resources	6,948,576
NET POSITION	
Net Investment in Capital Assets	181,378,029
Restricted for:	
Streets and Roads	7,721,892
Construction	5,874,365
Other Purposes	6,492,094
Unrestricted	(18,330,721)
Total Net Position	\$ 183,135,659

The accompanying notes are an integral part of this statement.

City of Santee
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government	\$ 5,766,971	\$ 629,965	\$ 91,250	\$ -	\$ (5,045,756)
Public Safety	23,427,308	3,970,360	382,429	-	(19,074,519)
Public Works	15,058,755	3,118,374	1,638,744	18,267,698	7,966,061
Community Development	114,060	-	256,668	-	142,608
Parks and Recreation	2,004,958	698,557	53,299	493,929	(759,173)
Interest and Fiscal Charges	511,712	-	-	-	(511,712)
Total Governmental Activities	\$ 46,883,764	\$ 8,417,256	\$ 2,422,390	\$ 18,761,627	(17,282,491)

General Revenues:

Taxes:

Property Taxes	14,224,160
Sales Taxes	11,492,706
Franchise Taxes	2,875,723
Other Taxes	620,267
Motor Vehicle in Lieu, Unrestricted	23,787
Investment Earnings	122,434
Miscellaneous	3,397

Total General Revenues 29,362,474

Change in Net Position 12,079,983

Net Position - Beginning of Year, As Previously Reported 198,450,625
Prior Period Adjustments (27,394,949)

Net Position - Beginning of Year, As Restated 171,055,676

Net Position - End of Year \$ 183,135,659

The accompanying notes are an integral part of this statement.

**City of Santee
Balance Sheet
Governmental Funds
June 30, 2015**

	General	Capital Projects	
		Traffic Mitigation	TransNet
ASSETS			
Cash and Investments	\$ 13,030,647	\$ 3,907,314	\$ 111,406
Receivables:			
Accounts	947,380	-	-
Loans	-	-	-
Interest	29,007	8,751	178
Due From Other Funds	2,074	-	-
Due From Other Governments	2,154,775	10,255	214,379
Deposits	-	-	5,312,204
Inventory	3,692	-	-
Prepaid Items	17,553	-	-
Total Assets	\$ 16,185,128	\$ 3,926,320	\$ 5,638,167
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 2,643,624	\$ -	\$ -
Accrued Salaries and Benefits	643,845	-	-
Deposits Payable	1,042,803	-	-
Unearned Revenue	376,341	-	-
Due to Other Funds	-	-	-
Total Liabilities	4,706,613	-	-
Deferred Inflows of Resources:			
Unavailable Revenues - Intergovernmental	282,182	-	-
Total Deferred Inflows of Resources	282,182	-	-
Fund Balances:			
Nonspendable	21,245	-	-
Restricted	1,225,001	3,926,320	5,638,167
Committed	435,805	-	-
Assigned	2,094,317	-	-
Unassigned	7,419,965	-	-
Total Fund Balances	11,196,333	3,926,320	5,638,167
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,185,128	\$ 3,926,320	\$ 5,638,167

Continued

The accompanying notes are an integral part of this statement.

<u>Capital Projects</u> Capital Projects	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 940,477	\$ 12,954,425	\$ 30,944,269
380,710	16,473	1,344,563
-	1,658,500	1,658,500
-	28,736	66,672
-	-	2,074
659,586	53,697	3,092,692
-	-	5,312,204
-	-	3,692
-	-	17,553
<u>\$ 1,980,773</u>	<u>\$ 14,711,831</u>	<u>\$ 42,442,219</u>
\$ 91,940	\$ 230,419	\$ 2,965,983
-	838	644,683
125,652	-	1,168,455
-	4,009	380,350
-	2,074	2,074
<u>217,592</u>	<u>237,340</u>	<u>5,161,545</u>
<u>842,032</u>	<u>5,739</u>	<u>1,129,953</u>
<u>842,032</u>	<u>5,739</u>	<u>1,129,953</u>
-	-	21,245
425,417	14,290,197	25,505,102
903,618	21,562	1,360,985
284,067	156,993	2,535,377
(691,953)	-	6,728,012
<u>921,149</u>	<u>14,468,752</u>	<u>36,150,721</u>
<u>\$ 1,980,773</u>	<u>\$ 14,711,831</u>	<u>\$ 42,442,219</u>

The accompanying notes are an integral part of this statement.



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City of Santee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Fund Balances of Governmental Funds		\$ 36,150,721
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of \$127,093,807 accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.		189,978,886
Receivables which are not considered to be available to finance current expenditures are reported as unearned revenue in the governmental funds.		1,129,953
Deferred outflows and inflows of resources related to pensions that are required to be recognized over a defined closed period.		
Pension Related Deferred Outflows of Resources	3,205,818	
Pension Related Deferred Inflows of Resources	<u>(6,948,576)</u>	(3,742,758)
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	\$ (730,000)	
Notes and Loans Payable	(11,938,528)	
Capital Lease Payable	(970,128)	
Claims and Judgments	(990,371)	
Compensated Absences	(1,123,450)	
OPEB Obligation	(186,147)	
Net Pension Liability	(23,201,041)	
Unamortized Premiums on Long-term Debt	<u>(1,226,723)</u>	(40,366,388)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		<u>(14,755)</u>
Net Position of Governmental Activities		<u><u>\$ 183,135,659</u></u>

The accompanying notes are an integral part of this statement.

City of Santee
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General	Capital Projects	
		Traffic Mitigation	TransNet
REVENUES			
Taxes:			
Property	\$ 14,224,160	\$ -	\$ -
Sales	11,492,706	-	-
Other	3,495,989	-	-
Special Assessments	925,588	-	-
Intergovernmental	677,270	-	1,986,568
Licenses and Permits	161,431	-	-
Fines and Forfeitures	211,411	-	-
Developer Fees	-	117,881	-
Charges for Services	5,083,759	-	-
Investment Earnings	126,214	34,157	5,811
Other Revenue	363,120	-	-
Total Revenues	<u>36,761,648</u>	<u>152,038</u>	<u>1,992,379</u>
EXPENDITURES			
Current:			
General Government	5,706,900	-	-
Public Safety	23,049,806	-	-
Public Works	5,472,000	-	-
Community Development	-	-	-
Parks and Recreation	907,217	-	-
Capital Outlay:			
General Government	-	-	-
Public Safety	722,599	-	-
Public Works	39,551	-	-
Parks and Recreation	-	-	-
Debt Service:			
Principal	403,638	-	355,429
Interest and Fiscal Charges	66,907	-	488,776
Total Expenditures	<u>36,368,618</u>	<u>-</u>	<u>844,205</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>393,030</u>	<u>152,038</u>	<u>1,148,174</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	45,136	-	-
Transfers Out	-	(1,931,865)	(1,044,137)
Issuance of Long-term Debt	-	-	4,500,000
Premium on Long-term Debt	-	-	858,075
Total Other Financing Sources (Uses)	<u>45,136</u>	<u>(1,931,865)</u>	<u>4,313,938</u>
Net Change in Fund Balances	<u>438,166</u>	<u>(1,779,827)</u>	<u>5,462,112</u>
Fund Balances - Beginning of Year, As Previously Reported	10,758,167	5,706,147	176,055
Prior Period Adjustments	-	-	-
Fund Balances - Beginning of Year, As Restated	<u>10,758,167</u>	<u>5,706,147</u>	<u>176,055</u>
Fund Balances - Ending	<u>\$ 11,196,333</u>	<u>\$ 3,926,320</u>	<u>\$ 5,638,167</u>

The accompanying notes are an integral part of this statement.

Continued

<u>Capital Projects</u>	<u>Non-Major</u>	<u>Total</u>
<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
\$ -	\$ 561,770	\$ 14,785,930
-	-	11,492,706
-	1,652,185	5,148,174
-	798,491	1,724,079
2,468,654	607,966	5,740,458
-	-	161,431
-	-	211,411
-	1,255,467	1,373,348
-	-	5,083,759
-	94,456	260,638
-	21,644	384,764
<u>2,468,654</u>	<u>4,991,979</u>	<u>46,366,698</u>
-	197,318	5,904,218
-	113,348	23,163,154
-	2,154,614	7,626,614
-	114,060	114,060
-	-	907,217
149,964	-	149,964
-	-	722,599
7,024,024	1,073	7,064,648
2,452,558	-	2,452,558
-	171,914	930,981
-	17,997	573,680
<u>9,626,546</u>	<u>2,770,324</u>	<u>49,609,693</u>
<u>(7,157,892)</u>	<u>2,221,655</u>	<u>(3,242,995)</u>
6,818,985	188,199	7,052,320
-	(4,076,318)	(7,052,320)
-	-	4,500,000
-	-	858,075
<u>6,818,985</u>	<u>(3,888,119)</u>	<u>5,358,075</u>
<u>(338,907)</u>	<u>(1,666,464)</u>	<u>2,115,080</u>
1,260,056	16,309,479	34,209,904
-	(174,263)	(174,263)
<u>1,260,056</u>	<u>16,135,216</u>	<u>34,035,641</u>
<u>\$ 921,149</u>	<u>\$ 14,468,752</u>	<u>\$ 36,150,721</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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 2,115,080

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	\$	8,748,395	
Capital Contributions		12,177,884	
Gain (Loss) on Disposal		(482,790)	
Depreciation Expense		<u>(7,368,164)</u>	13,075,325

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

Principal Payments	\$	930,981	
Amortization of Notes Payable Premium		63,033	
Notes Payable Issued		(4,500,000)	
Premium on Notes Payable		<u>(858,075)</u>	(4,364,061)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (1,065)

The net effect of revenues reported in the Statement of Activities which are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds. 419,165

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

Net Change in Claims and Judgments	\$	30,888	
Net Change in Compensated Absences		24,536	
Net Change in Net Pension Liability		(7,501,508)	
Net Change in Pension Related Deferred Outflows and Inflows of Resources		8,302,039	
Net Change in OPEB Obligation		<u>(20,416)</u>	<u>835,539</u>

Change in Net Position of Governmental Activities \$ 12,079,983

The accompanying notes are an integral part of this statement.

City of Santee
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Successor Agency Private-purpose Trust Fund
ASSETS	
Cash and Investments	\$ 3,477,618
Cash and Investments with Fiscal Agent	4,942,726
Receivables:	
Loans	549,243
Interest	15,541
Land Held for Resale	439,000
Land	129,900
Total Assets	9,554,028
LIABILITIES	
Accounts Payable	11,592
Interest Payable	1,204,196
Bonds Payable	47,718,919
Total Liabilities	48,934,707
NET POSITION	
Net Position (Deficit) Held in Trust for Successor Agency	\$ (39,380,679)

The accompanying notes are an integral part of this statement.

City of Santee
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 4,557,532
Investment Earnings	105,549
Other Revenue	48,808
Total Additions	4,711,889
DEDUCTIONS	
Administrative Costs	413,413
Projects	14,036,848
Interest on Bonds	2,918,247
Total Deductions	17,368,508
Change in Net Position	(12,656,619)
Net Position - Beginning of Year	(26,724,060)
Net Position - End of Year	\$ (39,380,679)

The accompanying notes are an integral part of this statement.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

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

Santee Public Financing Authority - The purpose of the Santee Public Financing Authority (Authority) is to facilitate the financing of public improvements for the City and the Santee Community Development Commission. On February 1, 2012, the Santee Community Development Commission was dissolved by legislation from the California State Legislature and a decision by the California Supreme Court. The City of Santee is the Successor Agency of the Santee Community Development Commission which oversees the remaining activities of the former Santee Community Development Commission.

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

B) Government-wide and Fund Financial Statements

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

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Government-wide and Fund Financial Statements - Continued

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.

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

TransNet Fund - This capital projects fund is used to account for allocations received from the San Diego Association of Governments (SANDAG) for transportation improvement projects.

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

Additionally, the City reports the following fund type:

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

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

Governmental Accounting Standards Board Statement No. 68

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental Accounting Standards Board Statement No. 69

In January of 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement was issued to improve the financial reporting by state and local governments for government combinations and disposals of government operations. The term *government combinations* is used in this Statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfer of operations may be present in shared service arrangements, reorganizations, redistricting, annexations and arrangements in which an operation is transferred to a new government created to provide those services. In addition to providing guidance for reporting such activity, this Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. Statement No. 69 is effective for periods beginning after December 15, 2013. Currently, this statement has no effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 71

In November of 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement 68*. This statement was issued to address an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributions entities. At the beginning of the period in which the provisions of Statement 68 are adopted, there may be circumstances in which it is not practical for a government to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to pensions. In such circumstances, the government should recognize a beginning deferred outflow of resources only for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year. Additionally, in those circumstances, no beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions should be recognized. Statement No. 71 is effective for periods beginning after June 15, 2014 and should be implemented simultaneously with the provisions of GASB Statement No. 68. The City has implemented GASB No. 68 and 71 and these statements are reflected in the City's financial statements.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental Accounting Standard Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is effective for periods beginning after June 15, 2015. The City has elected not to early implement GASB No. 72 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 73

In June of 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement was issued to improve the usefulness of information about pensions for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

Statement No. 73 requirements that addresses accounting and financial reporting by employers and governmental nonemployer contributing entities is effective for fiscal years beginning after June 15, 2016, except those provisions that address financial reporting for assets accumulated for purposes of providing those pensions which are effective for fiscal years beginning after June 15, 2015. Statement No. 73 requirements for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City has elected not to early implement GASB No. 73 and has not determined its effect on the City's financial statements.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental Accounting Standard Board Statement No. 74

In June of 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement was issued to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) for making decisions and assessing accountability. This Statement replaces Statements no. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. Statement No. 74 is effective for fiscal years beginning after June 15, 2016. The City has elected not to early implement GASB No. 74 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement was issued to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Statement No. 75 is effective for fiscal years beginning after June 15, 2017. The City has elected not to early implement GASB No. 75 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 76

In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement was issued to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements for state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental Accounting Standard Board Statement No. 76 - Continued

of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76 is effective for periods beginning after June 15, 2015 and should be applied retroactively. The City has elected not to early implement GASB No. 76 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement is intended to provide financial statement users needed information about certain limitations on a government's ability to raise resources and for financial reporting purposes requires disclosure on tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. Statement No. 77 is effective for periods beginning after December 15, 2015. The City has elected not to early implement GASB No. 77 and has not determined its effect on the City's financial statements.

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

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

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

emergency medical services provided to County Service Area 69 which is considered available if collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

E) Assets, Liabilities, and Net Position or Equity

Cash and Investments

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

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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.

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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, notes and 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, 2015 is recorded as a long-term liability.

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Compensated Absences - Continued

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

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

Claims and Judgments

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. The City has deferred outflows related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (*pension related items*), is reported only in the government-wide statement of net position. This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts (see Note 3C), which are amortized by an actuarial determined period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of deferred inflows of resources. One item arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows of resources related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (*pension related items*), is reported only in the government-wide statement of net position. These amounts (see Note 3C) are amortized by an actuarial determined period.

**City of Santee
Notes to Financial Statements
Year Ended June 30, 2015**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) Plans (Plans) and additional to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

Cash and investments at June 30, 2015 are classified in the accompanying financial statements as follow:

Governmental Activities:	
Cash and Investments	\$ 30,944,269
Fiduciary Funds:	
Cash and Investments	3,477,618
Cash and Investments with Fiscal Agent	<u>4,942,726</u>
Total Cash and Investments	<u>\$ 39,364,613</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on Hand	\$ 6,100
Deposits with Financial Institutions	913,342
Investments	<u>38,445,171</u>
Total Cash and Investments	<u>\$ 39,364,613</u>

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

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

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 ⁽¹⁾	Maximum Percentage Of Portfolio ⁽¹⁾	Maximum Investment In One Issuer ⁽¹⁾
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	15% ⁽²⁾	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	90 days	10%	None
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	15%	10%
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-through securities	No	N/A	N/A	N/A
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
California Asset Management Program	Yes	N/A	None	None
JPA Pools (Other Investment Pools)	No	N/A	N/A	N/A

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

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

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.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Investments Authorized by Debt Agreements - Continued

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

Disclosures Relating to Interest Rate Risk

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

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Disclosures Relating to Interest Rate Risk - Continued

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 2,506,055	\$ 507,031	\$ 1,006,719	\$ 992,305	\$ -
Federal Agency Securities	9,332,251	1,981,954	2,025,515	5,324,782	-
Medium-Term Notes	3,031,798	958,985	530,240	1,542,573	-
Local Agency Investment Fund	18,540,722	18,540,722	-	-	-
CAMP Investment Fund	41,175	41,175	-	-	-
Money Market Funds	50,442	50,442	-	-	-
Held By Fiscal Agent:					
U.S Treasury Notes	699,398	-	-	699,398	-
Federal Agency Securities	3,428,546	-	-	3,428,546	-
Money Market Fund	814,784	814,784	-	-	-
Total	\$ 38,445,171	\$ 22,895,093	\$ 3,562,474	\$ 11,987,604	\$ -

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
				AAA	AA	Not Rated
U.S. Treasury Notes	\$ 2,506,055	N/A	\$ 2,506,055	\$ -	\$ -	\$ -
Federal Agency Security	9,332,251	N/A	-	9,332,251	-	-
Medium-Term Notes	3,031,798	AA	-	-	3,031,798	-
Local Agency Investment Fund	18,540,722	N/A	-	-	-	18,540,722
CAMP Investment Fund	41,175	N/A	-	-	-	41,175
Money Market Funds	50,442	N/A	-	50,442	-	-
Held by Fiscal Agent:						
U.S. Treasury Notes	699,398		-	699,398	-	-
Federal Agency Securities	3,428,546	N/A	-	3,428,546	-	-
Money Market Funds	814,784	N/A	-	814,784	-	-
Total	\$38,445,171		\$2,506,055	\$14,325,421	\$ 3,031,798	\$18,581,897

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>% of Total Investments</u>
Federal Home Loan Mortgage Corp	Federal Agency Securities	\$ 2,482,689	6.46%
Federal National Mortgage Association	Federal Agency Securities	\$ 5,544,043	14.42%

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City generally manages its exposure to custodial credit risk by collateralizing deposits and by using an investment custodian other than the broker-dealer.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

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 Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation has been recorded. The following table presents summary information on the changes in governmental funds capital assets for the year ended June 30, 2015.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

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	\$ 11,796,478	\$ -	\$ -	\$ 267,772	\$ 12,064,250
Parks	4,858,872	-	-	-	4,858,872
Construction in Progress	13,722,162	12,359,509	-	(3,029,642)	23,052,029
Total Capital Assets, Not Being Depreciated	<u>30,377,512</u>	<u>12,359,509</u>	<u>-</u>	<u>(2,761,870)</u>	<u>39,975,151</u>
Capital Assets, Being Depreciated					
Buildings	20,191,577	111,604	-	-	20,303,181
Improvements Other Than Buildings	6,029,623	821,615	-	87,437	6,938,675
Equipment	8,883,994	419,573	-	12,104	9,315,671
Vehicles	4,864,269	710,767	(244,269)	-	5,330,767
Infrastructure	227,601,339	6,503,211	(1,557,631)	2,662,329	235,209,248
Total Capital Assets Being Depreciated	<u>267,570,802</u>	<u>8,566,770</u>	<u>(1,801,900)</u>	<u>2,761,870</u>	<u>277,097,542</u>
Less Accumulated Depreciated for:					
Buildings	\$ (6,904,195)	\$ (651,087)	\$ -	\$ -	\$ (7,555,282)
Improvements Other Than Buildings	(1,507,674)	(386,941)	-	-	(1,894,615)
Equipment	(3,660,014)	(412,248)	-	-	(4,072,262)
Vehicles	(3,657,704)	(318,998)	242,441	-	(3,734,261)
Infrastructure	(105,315,166)	(5,598,890)	1,076,669	-	(109,837,387)
Total Accumulated Depreciation	<u>(121,044,753)</u>	<u>(7,368,164)</u>	<u>1,319,110</u>	<u>-</u>	<u>(127,093,807)</u>
Total Capital Assets Being Depreciated, Net	<u>146,526,049</u>	<u>1,198,606</u>	<u>(482,790)</u>	<u>2,761,870</u>	<u>150,003,735</u>
Governmental Activities Capital Assets, Net	<u>\$ 176,903,561</u>	<u>\$ 13,558,115</u>	<u>\$ (482,790)</u>	<u>\$ -</u>	<u>\$ 189,978,886</u>

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

B) Capital Assets - Continued

Depreciation expense was charged to the governmental activities as follows:

General Government	\$	126,199
Public Safety		332,189
Public Works		5,811,863
Parks and Recreation		<u>1,097,913</u>
Total Governmental Activities		
Depreciation Expense	\$	<u>7,368,164</u>

C) Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2015 is as follows

Due From/Due To

<u>Due From</u>	<u>Due To</u>	
Nonmajor Governmental Funds	General Fund	\$ <u>2,074</u>
	TOTAL	\$ <u>2,074</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>	
General Fund	Nonmajor Governmental Funds	\$ 45,136
Capital Projects	Traffic Mitigation	1,931,865
Capital Projects	Nonmajor Governmental Funds	4,887,120
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>188,199</u>
	TOTAL	\$ <u>7,052,320</u>

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities

Changes in Long-term Liabilities

Long-term liability activity for the governmental activities for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 895,000	\$ -	\$ 165,000	\$ 730,000	\$ 175,000
Notes and Loans Payable	7,965,871	4,500,000	527,343	11,938,528	607,408
Capital Lease Payable	1,208,766		238,638	970,128	195,743
Claims and Judgments	1,021,259	409,529	440,417	990,371	253,140
Compensated Absences	1,147,986	1,090,108	1,114,644	1,123,450	561,725
OPEB Obligation (See Note 3D)	165,731	249,793	229,377	186,147	-
Pension Related Debt	955,325	-	955,325 ⁽¹⁾	-	-
Net Pension Liability (See Note 3C)	-	33,034,730 ⁽¹⁾	9,833,689	23,201,041	-
Premiums on Long-term Debt	-	1,289,756 ⁽¹⁾	63,033	1,226,723	-
Total	\$ 13,359,938	\$ 40,573,916	\$ 13,567,466	\$ 40,366,388	\$ 1,793,016

⁽¹⁾Included in additions is a prior period adjustment of \$30,702,549 (net pension liability), \$431,681 (premiums) and for deletions a \$955,325 prior period adjustment. These prior period adjustments were due to the implementation of GASB Statement 68 (see Note 3I) and to record premiums from prior years.

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, 2015 were \$730,000.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Lease Revenue Bonds - Continued

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 175,000	\$ 27,080
2017	180,000	20,780
2018	185,000	14,300
2019	190,000	7,363
Total	<u>\$ 730,000</u>	<u>\$ 69,523</u>

Notes and Loans Payable

On November 17, 2010, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City 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, 2015, the City's total debt outstanding on this note was \$6,446,032.

Annual debt service requirements to maturity on this debt at June 30, 2015 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 329,195	\$ 262,791
2017	342,961	249,623
2018	354,232	235,905
2019	369,253	221,736
2020	384,139	206,966
2021-2025	2,161,252	796,163
2026-2030	2,505,000	301,150
Total	<u>\$ 6,446,032</u>	<u>\$ 2,274,334</u>

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Notes and Loans Payable - Continued

Revenues Pledged. The City has pledged a portion of TransNet revenues to repay a note payable to SANDAG. The note payable is secured solely by the TransNet revenues. Total principal and interest remaining on the note payable is \$8,720,366 payable through fiscal year 2030. For the current year, principal and interest paid by the TransNet revenues were \$317,931 and \$275,509, respectively.

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

Annual debt service requirements to maturity on this debt at June 30, 2015 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 140,000	\$ 16,877
2017	140,000	15,372
2018	140,000	13,440
2019	140,000	11,123
2020	140,000	8,449
2021-2022	280,000	7,091
Total	\$ 980,000	\$ 72,352

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, 2015 is \$18,605.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Notes and Loans Payable - Continued

Annual loan payments to maturity are as follows:

Year Ending June 30,	Principal
2016	\$ 18,605
Total	\$ 18,605

In November 2012, the City entered into an “On-Bill Financing Loan agreement” with the San Diego Gas & Electric Company (SDG&E) whereby SDG&E 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 83 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 \$663 and the monthly loan payment to maturity is \$592. Imputed interest on the loan is immaterial and has not been included in these financial statements. The total loan balance outstanding at June 30, 2015 is \$31,391.

Annual loan payments to maturity are as follows:

Year Ending June 30,	Principal
2016	\$ 7,107
2017	7,107
2018	7,107
2019	7,107
2020	2,963
Total	\$ 31,391

On September 10, 2014, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City will borrow up to \$4,500,000 through the TransNet debt financing program. Under the agreement, the City is responsible for its proportionate share of SANDAG’s bond issuance costs, annual debt service and administrative costs through the maturity date of the note in fiscal year ending 2034. Interest on the note is 3.851%. The repayment of debt will be the first priority on the use of the City’s annual TransNet revenues. As of June 30, 2015, the City’s total debt outstanding on this note was \$4,462,500.

**City of Santee
Notes to Financial Statements
Year Ended June 30, 2015**

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, 2015 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 112,500	\$ 222,000
2017	155,000	217,500
2018	165,000	209,750
2019	170,000	201,500
2020	180,000	193,000
2021-2025	1,040,000	821,250
2026-2030	1,325,000	534,000
2031-2034	1,315,000	168,500
Total	<u>\$ 4,462,500</u>	<u>\$ 2,567,500</u>

Revenues Pledged. The City has pledged a portion of TransNet revenues to repay a note payable to SANDAG. The note payable is secured solely by the TransNet revenues. Total principal and interest remaining on the note payable is \$7,030,000 payable through fiscal year 2034. For the current year, principal and interest paid by the TransNet revenues were \$37,500 and \$195,943, respectively.

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, 2013. 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
Year Ended June 30, 2015

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
2016	\$ 81,763
2017	81,763
2018	40,881
Total Minimum Lease Payments	204,407
Less: Amount Representing Interest	(10,279)
Present Value of Minimum Lease Payments	\$ 194,128

On March 1, 2013, the City entered into a Purchase Agreement with Caterpillar Financial Services Corporation in the amount of \$125,222 for the purchase of a 2013 430F Caterpillar Backhoe Loader. The capital asset has been recorded as of June 30, 2013. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with Caterpillar Financial Services Corporation dated March 21, 2013.

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

Year Ending June 30,	Governmental Activities
2016	\$ 19,441
2017	19,441
2018	19,441
2019	19,441
2020	9,722
Total Minimum Lease Payments	87,486
Less: Amount Representing Interest	(5,466)
Present Value of Minimum Lease Payments	\$ 82,020

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Long-term Liabilities - Continued

Capital Lease Payable - Continued

On September 6, 2013, the City entered into a Purchase Agreement with Oshkosh Capital in the amount of \$559,899 for the purchase of a 2014 Pierce Arrow Triple Combination Pumper. The capital asset has been recorded as of June 30, 2014. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with Oshkosh Capital dated September 6, 2013.

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

Year Ending June 30,	Governmental Activities
2016	\$ 88,743
2017	88,743
2018	88,743
2019	88,743
2020	88,743
2021-2023	44,372
Total Minimum Lease Payments	488,087
Less: Amount Representing Interest	(36,674)
Present Value of Minimum Lease Payments	\$ 451,413

On December 16, 2013, the City entered into a Purchase Agreement with Caterpillar Financial Services Corporation in the amount of \$335,172 for the purchase of a 2014 Vactor Model 2100 Plus Series Jet Rodder. The capital asset has been recorded as of June 30, 2014. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with Caterpillar Financial Services Corporation dated January 20, 2014.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

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
2016	\$ 32,612
2017	32,612
2018	32,612
2019	32,612
2020	32,612
2021-2023	114,142
Total Minimum Lease Payments	277,202
Less: Amount Representing Interest	(34,635)
Present Value of Minimum Lease Payments	\$ 242,567

Claims and Judgments

The outstanding liability for claims payable at June 30, 2015 was \$990,371 (see Note 3A). This liability is primarily liquidated from the General Fund.

Compensated Absences

The outstanding liability for compensated absences earned at June 30, 2015 was \$1,123,450. 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, 2015 was \$186,147 (see Note 3D).

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015 and 2014 were as follows:

	2015	2014
Claims payable, beginning of year	\$ 1,021,259	\$ 988,695
Current year claims and changes in estimates	409,529	713,297
Current year claims payments	(440,417)	(680,733)
Claims payable, end of year	\$ 990,371	\$ 1,021,259

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

A) Risk Management - Continued

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2013-14 to fiscal year 2014-15. Furthermore, there was no settlement which exceeded the insurance coverage for the past three years.

B) Loans Receivable

The City has made various First Time Home Buyer Loans to individuals with Federal HOME and CalHome Program funding to assist them in acquiring a single family residence within the City. These loans are at various low simple interest rates. Assuming all conditions of the loans are met, accrued and unpaid interest is forgiven by the City after ten years of owner occupancy. The principal amounts of the loans are due and payable thirty years from the date of the loan unless the property is sold, rented or transferred. The balance of the loans outstanding at June 30, 2015 was \$1,658,500.

The loans receivable in the Fiduciary Fund represent those loans issued by the former Community Development Commission for low and moderate income housing. The balance of the loans at June 30, 2015 is \$549,243.

C) Employee Retirement Systems and Pension Plans

California Public Employee Retirement System

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

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans - Continued

California Public Employee Retirement System - Continued

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013 ⁽¹⁾
Hire Date		
Benefit Formulas ⁽²⁾	2.7% at 55	2.0% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55+	52 - 67+
Benefit Factors, as a % of Eligible Compensation ⁽³⁾	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rates	8.0%	6.25%
Required Employer Contribution Rates	18.642%	6.25%

	Miscellaneous 2nd Tier	
	Prior to January 1, 2013	On or After January 1, 2013 ⁽¹⁾
Hire Date		
Benefit Formulas ⁽²⁾	2.0% at 55	2.0% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 63+	52 - 67+
Benefit Factors, as a % of Eligible Compensation ⁽³⁾	1.426% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	7.0%	6.25%
Required Employer Contribution Rates	11.032%	6.25%

**City of Santee
Notes to Financial Statements
Year Ended June 30, 2015**

3) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans - Continued

California Public Employee Retirement System - Continued

	Safety	
	Prior to January 1, 2013	On or After January 1, 2013 ⁽¹⁾
Hire Date		
Benefit Formulas ⁽²⁾	3.0% at 50	2.7% at 57
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50+	50 - 57+
Benefit Factors, as a % of Eligible Compensation ⁽³⁾	3.0%	2.0% - 2.7%
Required Employee Contribution Rates	9.0%	12.25%
Required Employer Contribution Rates	29.556%	12.25%

	Safety 2nd Tier	
	Prior to January 1, 2013	On or After January 1, 2013 ⁽¹⁾
Hire Date		
Benefit Formulas ⁽²⁾	3.0% at 55	2.7% at 57
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55+	50 - 57+
Benefit Factors, as a % of Eligible Compensation ⁽³⁾	2.4% - 3.0%	2.0% - 2.7%
Required Employee Contribution Rates	9.0%	12.25%
Required Employer Contribution Rates	23.065%	12.25%

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

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

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

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans - Continued

California Public Employee Retirement System - Continued

determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Miscellaneous 2 nd Tier	PEPRA Miscellaneous
Contributions - Employer	\$ 1,349,457	\$ 10,560	\$ 25,519
Contributions - Employee (Paid by Employer)	212,315	3,122	-

	Safety	Safety 2 nd Tier	PEPRA Safety
Contributions - Employer	\$ 1,206,339	\$ 52,761	\$ 35,645
Contributions - Employee (Paid by Employer)	144,120	7,262	-

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 9,285,501
Safety	13,905,475
Safety 2 nd Tier	10,065
Total Net Pension Liability	\$ 23,201,041

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans - Continued

California Public Employee Retirement System - Continued

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Safety 2nd Tier</u>
Proportion - June 30, 2013	0.15358%	0.22713%	0.00017%
Proportion - June 30, 2014	0.14923%	0.22347%	0.00016%
Change - Increase (Decrease)	(0.00435)%	(0.00366)%	(0.00001)%

For the year ended June 30, 2015, the City recognized pension expense of \$2,239,172. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,047,120	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	158,696	(69,144)
Net differences between projected and actual earnings on plan investments	-	(6,879,432)
	<u> </u>	<u> </u>
Total	<u>\$ 3,205,818</u>	<u>\$ (6,948,576)</u>

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans - Continued

California Public Employee Retirement System - Continued

\$3,047,120 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Net Deferred Outflows/Inflows
2016	\$ (1,687,876)
2017	(1,687,876)
2018	(1,694,269)
2019	(1,719,859)

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Plans ⁽¹⁾		Safety Plans ⁽¹⁾
Valuation Date	June 30, 2013		June 30, 2013
Measurement Date	June 30, 2014		June 30, 2014
Actuarial Cost Method			
Actuarial Assumptions:			
Discount Rate	7.5%		7.5%
Inflation	2.75%		2.75%
Projected Salary Increase	3.3% - 14.2%	(2)	3.3% - 14.2%
Investment Rate of Return	7.5%	(3)	7.5%
Mortality	CalPERS Membership Data	(4)	CalPERS Membership Data

⁽¹⁾ Assumptions were the same for all Plans.

⁽²⁾ Depending on age, service and type of employment

⁽³⁾ Net of pension plan investment expenses, including inflation

⁽⁴⁾ The Mortality Rate Table was derived using CalPERS's membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans - Continued

California Public Employee Retirement System - Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrator expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in the calculation.

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

**City of Santee
Notes to Financial Statements
Year Ended June 30, 2015**

3) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans - Continued

California Public Employee Retirement System - Continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above the rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the City's proportionate share of the net position liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**City of Santee
Notes to Financial Statements
Year Ended June 30, 2015**

3) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans - Continued

California Public Employee Retirement System - Continued

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Safety 2nd Tier</u>
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 15,872,846	\$ 23,764,933	\$ 17,321
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$ 9,285,501	\$ 13,905,475	\$ 10,065
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$ 3,818,630	\$ 5,781,707	\$ 4,087

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$88,866, which is included in accrued salaries and benefits, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Public Agency Retirement System

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

For the year ended June 30, 2015, the City's payroll covered by the plan was \$272,576. The City made employer contributions of \$10,222 (3.75% of covered payroll), and employees contributed \$10,222 (3.75% of covered payroll).

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

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, 2015 were \$112,913. As of June 30, 2015, 45 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, 2015 were \$6,562. There was one participant in this program during the fiscal year but no participants as of June 30, 2015.

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'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 pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2014-15, the City contributed \$229,377 to the plan. Contributions are typically made from the General Fund.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

D) Other Post-Employment Benefits (OPEB)

City's Funding Policy - Continued

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	\$ 262,715
Interest on Net OPEB Obligation	6,629
Adjustment to Annual Required Contribution	(19,551)
Annual OPEB Cost (Expense)	249,793
Contributions Made (Including Premiums Paid)	(229,377)
Increase (Decrease) in Net OPEB Obligation	20,416
Net OPEB Obligation - Beginning of Year	165,731
Net OPEB Obligation - End of Year	\$ 186,147

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	OPEB Cost	Actual Contribution (Net of Adjustments)	Cost Contributed	Obligation
6/30/13	\$ 245,852	\$ 244,689	99.5%	\$ 99,755
6/30/14	\$ 266,606	\$ 200,630	75.3%	\$ 165,731
6/30/15	\$ 249,793	\$ 229,377	91.8%	\$ 186,147

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

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

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, was as follows (dollar amounts in thousands):

Actuarial Accrued Liability (AAL)	\$	3,943,315
Actuarial Value of Plan Assets	\$	-
Unfunded Actuarial Accrued Liability (UAAL)	\$	3,943,315
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0.00%
Covered Payroll (Active Plan Members)	\$	9,414,424
UAAL as a Percentage of Covered Payroll		41.9%

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 4.0 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 3.0 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
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

E) Net Position and Fund Balances

Net Position

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

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

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

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

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

	Statement of Net Position
Community Development	\$ 1,903,021
Debt Service	245,001
Law Enforcement and Traffic Management	158,989
Lighting and Landscape Maintenance	1,258,588
Storm Drains and Channels	2,839,676
Energy Efficiency	24,430
Mobile Home Park Ordinance Administration	62,389
	\$ 6,492,094

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

E) Net Position and Fund Balances - Continued

Fund Balances

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

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

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

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

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

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

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

E) Net Position and Fund Balances - Continued

Fund Balances - Continued

The details of the fund balances as of June 30, 2015 are presented below:

	General Fund	Traffic Mitigation Fund	TransNet Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 17,553	\$ -	\$ -	\$ -	\$ -	\$ 17,553
Inventory	3,692	-	-	-	-	3,692
Restricted for:						
Community Development	-	-	-	-	1,899,721	1,899,721
Debt Service	1,225,001	-	-	-	-	1,225,001
Law Enforcement	-	-	-	-	7,918	7,918
Traffic Management	-	-	-	-	151,071	151,071
Lighting and Landscape Maintenance	-	-	-	-	1,258,588	1,258,588
Streets and Roads	-	3,926,320	5,638,167	-	3,441,927	13,006,414
Storm Drains and Channels	-	-	-	-	2,839,676	2,839,676
Construction	-	-	-	425,417	4,606,916	5,032,333
Energy Efficiency	-	-	-	-	24,430	24,430
Mobile Home Park Ordinance Administration	-	-	-	-	59,950	59,950
Committed to:						
General Contracts	31,120	-	-	-	-	31,120
Software Upgrade	-	-	-	98,580	-	98,580
Community Development	33,276	-	-	-	-	33,276
Fire Equipment and Supplies	322,010	-	-	-	21,562	343,572
Construction	-	-	-	805,038	-	805,038
Public Works	49,399	-	-	-	-	49,399
Assigned to:						
General Contracts	12,485	-	-	-	-	12,485
Fire Equipment and Supplies	75,842	-	-	-	-	75,842
Employee Development	10,000	-	-	-	-	10,000
Equipment Purchases	18,683	-	-	-	-	18,683
Recreation Programs	50,124	-	-	-	-	50,124
Self-Insurance	1,004,588	-	-	-	-	1,004,588
Vehicle Replacement	332,384	-	-	-	-	332,384
Construction	578,430	-	-	284,067	156,993	1,019,490
Library	8,711	-	-	-	-	8,711
Other Purposes	3,070	-	-	-	-	3,070
Unassigned:	7,419,965	-	-	(691,953)	-	6,728,012
Total Fund Balances	<u>\$ 11,196,333</u>	<u>\$3,926,320</u>	<u>\$ 5,638,167</u>	<u>\$ 921,149</u>	<u>\$ 14,468,752</u>	<u>\$ 36,150,721</u>

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015, the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

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

G) Successor Agency Long-term Obligations

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santee that previously had reported a community development commission (redevelopment agency) within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 4-2012. However, the City Council, on January 25, 2012, designated the San Diego County Housing Authority to assume all housing assets and functions of the former Redevelopment Agency. As of June 30, 2014, a portion of the assets have been accepted and transferred to the County Housing Authority. The remaining assets are currently reported in the Successor Agency Private Purpose Trust Fiduciary Fund. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

**City of Santee
Notes to Financial Statements
Year Ended June 30, 2015**

3) OTHER INFORMATION - Continued

G) Successor Agency Long-term Obligations - Continued

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Fiduciary Fund:					
Bonds Payable	\$ 49,450,000	\$ -	\$ 1,195,000	\$ 48,255,000	\$ 1,240,000
Discount on Bonds	(556,699)	-	(20,618)	(536,081)	-
 Total	 \$ 48,893,301	 \$ -	 \$ 1,174,382	 \$ 47,718,919	 \$ 1,240,000

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, 2015 of \$1,474,194 was fully satisfied.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

G) Successor Agency Long-term Obligations - Continued

Tax Allocation Bonds - Continued

2005 Tax Allocation Bonds - Continued

The 2005 Bonds outstanding at June 30, 2015 were \$18,375,000. Annual debt service requirements to maturity for the 2005 Bonds are as follows:

Year Ending June 30,	Principal	Interest
2016	\$ 640,000	\$ 793,183
2017	660,000	768,796
2018	695,000	742,109
2019	730,000	713,609
2020	760,000	683,809
2021-2025	4,265,000	2,908,964
2026-2030	5,360,000	1,855,189
2031-2034	5,265,000	502,610
Total	\$ 18,375,000	\$ 8,968,269

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, 2015 of \$2,200,925 was fully funded.

**City of Santee
Notes to Financial Statements
Year Ended June 30, 2015**

3) OTHER INFORMATION - Continued

G) Successor Agency Long-term Obligations - Continued

2011 Tax Allocation Bonds Series A and Series B - Continued

The 2011 Bonds Series B consists 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, 2015 of \$471,000 was fully funded.

The 2011 Bonds Series A and Series B outstanding at June 30, 2015 were \$29,880,000. Annual debt service requirements to maturity for the 2011 Bonds are as follows:

Year Ending June 30,	2011A		2011B	
	Principal	Interest	Principal	Interest
2016	\$ 520,000	\$ 1,665,938	\$ 80,000	\$ 405,900
2017	545,000	1,642,625	80,000	401,000
2018	560,000	1,617,062	90,000	395,463
2019	580,000	1,589,262	95,000	389,100
2020	610,000	1,558,369	100,000	382,025
2021-2025	3,640,000	7,188,600	645,000	1,755,700
2026-2030	4,905,000	5,801,150	1,000,000	1,387,047
2031-2035	6,125,000	3,803,625	1,285,000	814,178
2036-2040	5,250,000	1,895,600	725,000	372,638
2041-2042	2,650,000	188,650	395,000	38,237
Total	<u>\$ 25,385,000</u>	<u>\$ 26,950,881</u>	<u>\$ 4,495,000</u>	<u>\$ 6,341,288</u>

Contingencies

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

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

H) Joint Powers Authorities

The City is a member in two joint powers authorities at June 30, 2015. Complete financial statements for each joint powers authority may be obtained at the City of El Cajon, Finance Department, 200 Civic Center Way, El Cajon, California 92020. A summary of each joint powers authority, the City's participation and any related party transactions with each authority are as follows:

Heartland Fire Training Authority

The purpose of Heartland Fire Training Authority (HFTA) is to provide a fire-fighting training facility and training courses for personnel of the member agencies. HFTA was created on October 1, 1999, by a Joint Powers Agreement (JPA) between a number of cities and fire protection districts in San Diego County. For fiscal year 2014-15, the JPA members included: Cities of El Cajon, La Mesa, Lemon Grove, and Santee, County of San Diego, and the following fire protection districts, Alpine, Bonita-Sunnyside, Lakeside, and San Miguel. One elected official from each member agency is appointed to the HFTA board. Board members determine an annual budget based on the costs of operating the facility and providing training to member agency personnel. Additionally, the Barona Fire Protection District and Viejas Fire Department contract with HFTA so their personnel can participate in the training offered by HFTA.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2015. Upon dissolution of HTFA, all surplus money and property of HFTA will be conveyed or distributed to each member in proportion to all funds provided by HFTA by that member on behalf of that member during its membership.

Heartland Communications Facility Authority

The purpose of the Heartland Communication Facility Authority (HCFA) is to equip, maintain, operate and staff a facility to provide emergency call receiving and dispatching services to member agencies.

HCFA was created on June 25, 1986, by a Joint Powers Agreement (JPA) between a number of cities and fire protection districts in San Diego County. For fiscal year 2014-15, the JPA members included: Cities of Coronado, El Cajon, La Mesa, Lemon Grove, and Santee, and the following fire protection districts, Alpine, Bonita-Sunnyside, and Lakeside. One elected official from each participating entity is appointed to HCFA as a board member of the commission. The commission approves an annual budget based on the costs of operating the Authority. Additionally, the Barona Fire Protection District, Sycuan Fire Department, and Viejas Fire Department contract with HCFA for emergency call receiving and dispatching.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

H) Joint Powers Authorities - Continued

Heartland Communications Facility Authority - Continued

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2015. Upon dissolution of HCFA, all surplus money and property of HCFA will be conveyed or distributed to each member in proportion to all funds provided to HCFA by that member on behalf of that member during its membership.

I) Prior Period Adjustments

<u>Description</u>	<u>Statement of Activities</u>	<u>Statement of Revenues/Expenditures and Changes in Fund Balances</u>
A)	\$ (174,263)	\$ (174,263)
B)	(26,789,005)	
C)	(431,681)	
Total	<u>\$ (27,394,949)</u>	<u>\$ (174,263)</u>

- A) The Gas Tax Special Revenue Fund had a \$174,263 prior period adjustment to reverse the prior year accrual of the July 2014 gas tax payment as recommended by the California State Controller's Office (SCO). The SCO reversed its recommendation in the 2015 fiscal year stating the July gas tax payments represent July gas tax revenues (not June) and therefore the July 2014 gas tax payment should be included in the 2015 fiscal year revenues.
- B) The Statement of Net Position for the Government-Wide financial statements includes a \$(26,789,005) prior period adjustment. As part of the implementation of GASB Statements 68 and 71, the beginning net position was adjusted to record \$(30,702,549) for the beginning net pension liability and \$2,958,219 to record pension contributions subsequent to the actuarial measurement date (deferred outflows of resources) from the prior year. Also, as part of the implementation of GASB Statements 68 and 71, there was a \$955,325 prior period adjustment for the pension related debt. This represented the side fund liability from the City's CalPERS Miscellaneous Plan. Both CalPERS and the California Committee on Municipal Accounting have determined that this side fund liability does not conform to the separately financed specific liabilities described in GASB Statement 68.
- C) The Statement of Net Position for the Government-Wide financial statements includes a \$(431,681) prior period adjustment. This adjustment was to record the beginning balance of unamortized premiums on the 2010 SANDAG note payable.

City of Santee
Notes to Financial Statements
Year Ended June 30, 2015

3) OTHER INFORMATION - Continued

J) Subsequent Events

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

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



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REQUIRED SUPPLEMENTARY INFORMATION



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City of Santee
Schedule of the City's Proportionate Share of the Net Pension Liability
CalPERS Miscellaneous Pension Plan
Last Ten Years (1)
As of June 30, 2015

	2015
Proportion of the Net Pension Liability	0.14923%
Proportionate Share of the Net Pension Liability	\$ 9,285,501
Covered - Employee Payroll	\$ 5,525,407
Proportionate Share of the Net Pension Liability as	
Percentage of Covered-Employee Payroll	168.05%
Plan's Fiduciary Net Position	\$ 40,369,328
Plan's Fiduciary Net Position as a Percentage of the	
Total Pension Liability	81.30%

Notes to Schedule:

- 1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown
- 2) Valuation Date: 06/30/14
- 3) Benefit Changes. In 2015, there were no benefit terms modified.
- 4) Changes in Assumptions. Changes in assumptions result primarily from adjustments to expected retirement ages of general employees.
- 5) Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the City's proportionate share of the CalPERS Miscellaneous Risk Pool.

City of Santee
Schedule of the City's Proportionate Share of the Net Pension Liability
CalPERS Safety Pension Plan
Last Ten Years (1)
As of June 30, 2015

	2015
Proportion of the Net Pension Liability	0.22347%
Proportionate Share of the Net Pension Liability	\$ 13,905,475
Covered - Employee Payroll	\$ 4,606,331
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	301.88%
Plan's Fiduciary Net Position	\$ 59,701,396
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.11%

Notes to Schedule:

- 1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.
- 2) Valuation Date: 6/30/14
- 3) Benefit Changes. In 2015, there were no benefit terms modified.
- 4) Changes in Assumptions. Changes in assumptions result primarily from adjustments to expected retirement ages of general employees.
- 5) Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the City's proportionate share of the CalPERS Safety Risk Pool.

City of Santee
Schedule of the City's Proportionate Share of the Net Pension Liability
CalPERS Safety 2nd Tier Pension Plan
Last Ten Years (1)
As of June 30, 2015

	2015
Proportion of the Net Pension Liability	0.00016%
Proportionate Share of the Net Pension Liability	\$ 10,065
Covered - Employee Payroll	\$ 198,202
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	5.08%
Plan's Fiduciary Net Position	\$ 44,103
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%

Notes to Schedule:

- 1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.
- 2) Valuation Date: 6/30/14
- 3) Benefit Changes. In 2015, there were no benefit terms modified.
- 4) Changes in Assumptions. Changes in assumptions result primarily from adjustments to expected retirement ages of general employees.
- 5) Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the City's proportionate share of the CalPERS Safety Risk Pool.

**City of Santee
Schedule of Contributions
CalPERS Miscellaneous Pension Plan
Last Ten Years (1)
As of June 30, 2015**

	2015
Contractually Required Contribution (actuarially determined)	\$ 920,457
Contributions in Relation to the Actuarially determined contribution	(920,457)
Contribution Deficiency (excess)	\$ -
Covered-employee Payroll	\$ 4,937,546
Contributions as a Percentage of Covered-employee Payroll	18.64%

Notes to Schedule:

- 1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown
- 2) Valuation Date: 06/30/12
- 3) Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50%
Salary Increases	Various by entry age and service
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

**City of Santee
Schedule of Contributions
CalPERS Miscellaneous 2nd Tier Pension Plan
Last Ten Years (1)
As of June 30, 2015**

		2015
Contractually Required Contribution (actuarially determined)	\$	10,560
Contributions in Relation to the Actuarially determined contribution		(10,560)
Contribution Deficiency (excess)	\$	-
Covered-employee Payroll	\$	95,718
Contributions as a Percentage of Covered-employee Payroll		11.03%

Notes to Schedule:

- 1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.
- 2) The contractually required contribution was determined using the pool information by the California Public Employees' Retirement System (CalPERS). See the CalPERS website for more information. A specific actuarial valuation report for the City's CalPERS Miscellaneous 2nd Tier Pension Plan is unavailable.

**City of Santee
Schedule of Contributions
CalPERS PEPRA Miscellaneous Pension Plan
Last Ten Years (1)
As of June 30, 2015**

		2015
Contractually Required Contribution (actuarially determined)	\$	25,519
Contributions in Relation to the Actuarially determined contribution		(25,519)
Contribution Deficiency (excess)	\$	-
Covered-employee Payroll	\$	408,311
Contributions as a Percentage of Covered-employee Payroll		6.25%

Notes to Schedule:

- 1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.
- 2) The contractually required contribution was determined by the California Public Employees' Retirement System (CalPERS). See the CalPERS website for more information. A specific actuarial valuation report for the City's CalPERS PEPRA Miscellaneous Pension Plan is unavailable.

**City of Santee
Schedule of Contributions
CalPERS Safety Pension Plan
Last Ten Years (1)
As of June 30, 2015**

	2015
Contractually Required Contribution (actuarially determined)	\$ 1,206,339
Contributions in Relation to the Actuarially determined contribution	(1,206,339)
Contribution Deficiency (excess)	\$ -
Covered-employee Payroll	\$ 4,081,536
Contributions as a Percentage of Covered-employee Payroll	29.56%

Notes to Schedule:

- 1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.
- 2) Valuation Date: 6/30/12
- 3) 3) Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50%
Salary Increases	Various by entry age and service
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

**City of Santee
Schedule of Contributions
CALPERS Safety 2nd Tier Pension Plan
Last Ten Years (1)
As of June 30, 2015**

	2015
Contractually Required Contribution (actuarially determined)	\$ 52,761
Contributions in Relation to the Actuarially determined contribution	(52,761)
Contribution Deficiency (excess)	\$ -
Covered-employee Payroll	\$ 228,747
Contributions as a Percentage of Covered-employee Payroll	23.07%

Notes to Schedule:

1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

2) Valuation Date: 6/30/12

3) Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50%
Salary Increases	Various by entry age and service
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

**City of Santee
Schedule of Contributions
CalPERS PEPRA Safety Pension Plan
Last Ten Years (1)
Year Ended June 30, 2015**

		2015
Contractually Required Contribution (actuarially determined)	\$	35,645
Contributions in Relation to the Actuarially determined contribution		(35,645)
Contribution Deficiency (excess)	\$	-
Covered-employee Payroll	\$	290,976
Contributions as a Percentage of Covered-employee Payroll		12.25%

Notes to Schedule:

- 1) Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.
- 2) The contractually required contribution was determined by the California Public Employees' Retirement System (CalPERS). See the CalPERS website for more information. A specific actuarial valuation report for the City's CalPERS PEPRA Safety Pension Plan is unavailable.



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City of Santee
Notes to Required Supplementary Information
Year Ended June 30, 2015

SCHEDULE OF FUNDING PROGRESS - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll [(B-A)/C]
07/01/08	\$ -	\$ 2,918,518	\$ 2,918,518	0%	\$ 9,751,000	29.9%
07/01/10	\$ -	\$ 3,041,229	\$ 3,041,229	0%	\$ 9,664,728	31.5%
06/30/14	\$ -	\$ 3,943,315	\$ 3,943,315	0%	\$ 9,414,424	41.9%

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property Taxes	\$ 13,677,300	\$ 14,372,500	\$ 14,224,160	\$ (148,340)
Sales	9,858,500	11,268,100	11,492,706	224,606
Other	3,205,400	3,458,700	3,495,989	37,289
Special Assessments	940,000	922,700	925,588	2,888
Intergovernmental	91,000	654,294	677,270	22,976
Licenses and Permits	186,000	165,500	161,431	(4,069)
Fines and Forfeitures	154,200	172,900	211,411	38,511
Charges for Services	5,591,760	5,404,720	5,083,759	(320,961)
Investment Earnings	179,000	91,800	126,214	34,414
Other Revenue	106,100	229,620	363,120	133,500
	<u>33,989,260</u>	<u>36,740,834</u>	<u>36,761,648</u>	<u>20,814</u>
Total Revenues				
EXPENDITURES				
Current:				
City Council	342,012	370,978	366,102	4,876
City Manager	679,823	1,013,020	994,204	18,816
City Attorney	352,878	569,845	522,051	47,794
City Clerk	283,498	315,097	251,852	63,245
Finance	1,097,750	1,131,712	1,047,268	84,444
Human Resources	484,741	609,727	495,585	114,142
Risk Management	270,998	420,281	384,894	35,387
Police	12,511,830	12,165,550	12,280,367	(114,817)
Fire	10,671,590	11,082,467	10,439,675	642,792
Animal Control	335,965	329,770	329,764	6
Development Services	3,226,600	3,232,585	3,060,191	172,394
Community Services	3,830,955	4,112,049	3,754,079	357,970
Non-Departmental	534,400	1,159,010	1,209,891	(50,881)
Capital Outlay	176,000	1,166,867	762,150	404,717
Debt Service:				
Principal	363,730	403,640	403,638	2
Interest and Fiscal Charges	65,150	68,185	66,907	1,278
	<u>35,227,920</u>	<u>38,150,783</u>	<u>36,368,618</u>	<u>1,782,165</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,238,660)</u>	<u>(1,409,949)</u>	<u>393,030</u>	<u>1,802,979</u>

Continued

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund - Continued
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ 45,136	\$ 45,136	\$ -
Total Other Financing Sources (Uses)	-	45,136	45,136	-
Net Change in Fund Balance	(1,238,660)	(1,364,813)	438,166	1,802,979
Fund Balance, Beginning	10,758,167	10,758,167	10,758,167	-
Fund Balance, End of Year	<u>\$ 9,519,507</u>	<u>\$ 9,393,354</u>	<u>\$ 11,196,333</u>	<u>\$ 1,802,979</u>

City of Santee
Notes to Required Supplementary Information
Year Ended June 30, 2015

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. A two-year operating budget was adopted on June 26, 2013 for both the 2013-14 and 2014-15 fiscal years. 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 2013-14 and 2014-15, the City made supplemental appropriations and other appropriation adjustments which increased the original General Fund budget by \$2,922,863. 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, 2015, based on the calculations by City management, proceeds of taxes did not exceed the appropriations limit.

SUPPLEMENTARY INFORMATION



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City of Santee
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and Investments	\$ 3,810,260	\$ 9,144,165	\$ 12,954,425
Accounts Receivable	16,473	-	16,473
Loans Receivable	1,658,500	-	1,658,500
Interest Receivable	8,399	20,337	28,736
Due from Other Governments	53,697	-	53,697
	<u>5,547,329</u>	<u>9,164,502</u>	<u>14,711,831</u>
Total Assets	<u>\$ 5,547,329</u>	<u>\$ 9,164,502</u>	<u>\$ 14,711,831</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 230,419	\$ -	\$ 230,419
Accrued Salaries and Benefits	838	-	838
Unearned Revenue	-	4,009	4,009
Due to Other Funds	2,074	-	2,074
	<u>233,331</u>	<u>4,009</u>	<u>237,340</u>
Total Liabilities	<u>233,331</u>	<u>4,009</u>	<u>237,340</u>
Deferred Inflows of Resources:			
Unavailable Revenues - Intergovernmental	<u>5,739</u>	<u>-</u>	<u>5,739</u>
	<u>5,739</u>	<u>-</u>	<u>5,739</u>
Total Deferred Inflows of Resources	<u>5,739</u>	<u>-</u>	<u>5,739</u>
Fund Balances:			
Restricted	5,286,697	9,003,500	14,290,197
Committed	21,562	-	21,562
Assigned	-	156,993	156,993
	<u>5,308,259</u>	<u>9,160,493</u>	<u>14,468,752</u>
Total Fund Balances	<u>5,308,259</u>	<u>9,160,493</u>	<u>14,468,752</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,547,329</u>	<u>\$ 9,164,502</u>	<u>\$ 14,711,831</u>

City of Santee
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES			
Property Taxes	\$ 561,770	\$ -	\$ 561,770
Other Taxes	1,652,185	-	1,652,185
Special Assessments	798,491	-	798,491
Intergovernmental	461,863	146,103	607,966
Developer Fees	-	1,255,467	1,255,467
Investment Earnings	26,208	68,248	94,456
Other Revenue	19,423	2,221	21,644
	<u>3,519,940</u>	<u>1,472,039</u>	<u>4,991,979</u>
EXPENDITURES			
Current:			
General Government	197,318	-	197,318
Public Safety	113,348	-	113,348
Public Works	2,154,614	-	2,154,614
Community Development	114,060	-	114,060
Capital Outlay:			
Public Works	-	1,073	1,073
Debt Service:			
Principal	171,914	-	171,914
Interest and Fiscal Charges	17,997	-	17,997
	<u>2,769,251</u>	<u>1,073</u>	<u>2,770,324</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>750,689</u>	<u>1,470,966</u>	<u>2,221,655</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	23,214	164,985	188,199
Transfers Out	(1,572,980)	(2,503,338)	(4,076,318)
	<u>(1,549,766)</u>	<u>(2,338,353)</u>	<u>(3,888,119)</u>
Net Change in Fund Balances	<u>(799,077)</u>	<u>(867,387)</u>	<u>(1,666,464)</u>
Fund Balances - Beginning of Year, As Previously Reported	6,281,599	10,027,880	16,309,479
Prior Period Adjustments	<u>(174,263)</u>	<u>-</u>	<u>(174,263)</u>
Fund Balances - Beginning of Year, As Restated	<u>6,107,336</u>	<u>10,027,880</u>	<u>16,135,216</u>
Fund Balances - End of Year	<u>\$ 5,308,259</u>	<u>\$ 9,160,493</u>	<u>\$ 14,468,752</u>

City of Santee
Non-Major Governmental Funds
June 30, 2015

Special Revenue Funds

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

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

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

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

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

Energy Efficiency Block Grant Fund - 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 Fund - is used to account for property tax allocations for the maintenance of the City's storm water system.

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

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 within the Santee Town Center.

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

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

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

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

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

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

City of Santee
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	<u>Supplemental Law Enforcement</u>	<u>Asset Seizure</u>	<u>Gas Tax</u>	<u>HOME Investment Partnership</u>
ASSETS				
Cash and Investments	\$ -	\$ 1,654	\$ 1,665,058	\$ 224,920
Accounts Receivable	-	-	1,310	-
Loans Receivable	-	-	-	1,658,500
Interest Receivable	-	4	3,680	509
Due from Other Governments	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 25,000</u></u>	<u><u>\$ 1,658</u></u>	<u><u>\$ 1,670,048</u></u>	<u><u>\$ 1,883,929</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 16,666	\$ -	\$ 166,943	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	<u>2,074</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>18,740</u>	<u>-</u>	<u>166,943</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	6,260	1,658	1,503,105	1,883,929
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>6,260</u>	<u>1,658</u>	<u>1,503,105</u>	<u>1,883,929</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 25,000</u></u>	<u><u>\$ 1,658</u></u>	<u><u>\$ 1,670,048</u></u>	<u><u>\$ 1,883,929</u></u>

Continued

<u>Energy Efficiency Block Grant</u>	<u>Zone 2 Flood Control District</u>	<u>Community Development Block Grant</u>	<u>CDBG Section 108 Loan</u>	<u>Town Center Landscape Maintenance</u>	<u>Santee Landscape Maintenance</u>
\$ 24,375	\$ 389,466	\$ 2,557	\$ -	\$ 249,953	\$ 100,092
-	-	-	-	-	-
-	-	-	-	-	-
55	880	2	-	489	209
-	1,815	24,418	-	573	-
<u>\$ 24,430</u>	<u>\$ 392,161</u>	<u>\$ 26,977</u>	<u>\$ -</u>	<u>\$ 251,015</u>	<u>\$ 100,301</u>
\$ -	\$ 10,247	\$ 7,885	\$ -	\$ 15,961	\$ 1,582
-	-	-	-	-	-
-	-	-	-	-	-
-	10,247	7,885	-	15,961	1,582
-	-	3,300	-	-	-
-	-	3,300	-	-	-
24,430	381,914	15,792	-	235,054	98,719
-	-	-	-	-	-
24,430	381,914	15,792	-	235,054	98,719
<u>\$ 24,430</u>	<u>\$ 392,161</u>	<u>\$ 26,977</u>	<u>\$ -</u>	<u>\$ 251,015</u>	<u>\$ 100,301</u>

Continued

City of Santee
Combining Balance Sheet
Non-Major Special Revenue Funds - Continued
June 30, 2015

	<u>Mobile Home Park Assessment</u>	<u>Street Lighting Tax</u>	<u>Roadway Lighting District</u>	<u>Paramedic Equipment</u>
ASSETS				
Cash and Investments	\$ 63,594	\$ 440,873	\$ 475,478	\$ 21,514
Accounts Receivable	-	13,509	1,654	-
Loans Receivable	-	-	-	-
Interest Receivable	146	995	1,037	48
Due from Other Governments	-	1,438	453	-
	<u>-</u>	<u>1,438</u>	<u>453</u>	<u>-</u>
Total Assets	<u>\$ 63,740</u>	<u>\$ 456,815</u>	<u>\$ 478,622</u>	<u>\$ 21,562</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 513	\$ 6,544	\$ 4,078	\$ -
Accrued Salaries and Benefits	838	-	-	-
Due to Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,351</u>	<u>6,544</u>	<u>4,078</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Intergovernmental	2,439	-	-	-
	<u>2,439</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>2,439</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	59,950	450,271	474,544	-
Committed	-	-	-	21,562
	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,562</u>
Total Fund Balances	<u>59,950</u>	<u>450,271</u>	<u>474,544</u>	<u>21,562</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 63,740</u>	<u>\$ 456,815</u>	<u>\$ 478,622</u>	<u>\$ 21,562</u>

Continued

<u>SAFE Program</u>	<u>Total Non-Major Special Revenue Funds</u>
\$ 150,726	\$ 3,810,260
-	16,473
-	1,658,500
345	8,399
-	<u>53,697</u>
<u>\$ 151,071</u>	<u>\$ 5,547,329</u>
\$ -	\$ 230,419
-	838
-	<u>2,074</u>
-	<u>233,331</u>
-	<u>5,739</u>
-	<u>5,739</u>
151,071	5,286,697
-	<u>21,562</u>
<u>151,071</u>	<u>5,308,259</u>
<u>\$ 151,071</u>	<u>\$ 5,547,329</u>

City of Santee
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended June 30, 2015

	Supplemental Law Enforcement	Asset Seizure	Gas Tax	HOME Investment Partnership
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	1,652,185	-
Special Assessments	-	-	-	-
Intergovernmental	106,230	-	74,677	-
Investment Earnings	5	10	11,851	4,878
Other Revenue	-	-	1,310	-
	<u>106,235</u>	<u>10</u>	<u>1,740,023</u>	<u>4,878</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	-	-	-	161,108
Public Safety	100,000	-	-	-
Public Works	-	-	1,083,175	-
Community Development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>100,000</u>	<u>-</u>	<u>1,083,175</u>	<u>161,108</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,235</u>	<u>10</u>	<u>656,848</u>	<u>(156,230)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(678,161)	-
	<u>-</u>	<u>-</u>	<u>(678,161)</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	<u>6,235</u>	<u>10</u>	<u>(21,313)</u>	<u>(156,230)</u>
Fund Balances - Beginning of Year, As Previously Reported	25	1,648	1,698,681	2,040,159
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(174,263)</u>	<u>-</u>
Fund Balances - Beginning of Year, As Restated	<u>25</u>	<u>1,648</u>	<u>1,524,418</u>	<u>2,040,159</u>
Fund Balances - End of Year	<u>\$ 6,260</u>	<u>\$ 1,658</u>	<u>\$ 1,503,105</u>	<u>\$ 1,883,929</u>

Continued

<u>Energy Efficiency Block Grant</u>	<u>Zone 2 Flood Control District</u>	<u>Community Development Block Grant</u>	<u>CDBG Section 108 Loan</u>	<u>Town Center Landscape Maintenance</u>	<u>Santee Landscape Maintenance</u>
\$ -	\$ 305,986	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	322,185	103,857
-	-	280,956	-	-	-
159	2,053	-	81	608	1,030
-	-	-	-	-	-
<u>159</u>	<u>308,039</u>	<u>280,956</u>	<u>81</u>	<u>322,793</u>	<u>104,887</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	255,853	-	-	314,986	84,518
-	-	114,060	-	-	-
-	-	140,000	-	-	-
-	-	17,997	-	-	-
-	<u>255,853</u>	<u>272,057</u>	<u>-</u>	<u>314,986</u>	<u>84,518</u>
159	52,186	8,899	81	7,807	20,369
-	-	-	-	23,214	-
-	-	-	(894,819)	-	-
-	-	-	(894,819)	23,214	-
159	52,186	8,899	(894,738)	31,021	20,369
24,271	329,728	6,893	894,738	204,033	78,350
-	-	-	-	-	-
<u>24,271</u>	<u>329,728</u>	<u>6,893</u>	<u>894,738</u>	<u>204,033</u>	<u>78,350</u>
<u>\$ 24,430</u>	<u>\$ 381,914</u>	<u>\$ 15,792</u>	<u>\$ -</u>	<u>\$ 235,054</u>	<u>\$ 98,719</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, 2015

	<u>Mobile Home Park Assessment</u>	<u>Street Lighting Tax</u>	<u>Roadway Lighting District</u>	<u>Paramedic Equipment</u>
REVENUES				
Property Taxes	\$ -	\$ 255,784	\$ -	\$ -
Other Taxes	-	-	-	-
Special Assessments	42,939	-	329,510	-
Intergovernmental	-	-	-	-
Investment Earnings	381	1,793	2,151	118
Other Revenue	-	13,509	1,654	2,950
	<u>43,320</u>	<u>271,086</u>	<u>333,315</u>	<u>3,068</u>
EXPENDITURES				
Current:				
General Government	36,210	-	-	-
Public Safety	-	-	-	-
Public Works	-	121,344	294,738	-
Community Development	-	-	-	-
Debt Service:				
Principal	-	24,807	7,107	-
Interest and Fiscal Charges	-	-	-	-
	<u>36,210</u>	<u>146,151</u>	<u>301,845</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,110</u>	<u>124,935</u>	<u>31,470</u>	<u>3,068</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>7,110</u>	<u>124,935</u>	<u>31,470</u>	<u>3,068</u>
Fund Balances - Beginning of Year, As Previously Reported	52,840	325,336	443,074	18,494
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning of Year, As Restated	<u>52,840</u>	<u>325,336</u>	<u>443,074</u>	<u>18,494</u>
Fund Balances - End of Year	<u>\$ 59,950</u>	<u>\$ 450,271</u>	<u>\$ 474,544</u>	<u>\$ 21,562</u>

Continued

<u>SAFE Program</u>	<u>Total Non-Major Special Revenue Funds</u>
\$ -	\$ 561,770
-	1,652,185
-	798,491
-	461,863
1,090	26,208
-	19,423
<u>1,090</u>	<u>3,519,940</u>
-	197,318
13,348	113,348
-	2,154,614
-	114,060
-	171,914
-	17,997
<u>13,348</u>	<u>2,769,251</u>
<u>(12,258)</u>	<u>750,689</u>
-	23,214
-	(1,572,980)
-	(1,549,766)
<u>(12,258)</u>	<u>(799,077)</u>
163,329	6,281,599
-	(174,263)
<u>163,329</u>	<u>6,107,336</u>
<u>\$ 151,071</u>	<u>\$ 5,308,259</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Supplemental Law Enforcement Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 100,000	\$ 106,230	\$ 6,230
Investment Earnings	-	5	5
Total Revenues	<u>100,000</u>	<u>106,235</u>	<u>6,235</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 (Under) Expenditures	-	6,235	6,235
Fund Balance, Beginning of Year	<u>25</u>	<u>25</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 25</u></u>	<u><u>\$ 6,260</u></u>	<u><u>\$ 6,235</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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 10	\$ 10
Total Revenues	-	10	10
EXPENDITURES			
Current:			
Public Safety	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	10	10
Fund Balance, Beginning of Year	1,648	1,648	-
Fund Balance, End of Year	\$ 1,648	\$ 1,658	\$ 10

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Other Taxes	\$ 1,563,100	\$ 1,652,185	\$ 89,085
Intergovernmental	74,600	74,677	77
Investment Earnings	15,000	11,851	(3,149)
Other Revenue	-	1,310	1,310
	<u>1,652,700</u>	<u>1,740,023</u>	<u>87,323</u>
EXPENDITURES			
Current:			
Public Works	1,262,054	1,083,175	178,879
	<u>1,262,054</u>	<u>1,083,175</u>	<u>178,879</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>390,646</u>	<u>656,848</u>	<u>266,202</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(1,524,589)	(678,161)	846,428
	<u>(1,524,589)</u>	<u>(678,161)</u>	<u>846,428</u>
Net Change in Fund Balance	<u>(1,133,943)</u>	<u>(21,313)</u>	<u>1,112,630</u>
Fund Balance - Beginning of Year, As Previously Reported	1,698,681	1,698,681	-
Prior Period Adjustment	-	(174,263)	(174,263)
Fund Balance - Beginning of Year, As Restated	<u>1,698,681</u>	<u>1,524,418</u>	<u>(174,263)</u>
Fund Balance - End of Year	<u>\$ 564,738</u>	<u>\$ 1,503,105</u>	<u>\$ 938,367</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - HOME Investment Partnership Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 4,878	\$ 4,878
Total Revenues	-	4,878	4,878
EXPENDITURES			
Current:			
General Government	-	161,108	(161,108)
Total Expenditures	-	161,108	(161,108)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(156,230)	(156,230)
Fund Balance, Beginning of Year	2,040,159	2,040,159	-
Fund Balance, End of Year	<u>\$ 2,040,159</u>	<u>\$ 1,883,929</u>	<u>\$ (156,230)</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Energy Efficiency Block Grant Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 159	\$ 159
Total Revenues	-	159	159
EXPENDITURES			
Current:			
General Government	24,089	-	24,089
Total Expenditures	24,089	-	24,089
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,089)	159	24,248
Fund Balance, Beginning of Year	24,271	24,271	-
Fund Balance, End of Year	<u>\$ 182</u>	<u>\$ 24,430</u>	<u>\$ 24,248</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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 307,200	\$ 305,986	\$ (1,214)
Investment Earnings	2,500	2,053	(447)
Total Revenues	<u>309,700</u>	<u>308,039</u>	<u>(1,661)</u>
EXPENDITURES			
Current:			
Public Works	<u>344,839</u>	<u>255,853</u>	<u>88,986</u>
Total Expenditures	<u>344,839</u>	<u>255,853</u>	<u>88,986</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,139)	52,186	87,325
Fund Balance, Beginning of Year	<u>329,728</u>	<u>329,728</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 294,589</u></u>	<u><u>\$ 381,914</u></u>	<u><u>\$ 87,325</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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 287,623	\$ 280,956	\$ (6,667)
Total Revenues	<u>287,623</u>	<u>280,956</u>	<u>(6,667)</u>
EXPENDITURES			
Current:			
Community Development	116,500	114,060	2,440
Debt Service:			
Principal	140,000	140,000	-
Interest and Fiscal Charges	<u>32,723</u>	<u>17,997</u>	<u>14,726</u>
Total Expenditures	<u>289,223</u>	<u>272,057</u>	<u>17,166</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,600)	8,899	10,499
Fund Balance, Beginning of Year	<u>6,893</u>	<u>6,893</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 5,293</u></u>	<u><u>\$ 15,792</u></u>	<u><u>\$ 10,499</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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 81	\$ 81
Total Revenues	-	81	81
EXPENDITURES			
Capital Outlay:			
Public Works	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	81	81
OTHER FINANCING SOURCES (USES)			
Transfers Out	(948,861)	(894,819)	54,042
Total Other Financing Sources (Uses)	(948,861)	(894,819)	54,042
Net Change in Fund Balance	(948,861)	(894,738)	54,123
Fund Balance, Beginning of Year	894,738	894,738	-
Fund Balance, End of Year	<u>\$ (54,123)</u>	<u>\$ -</u>	<u>\$ 54,123</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Town Center Landscape Maintenance Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 321,780	\$ 322,185	\$ 405
Investment Earnings	-	608	608
Total Revenues	<u>321,780</u>	<u>322,793</u>	<u>1,013</u>
EXPENDITURES			
Current:			
Public Works	<u>356,724</u>	<u>314,986</u>	<u>41,738</u>
Total Expenditures	<u>356,724</u>	<u>314,986</u>	<u>41,738</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(34,944)</u>	<u>7,807</u>	<u>42,751</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>25,580</u>	<u>23,214</u>	<u>(2,366)</u>
Total Other Financing Sources (Uses)	<u>25,580</u>	<u>23,214</u>	<u>(2,366)</u>
Net Changes in Fund Balance	(9,364)	31,021	40,385
Fund Balance, Beginning of Year	<u>204,033</u>	<u>204,033</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 194,669</u>	<u>\$ 235,054</u>	<u>\$ 40,385</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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 105,640	\$ 103,857	\$ (1,783)
Investment Earnings	-	1,030	1,030
Total Revenues	<u>105,640</u>	<u>104,887</u>	<u>(753)</u>
EXPENDITURES			
Current:			
Public Works	<u>115,366</u>	<u>84,518</u>	<u>30,848</u>
Total Expenditures	<u>115,366</u>	<u>84,518</u>	<u>30,848</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,726)	20,369	30,095
Fund Balance, Beginning of Year	<u>78,350</u>	<u>78,350</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 68,624</u></u>	<u><u>\$ 98,719</u></u>	<u><u>\$ 30,095</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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 43,000	\$ 42,939	\$ (61)
Investment Earnings	300	381	81
Total Revenues	<u>43,300</u>	<u>43,320</u>	<u>20</u>
EXPENDITURES			
Current:			
General Government	<u>44,220</u>	<u>36,210</u>	<u>8,010</u>
Total Expenditures	<u>44,220</u>	<u>36,210</u>	<u>8,010</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(920)	7,110	8,030
Fund Balance, Beginning of Year	<u>52,840</u>	<u>52,840</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 51,920</u></u>	<u><u>\$ 59,950</u></u>	<u><u>\$ 8,030</u></u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Street Lighting Tax Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 245,150	\$ 255,784	\$ 10,634
Investment Earnings	1,750	1,793	43
Other Revenue	-	13,509	13,509
	<u>246,900</u>	<u>271,086</u>	<u>24,186</u>
Total Revenues			
EXPENDITURES			
Current:			
Public Works	133,870	121,344	12,526
Debt Service:			
Principal	24,810	24,807	3
	<u>158,680</u>	<u>146,151</u>	<u>12,529</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,220	124,935	36,715
Fund Balance, Beginning of Year	<u>325,336</u>	<u>325,336</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 413,556</u></u>	<u><u>\$ 450,271</u></u>	<u><u>\$ 36,715</u></u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Roadway Lighting District Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 330,080	\$ 329,510	\$ (570)
Investment Earnings	3,500	2,151	(1,349)
Other Revenue	-	1,654	1,654
	<u>333,580</u>	<u>333,315</u>	<u>(265)</u>
Total Revenues			
EXPENDITURES			
Current:			
Public Works	338,849	294,738	44,111
Debt Service:			
Principal	7,140	7,107	33
	<u>345,989</u>	<u>301,845</u>	<u>44,144</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,409)	31,470	43,879
Fund Balance, Beginning of Year	<u>443,074</u>	<u>443,074</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 430,665</u>	<u>\$ 474,544</u>	<u>\$ -</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Paramedic Equipment Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 118	\$ 118
Other Revenues	-	2,950	2,950
Total Revenues	-	3,068	3,068
EXPENDITURES			
Capital Outlay:			
Public Safety	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,068	3,068
Fund Balance, Beginning of Year	18,494	18,494	-
Fund Balance, End of Year	<u>\$ 18,494</u>	<u>\$ 21,562</u>	<u>\$ 3,068</u>

City of Santee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - SAFE Program Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ 900	\$ 1,090	\$ 190
Total Revenues	<u>900</u>	<u>1,090</u>	<u>190</u>
EXPENDITURES			
Current:			
Public Safety	51,000	13,348	37,652
Capital Outlay:			
Public Safety	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	<u>71,000</u>	<u>13,348</u>	<u>57,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,100)	(12,258)	57,842
Fund Balance, Beginning of Year	<u>163,329</u>	<u>163,329</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 93,229</u></u>	<u><u>\$ 151,071</u></u>	<u><u>\$ 57,842</u></u>

City of Santee
Non-Major Governmental Funds
June 30, 2015

Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

City of Santee
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2015

	Town Center Community Park	Regional Transportation Congestion Improvements	Public Facilities	Traffic Signal
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments	\$ -	\$ 1,492,667	\$ 3,261,277	\$ 441,841
Interest Receivable	-	3,323	7,247	991
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ -</u>	<u>\$ 1,495,990</u>	<u>\$ 3,268,524</u>	<u>\$ 442,832</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Unearned Revenue	\$ -	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted	-	1,495,990	3,268,524	442,832
Assigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	-	1,495,990	3,268,524	442,832
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,495,990</u>	<u>\$ 3,268,524</u>	<u>\$ 442,832</u>

Continued

<u>Drainage</u>	<u>Forester Creek Development</u>	<u>Park In-Lieu</u>	<u>TDA Transit</u>	<u>Utility Undergrounding</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ 2,428,671	\$ 23,596	\$ 1,334,100	\$ 4,779	\$ 157,234	\$ 9,144,165
5,441	54	3,508	14	(241)	20,337
<u>\$ 2,434,112</u>	<u>\$ 23,650</u>	<u>\$ 1,337,608</u>	<u>\$ 4,793</u>	<u>\$ 156,993</u>	<u>\$ 9,164,502</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,009</u>	<u>\$ -</u>	<u>\$ 4,009</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,009</u>	<u>-</u>	<u>4,009</u>
2,434,112	23,650	1,337,608	784	-	9,003,500
-	-	-	-	156,993	156,993
<u>2,434,112</u>	<u>23,650</u>	<u>1,337,608</u>	<u>784</u>	<u>156,993</u>	<u>9,160,493</u>
<u>\$ 2,434,112</u>	<u>\$ 23,650</u>	<u>\$ 1,337,608</u>	<u>\$ 4,793</u>	<u>\$ 156,993</u>	<u>\$ 9,164,502</u>

City of Santee
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds
Year Ended June 30, 2015

	Town Center Community Park	Regional Transportation Congestion Improvements	Public Facilities	Traffic Signal
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Developer Fees	-	106,441	256,257	13,020
Investment Earnings	-	8,902	23,161	2,781
Other Revenue	2,221	-	-	-
Total Revenues	<u>2,221</u>	<u>115,343</u>	<u>279,418</u>	<u>15,801</u>
EXPENDITURES				
Capital Outlay:				
Public Works	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,221</u>	<u>115,343</u>	<u>279,418</u>	<u>15,801</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	164,985	-	-	-
Transfers Out	-	-	(480,600)	-
Total Other Financing Sources (Uses)	<u>164,985</u>	<u>-</u>	<u>(480,600)</u>	<u>-</u>
Net Change in Fund Balances	167,206	115,343	(201,182)	15,801
Fund Balances - Beginning of Year	<u>(167,206)</u>	<u>1,380,647</u>	<u>3,469,706</u>	<u>427,031</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 1,495,990</u>	<u>\$ 3,268,524</u>	<u>\$ 442,832</u>

Continued

<u>Drainage</u>	<u>Forester Creek Development</u>	<u>Park In-Lieu</u>	<u>TDA Transit</u>	<u>Utility Undergrounding</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ -	\$ -	\$ -	\$ 146,103	\$ -	\$ 146,103
568,142	-	311,607	-	-	1,255,467
13,332	154	18,702	784	432	68,248
-	-	-	-	-	2,221
<u>581,474</u>	<u>154</u>	<u>330,309</u>	<u>146,887</u>	<u>432</u>	<u>1,472,039</u>
-	-	-	1,073	-	1,073
-	-	-	1,073	-	1,073
<u>581,474</u>	<u>154</u>	<u>330,309</u>	<u>145,814</u>	<u>432</u>	<u>1,470,966</u>
-	-	-	-	-	164,985
<u>(37,796)</u>	<u>-</u>	<u>(1,838,839)</u>	<u>(146,103)</u>	<u>-</u>	<u>(2,503,338)</u>
<u>(37,796)</u>	<u>-</u>	<u>(1,838,839)</u>	<u>(146,103)</u>	<u>-</u>	<u>(2,338,353)</u>
543,678	154	(1,508,530)	(289)	432	(867,387)
<u>1,890,434</u>	<u>23,496</u>	<u>2,846,138</u>	<u>1,073</u>	<u>156,561</u>	<u>10,027,880</u>
<u>\$ 2,434,112</u>	<u>\$ 23,650</u>	<u>\$ 1,337,608</u>	<u>\$ 784</u>	<u>\$ 156,993</u>	<u>\$ 9,160,493</u>



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City of Santee, California

STATISTICAL SECTION



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City of Santee
Description of Statistical Section Contents
June 30, 2015

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.	124-132
<u>Revenue Capacity</u> – these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	133-137
<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.	138-144
<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.	145-147
<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.	148-150

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

	Fiscal Year			
	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 87,732,308	\$ 100,236,132	\$ 102,221,753	\$ 107,177,454
Restricted	30,672,858	35,192,868	38,254,452	36,161,243
Unrestricted	8,713,169	7,769,328	8,026,545	6,680,429
 Total Governmental Activities Net Position	 <u>\$ 127,118,335</u>	 <u>\$ 143,198,328</u>	 <u>\$ 148,502,750</u>	 <u>\$ 150,019,126</u>

Continued

- (1) Reduction of \$26,789,005 in FY 14-15 net position due to the implementation of GASB 68 and GASB 71 related to pension liability.

Fiscal Year					
2010	2011	2012	2013	2014	2015 (1)
\$ 110,906,766	\$ 147,929,745	\$ 160,604,789	\$ 159,505,509	\$ 167,953,925	\$ 181,378,029
29,617,019	33,791,161	18,434,571	21,242,368	22,882,344	20,088,351
9,339,445	6,410,313	4,922,805	6,632,478	7,614,356	(18,330,721)
<u>\$ 149,863,230</u>	<u>\$ 188,131,219</u>	<u>\$ 183,962,165</u>	<u>\$ 187,380,355</u>	<u>\$ 198,450,625</u>	<u>\$ 183,135,659</u>

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

	Fiscal Year			
	2006	2007	2008	2009
EXPENSES				
Governmental Activities:				
General Government	\$ 4,380,611	\$ 4,956,159	\$ 5,037,009	\$ 5,501,610
Public Safety	19,288,776	20,317,027	22,245,716	23,178,880
Public Works	11,072,024	11,435,058	12,657,171	11,590,092
Community Development	3,906,239	4,026,358	4,707,476	5,255,186
Parks and Recreation	1,986,291	2,013,700	2,896,643	2,229,089
Interest and Fiscal Charges	1,212,220	1,179,941	1,159,472	1,100,391
Total Governmental Activities Expenses	<u>41,846,161</u>	<u>43,928,243</u>	<u>48,703,487</u>	<u>48,855,248</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	163,479	180,970	195,678	310,270
Public Safety	3,285,418	3,615,837	3,858,281	4,178,966
Public Works	2,283,173	3,109,333	2,452,759	1,206,380
Community Development	1,435,092	1,614,625	1,670,450	1,282,335
Parks and Recreation	463,045	434,941	382,628	403,240
Operating Grants and Contributions	2,264,595	2,012,532	2,211,325	2,370,810
Capital Grants and Contributions	9,981,792	15,642,995	7,976,306	5,982,114
Total Governmental Activities Program Revenues	<u>19,876,594</u>	<u>26,611,233</u>	<u>18,747,427</u>	<u>15,734,115</u>
Net Revenues (Expenses) From Governmental Activities	(21,969,567)	(17,317,010)	(29,956,060)	(33,121,133)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Property Taxes (1)	18,097,285	20,999,209	22,487,877	22,960,655
Sales Taxes	7,945,067	8,215,910	8,267,858	7,305,578
Franchise Taxes	1,928,092	2,067,216	2,067,948	2,390,366
Other Taxes	438,603	334,935	307,802	288,283
Motor Vehicle In Lieu, Unrestricted (1)	376,525	295,537	244,687	192,047
Investment Earnings	1,671,110	1,644,754	1,807,671	1,412,129
Miscellaneous	66,729	256,353	76,639	88,451
Total Governmental Activities	<u>30,523,411</u>	<u>33,813,914</u>	<u>35,260,482</u>	<u>34,637,509</u>
Extraordinary Item (2)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position From Governmental Activities	<u>\$ 8,553,844</u>	<u>\$ 16,496,904</u>	<u>\$ 5,304,422</u>	<u>\$ 1,516,376</u>

Continued

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

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 8,542,271	\$ 4,682,937	\$ 3,526,811	\$ 3,461,397	\$ 4,152,628	\$ 5,766,971
22,545,498	21,861,690	22,637,123	21,912,185	23,416,772	23,427,308
11,020,154	13,079,415	11,444,433	12,633,715	13,787,911	15,058,755
3,858,262	3,770,231	1,966,844	112,300	96,033	114,060
1,623,225	2,343,298	2,177,699	2,081,222	2,036,868	2,004,958
1,007,602	1,775,353	2,018,935	369,970	369,935	511,712
<u>48,597,012</u>	<u>47,512,924</u>	<u>43,771,845</u>	<u>40,570,789</u>	<u>43,860,147</u>	<u>46,883,764</u>
196,858	199,368	507,618	636,843	657,770	629,965
4,015,758	3,848,784	4,065,732	3,781,291	4,082,952	3,970,360
1,874,517	1,978,691	2,075,855	2,640,602	2,893,212	3,118,374
1,025,890	609,272	501,688	-	-	-
365,291	374,573	408,696	608,905	649,552	698,557
1,971,632	2,390,589	2,241,007	2,725,883	2,776,841	2,422,390
5,887,508	4,026,070	4,288,068	6,695,663	17,532,392	18,761,627
<u>15,337,454</u>	<u>13,427,347</u>	<u>14,088,664</u>	<u>17,089,187</u>	<u>28,592,719</u>	<u>29,601,273</u>
(33,259,558)	(34,085,577)	(29,683,181)	(23,481,602)	(15,267,428)	(17,282,491)
22,593,962	21,610,723	13,610,976	13,242,248	13,351,823	14,224,160
7,123,397	7,984,974	7,898,623	8,227,675	9,460,428	11,492,706
280,549	2,681,909	2,289,425	3,922,344	2,753,606	2,875,723
2,253,092	106,357	269,764	366,834	574,132	620,267
167,621	262,529	28,716	29,755	24,625	23,787
496,415	417,358	80,480	44,038	94,421	122,434
188,626	280,286	946,398	298,671	78,663	3,397
<u>33,103,662</u>	<u>33,344,136</u>	<u>25,124,382</u>	<u>26,131,565</u>	<u>26,337,698</u>	<u>29,362,474</u>
<u>-</u>	<u>-</u>	<u>3,983,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (155,896)</u>	<u>\$ (741,441)</u>	<u>\$ (575,798)</u>	<u>\$ 2,649,963</u>	<u>\$ 11,070,270</u>	<u>\$ 12,079,983</u>

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

	Fiscal Year			
	2006	2007	2008	2009
GENERAL FUND				
Reserved	\$ 2,445,837	\$ 119,436	\$ 202,645	\$ 86,142
Unreserved	10,529,825	12,868,231	13,010,501	10,779,715
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 12,975,662</u>	<u>\$ 12,987,667</u>	<u>\$ 13,213,146</u>	<u>\$ 10,865,857</u>
ALL OTHER GOVERNMENT FUNDS				
Reserved	\$ 34,036,302	\$ 18,808,461	\$ 12,575,467	\$ 22,443,286
Unreserved, Reported In:				
Special Revenue Funds	3,325,949	3,534,651	2,426,350	2,035,375
Debt Service Fund	5,524,168	9,273,803	9,989,178	8,157,255
Capital Projects Funds	(2,801,438)	9,204,070	18,260,212	3,238,070
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 40,084,981</u>	<u>\$ 40,820,985</u>	<u>\$ 43,251,207</u>	<u>\$ 35,873,986</u>

Continued

(1) In FY 2010-11 the City implemented GASB 54 which required changes to the classification of the components of fund balance.

Fiscal Year					
2010	2011 (1)	2012	2013	2014	2015
\$ 552,035	\$ -	\$ -	\$ -	\$ -	\$ -
10,157,084	-	-	-	-	-
-	14,252	18,518	20,512	580,563	21,245
-	6	1,750,001	1,575,001	1,400,001	1,225,001
-	31,002	23,750	35,680	117,804	435,805
-	2,945,718	3,048,930	3,770,108	2,578,208	2,094,317
-	6,903,668	5,008,142	4,779,461	6,081,591	7,419,965
<u>\$ 10,709,119</u>	<u>\$ 9,894,646</u>	<u>\$ 9,849,341</u>	<u>\$ 10,180,762</u>	<u>\$ 10,758,167</u>	<u>\$ 11,196,333</u>
\$ 12,009,265	\$ -	\$ -	\$ -	\$ -	\$ -
2,292,415	-	-	-	-	-
5,849,173	-	-	-	-	-
10,795,318	-	-	-	-	-
-	71,400	-	-	-	-
-	64,671,520	17,756,123	20,758,594	22,217,863	24,280,101
-	375,324	280,658	1,536,726	1,230,004	925,180
-	737,258	674,637	167,710	171,076	441,060
-	(354,752)	(314,762)	(166,758)	(167,206)	(691,953)
<u>\$ 30,946,171</u>	<u>\$ 65,500,750</u>	<u>\$ 18,396,656</u>	<u>\$ 22,296,272</u>	<u>\$ 23,451,737</u>	<u>\$ 24,954,388</u>

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

	Fiscal Year			
	2006	2007	2008	2009
REVENUES				
Taxes:				
Property	\$ 18,097,285	\$ 21,235,364	\$ 22,487,877	\$ 22,960,655
Sales	7,945,067	8,215,910	8,267,858	7,305,578
Other	3,614,190	3,792,037	3,362,316	3,513,140
Special Assessments	820,204	640,116	710,901	811,593
Intergovernmental	7,441,472	16,640,225	6,249,006	4,194,836
Licenses and Permits	1,035,264	1,419,902	1,442,945	1,047,037
Fines and Forfeitures	306,879	297,438	283,595	275,462
Developer Fees	734,743	3,533,514	3,204,197	2,338,126
Charges for Services	6,226,223	8,633,920	6,165,867	6,297,619
Use of Money and Property	1,994,071	2,916,732	2,976,899	1,980,121
Other Revenue	270,146	550,999	455,795	1,289,798
	<u>48,485,544</u>	<u>67,876,157</u>	<u>55,607,256</u>	<u>52,013,965</u>
EXPENDITURES				
Current:				
General Government	4,405,551	4,943,009	5,018,476	5,304,489
Public Safety	18,928,342	20,232,393	21,491,194	22,786,561
Public Works	8,426,579	8,436,459	8,985,782	7,659,637
Community Development	4,036,982	4,009,043	5,036,315	5,575,680
Parks and Recreation	1,539,560	1,542,970	1,562,736	1,596,155
Capital Outlay	11,529,212	26,092,494	8,418,623	16,942,014
Debt Service:				
Principal Retirement	488,559	798,159	752,964	772,982
Interest and Fiscal Charges	1,226,988	1,183,453	1,158,722	1,100,957
Bond Issuance Costs	-	-	-	-
	<u>50,581,773</u>	<u>67,237,980</u>	<u>52,424,812</u>	<u>61,738,475</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(2,096,229)</u>	<u>638,177</u>	<u>3,182,444</u>	<u>(9,724,510)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	250,641	1,415,965	4,129,554	13,855,417
Transfers Out	(250,641)	(1,415,965)	(4,129,554)	(13,855,417)
Issuance of Long-term Debt	-	-	-	-
Discount on Bonds	-	-	-	-
Premium on Long-term Debt	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Extraordinary Item (1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (2,096,229)</u>	<u>\$ 638,177</u>	<u>\$ 3,182,444</u>	<u>\$ (9,724,510)</u>
Debt Service as a Percentage of Noncapital Expenditures (2)	4.4%	4.8%	4.3%	4.1%

Continued

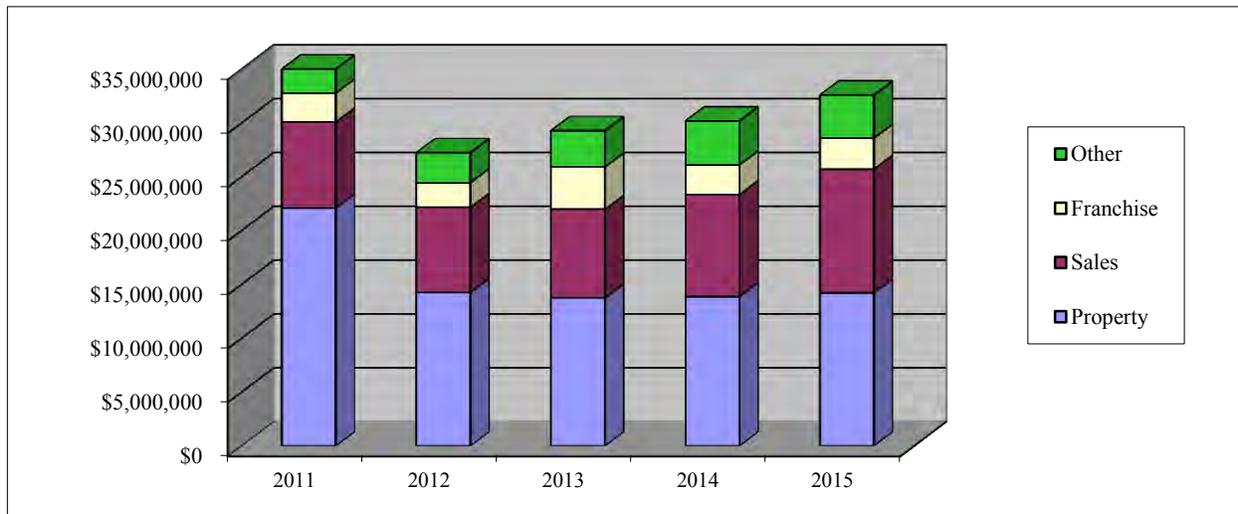
(1) Extraordinary item as a result of the dissolution of the Santee Community Development Corporation.

(2) For purposes of this calculation capital expenditures are defined as capital asset additions as presented in the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 22,823,768	\$ 22,107,239	\$ 14,266,895	\$ 13,758,489	\$ 13,886,610	\$ 14,785,930
7,123,397	7,984,974	7,898,623	8,227,675	9,460,428	11,492,706
3,507,045	4,242,582	4,032,606	5,616,942	5,153,900	5,148,174
729,894	1,649,594	1,664,583	1,685,246	1,687,180	1,724,079
4,192,870	3,424,883	2,327,765	4,579,832	5,505,496	5,740,458
913,222	817,009	97,044	163,157	184,984	161,431
255,907	234,620	151,965	157,459	153,385	211,411
2,724,653	1,460,682	2,166,434	2,220,091	3,148,366	1,373,348
6,677,290	3,512,338	4,741,495	5,027,855	5,504,980	5,083,759
746,071	542,125	550,469	167,153	214,129	260,638
369,209	572,394	1,109,946	545,885	324,676	384,764
<u>50,063,326</u>	<u>46,548,440</u>	<u>39,007,825</u>	<u>42,149,784</u>	<u>45,224,134</u>	<u>46,366,698</u>
8,396,467	4,440,352	3,495,290	3,525,215	4,190,923	5,904,218
22,235,349	21,583,805	22,497,381	21,900,709	23,235,344	23,163,154
7,330,871	7,540,299	7,204,615	7,198,218	7,160,736	7,626,614
4,280,822	3,737,357	2,147,005	112,300	96,033	114,060
1,260,720	1,262,766	1,083,635	916,408	815,083	907,217
14,411,741	4,325,397	3,506,673	6,204,138	7,690,366	10,389,769
670,000	5,137,178	1,007,602	697,917	775,665	930,981
1,012,907	1,084,293	2,620,760	372,069	372,185	573,680
-	430,582	-	-	-	-
<u>59,598,877</u>	<u>49,542,029</u>	<u>43,562,961</u>	<u>40,926,974</u>	<u>44,336,335</u>	<u>49,609,693</u>
<u>(9,535,551)</u>	<u>(2,993,589)</u>	<u>(4,555,136)</u>	<u>1,222,810</u>	<u>887,799</u>	<u>(3,242,995)</u>
24,379,163	3,001,510	7,709,261	4,186,442	5,215,185	7,052,320
(24,379,163)	(3,001,510)	(7,709,261)	(4,186,442)	(5,215,185)	(7,052,320)
4,450,998	35,666,957	3,005,840	3,008,227	895,071	4,500,000
-	(618,555)	-	-	-	-
-	-	-	-	-	858,075
<u>4,450,998</u>	<u>35,048,402</u>	<u>3,005,840</u>	<u>3,008,227</u>	<u>895,071</u>	<u>5,358,075</u>
<u>-</u>	<u>-</u>	<u>(45,600,103)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (5,084,553)</u>	<u>\$ 32,054,813</u>	<u>\$ (47,149,399)</u>	<u>\$ 4,231,037</u>	<u>\$ 1,782,870</u>	<u>\$ 2,115,080</u>
3.7%	13.6%	9.3%	3.1%	3.1%	3.5%

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

Fiscal Year	Real Property				Transient			Total
	Property Taxes (1)	Transfer Tax	Special Assessments	Sales Tax	Franchise Taxes	Occupancy Tax	Gas Tax	
2006	\$18,097,285	\$ 319,934	\$ 820,204	\$ 7,945,067	\$ 1,928,092	\$ 118,669	\$ 1,004,329	\$30,233,580
2007	21,235,364	218,853	640,116	8,215,910	2,067,216	116,081	1,005,657	33,499,197
2008	22,487,877	172,317	710,901	8,267,859	2,067,948	135,485	986,566	34,828,953
2009	22,960,655	172,957	811,593	7,305,577	2,390,367	115,327	834,490	34,590,966
2010	22,823,768	180,275	729,894	7,123,397	2,253,092	100,274	1,019,995	34,230,695
2011	22,107,239	152,170	1,649,106	7,984,974	2,681,908	106,357	904,765	35,586,519
2012	14,266,895	155,341	1,664,583	7,898,623	2,289,425	112,493	848,229	27,235,590
2013	13,758,489	159,920	1,685,246	8,227,675	3,922,344	206,914	1,327,764	29,288,352
2014	13,886,610	185,883	1,687,180	9,460,428	2,753,606	388,249	1,826,162	30,188,118
2015	14,224,160	188,717	1,724,079	11,492,706	2,875,723	431,550	1,652,184	32,589,119



Notes:

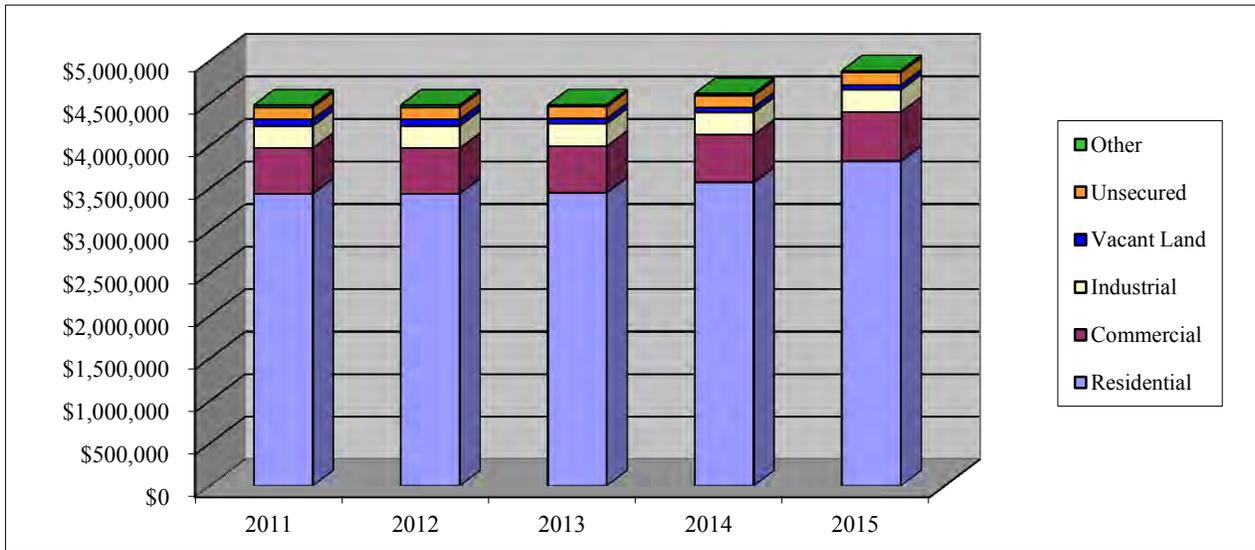
(1) As of fiscal year ended June 30, 2006, property tax revenue includes revenue that was reported as "motor vehicle in lieu" revenue in prior years. It is now required to be reported as property tax revenue because the growth in this revenue is based on the growth in assessed valuation.

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

Source: City of Santee Finance Department

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

Fiscal Year	Residential	Commercial	Industrial	Vacant Land	Unsecured	Other	Total	Total Direct Tax Rate
2006	\$ 2,792,539	\$ 396,437	\$ 179,398	\$ 92,246	\$ 135,851	\$ 32,727	\$ 3,629,198	0.1795%
2007	3,191,407	431,721	199,486	124,157	152,656	34,210	4,133,637	0.1795%
2008	3,415,528	482,362	230,366	142,738	161,660	33,403	4,466,057	0.1795%
2009	3,561,950	515,710	247,445	121,047	165,011	22,870	4,634,033	0.1795%
2010	3,360,411	544,219	265,789	91,253	164,635	23,634	4,449,941	0.1795%
2011	3,341,134	552,502	268,405	83,098	154,831	23,683	4,423,653	0.1795%
2012	3,436,359	534,663	259,526	79,447	141,332	24,656	4,475,983	0.1795%
2013	3,447,383	549,049	263,455	60,273	138,053	22,911	4,481,124	0.1795%
2014	3,566,552	560,440	263,119	58,748	139,045	22,754	4,610,658	0.1795%
2015	3,818,285	574,896	261,474	59,169	144,163	21,162	4,879,149	0.1795%



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)
Last Ten Fiscal Years

	Fiscal Year		
	2006	2007	2008
City of Santee Direct Rate	0.1795 %	0.1795 %	0.1795 %
Overlapping Rates:			
Santee Elementary School District	0.2201	0.2201	0.2201
County of San Diego	0.1997	0.1997	0.1997
Grossmont Union High School District	0.1625	0.1625	0.1625
Educational Revenue Augmentation Fund	0.1087	0.1087	0.1087
Grossmont-Cuyamaca Community College District	0.0616	0.0616	0.0616
County Library	0.0269	0.0269	0.0269
Padre Dam Municipal Water District	0.0112	0.0112	0.0112
Grossmont Healthcare District	0.0105	0.0105	0.0105
All Other	0.0193	0.0193	0.0193
Total Overlapping Rates	0.8205	0.8205	0.8205
Total Direct and Overlapping Rate	1.0000	1.0000	1.0000
Voter Approved Rates:			
Santee Elementary School District	-	-	0.0241
Grossmont Union High School District	0.0232	0.0212	0.0218
Grossmont-Cuyamaca Community College District	0.0200	0.0207	0.0077
Padre Dam Municipal Water District	0.0014	0.0012	0.0011
Metropolitan Water District	0.0052	0.0047	0.0045
Grossmont Healthcare District	-	0.0131	0.0131
Total Voter Approved Rates	0.0498	0.0609	0.0723
Total Tax Rate	1.0498 %	1.0609 %	1.0723 %

Continued

Notes:

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

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.0% fixed amount. This 1.0% is shared by all taxing agencies in which the subject property resides. In addition to the 1.0% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter-approved bonds.

Source: HdL Coren & Cone

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
0.1795 %	0.1795 %	0.1795 %	0.1795 %	0.1795 %	0.1795 %	0.1795 %
0.2201	0.2201	0.2201	0.2201	0.2201	0.2201	0.2201
0.1997	0.1997	0.1997	0.1997	0.1997	0.1997	0.1997
0.1625	0.1625	0.1625	0.1625	0.1625	0.1625	0.1625
0.1087	0.1087	0.1087	0.1087	0.1087	0.1087	0.1087
0.0616	0.0616	0.0616	0.0616	0.0616	0.0616	0.0616
0.0269	0.0269	0.0269	0.0269	0.0269	0.0269	0.0269
0.0112	0.0112	0.0112	0.0112	0.0112	0.0112	0.0112
0.0105	0.0105	0.0105	0.0105	0.0105	0.0105	0.0105
0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193
0.8205	0.8205	0.8205	0.8205	0.8205	0.8205	0.8205
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0281	0.0292	0.0340	0.0331	0.0339	0.0341	0.0332
0.0280	0.0587	0.0594	0.0612	0.0610	0.0617	0.0612
0.0226	0.0280	0.0293	0.0308	0.0317	0.0475	0.0465
-	-	-	-	-	-	-
0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035
0.0131	0.0131	0.0132	0.0201	0.0200	0.0200	0.0200
0.0961	0.1333	0.1396	0.1489	0.1501	0.1668	0.1644
1.0961 %	1.1333 %	1.1396 %	1.1489 %	1.1501 %	1.1668 %	1.1644 %

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Vestar Kimco Santee LP	\$ 46,625,891	1	0.96%	\$ 55,175,346	1	1.52%
Santee Partners LP	30,000,604	2	0.61%	34,289,707	2	0.95%
Walmart Stores LP	28,865,523	3	0.59%	-	-	-
HCA Arbors Apartments LLC	27,761,777	4	0.57%	24,377,161	4	0.67%
MB BP Portfolio LLC	26,486,902	5	0.54%	-	-	0.00%
Santee Retail LP	20,864,978	6	0.43%	-	-	-
MHC Financing LP Two	20,803,171	7	0.43%	18,335,813	7	0.51%
Target Corporation	16,561,589	8	0.34%	-	-	-
Cameron Brothers Construction Co LP	16,150,955	9	0.33%	-	-	-
Petsmart Inc	16,052,633	10	0.33%	-	-	-
Kohls Department Stores Inc	-	-	-	26,981,572	3	0.74%
Santee Investment Property LLC	-	-	-	21,246,600	5	0.59%
Alcott Estates LP	-	-	-	19,764,807	6	0.54%
Cox Communications San Diego Inc	-	-	-	19,097,652	8	0.53%
Lyon Treviso LLC	-	-	-	17,226,584	9	0.47%
TC Construction Company Inc	-	-	-	16,554,765	10	0.46%
	<u>\$ 250,174,023</u>		<u>5.13%</u>	<u>\$ 253,050,007</u>		<u>6.98%</u>

Source: HdL Coren & Cone

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

Fiscal Year Ended June 30,	Within the Year of Levy			Collections From Prior Years Levies	Total Collections To Date	Total Collections as a Percent of Levy
	Current Secured Tax Levy	Current Secured Collected	Percent of Levy Collected			
2006	17,134,297	16,214,609	94.6%	254,230	16,468,839	96.12%
2007	19,256,855	18,098,201	94.0%	339,648	18,437,849	95.75%
2008	20,188,926	18,718,002	92.7%	502,495	19,220,497	95.20%
2009	20,648,960	18,921,417	91.6%	760,598	19,682,015	95.32%
2010	20,688,236	18,949,178	91.6%	777,368	19,726,546	95.35%
2011	20,065,820	18,449,152	91.9%	680,468	19,129,620	95.33%
2012	10,552,974	9,666,064	91.6%	205,818	9,871,882	93.55%
2013	8,929,356	8,317,613	93.1%	176,644	8,494,257	95.13%
2014	9,224,570	8,617,190	93.4%	150,748	8,767,938	95.05%
2015	9,533,083	9,008,105	94.5%	123,078	9,131,183	95.78%

Notes:

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

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

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

Fiscal Year Ended June 30,	Governmental Activities						Percentage of Personal Income (2)	Debt Per Capita (2)
	Tax Allocation Bonds (1)	Lease Revenue Bonds	Certificates of Participation	Notes & Loans	Capital Lease Obligations	Total Governmental Activities		
2006	23,100,000	2,055,000	-	953,988	-	26,108,988	0.92%	501
2007	22,800,000	1,925,000	-	594,829	-	25,319,829	0.87%	487
2008	22,295,000	1,790,000	-	481,865	-	24,566,865	0.84%	473
2009	21,780,000	1,650,000	-	381,883	-	23,811,883	0.86%	455
2010	21,255,000	1,505,000	-	4,334,133	500,998	27,595,131	1.05%	521
2011	52,270,000	1,360,000	-	3,913,515	471,832	58,015,347	2.17%	1,086
2012	-	1,210,000	-	6,792,181	405,966	8,408,147	0.30%	155
2013	-	1,055,000	-	8,441,947	453,284	9,950,231	0.34%	182
2014	-	895,000	-	7,965,871	1,208,766	10,069,637	0.34%	183
2015	-	730,000	-	13,165,251	970,128	14,865,379	0.52%	266

Notes:

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

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

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

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

Fiscal Year Ended June 30,	Outstanding General Bonded Debt				Percent of Assessed Value (3)	Debt Per Capita
	Tax Allocation Bonds (1)	Lease Revenue Bonds (2)	Certificates of Participation	Total		
2006	23,100,000	2,055,000	-	25,155,000	0.69%	483
2007	22,800,000	1,925,000	-	24,725,000	0.60%	476
2008	22,295,000	1,790,000	-	24,085,000	0.54%	464
2009	21,780,000	1,650,000	-	23,430,000	0.51%	447
2010	21,255,000	1,505,000	-	22,760,000	0.51%	430
2011	52,270,000	1,360,000	-	53,630,000	1.21%	1,004
2012	-	1,210,000	-	1,210,000	0.03%	22
2013	-	1,055,000	-	1,055,000	0.02%	19
2014	-	895,000	-	895,000	0.02%	16
2015	-	730,000	-	730,000	0.01%	13

Notes:

General bonded debt is debt payable with governmental fund resources.

- (1) Tax allocation bonds issued by the Santee Community Development Commission are no longer reported as a result of the dissolution of the Santee Community Development Commission on February 1, 2012.
- (2) Lease Revenue Bonds are repaid with general governmental resources.
- (3) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.



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**City of Santee
Direct and Overlapping Debt
June 30, 2015**

Total Assessed Valuation		<u>\$4,879,149,130</u>	
	Percentage Applicable (1)	Outstanding Debt 6/30/15	Estimated Share of Overlapping Debt
OVERLAPPING DEBT REPAID WITH PROPERTY TAXES			
Grossmont-Cuyamaca Community College District	11.9290%	\$ 245,912,686	\$ 29,334,924
Palomar Community College District	0.0002%	515,523,901	1,031
Grossmont Union High School District	12.2470%	500,541,773	61,301,351
Poway Unified School District Facilities Improvement Districts	0.0010%	337,923,406	3,379
Lakeside Union School District	0.3100%	40,530,357	125,644
Santee School District	90.2790%	43,027,463	38,844,763
Metropolitan Water District	0.2090%	110,420,000	230,778
Grossmont Healthcare District	11.2280%	<u>267,413,330</u>	<u>30,025,169</u>
Total Overlapping Debt Repaid with Property Taxes		<u>2,061,292,916</u>	<u>159,867,039</u>
OVERLAPPING OTHER DEBT			
San Diego County General Fund Obligations	1.1640%	351,670,000	4,093,439
San Diego County Pension Obligations	1.1640%	682,615,180	7,945,641
San Diego County Superintendent of Schools Obligations	1.1640%	14,732,500	171,486
Grossmont Cuyamaca Community College Dist. Gen. Fd. Obligations	11.9290%	1,120,000	133,605
Palomar Community College District General Fund Obligations	0.0002%	4,350,000	9
Grossmont Union High School General Fund Obligations	12.2470%	652,500	79,912
Poway Unified School District General Fund Obligations	0.0005%	62,408,869	312
Santee School District Certificates of Participation	90.2790%	<u>30,129,849</u>	<u>27,200,926</u>
Total Overlapping Other Debt		<u>1,147,678,898</u>	<u>39,625,330</u>
Total Overlapping Debt		<u>\$3,208,971,814</u>	199,492,370
City Direct Debt			13,638,653
Overlapping Tax Increment Debt (Successor Agency)			<u>48,255,000</u>
Total Direct and Overlapping Debt			<u>\$ 261,386,023</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: MuniServices, LLC

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

	Fiscal Year			
	2006	2007	2008	2009
Assessed Valuation	\$ 3,629,198	\$ 4,133,637	\$ 4,466,057	\$ 4,634,033
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	907,300	1,033,409	1,116,514	1,158,508
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	136,095	155,011	167,477	173,776
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 136,095</u>	<u>\$ 155,011</u>	<u>\$ 167,477</u>	<u>\$ 173,776</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%	0.0%	0.0%	0.0%

Continued

Notes:

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

Sources: HdL Coren & Cone
San Diego County Assessor

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 4,449,941	\$ 4,423,653	\$ 4,475,983	\$ 4,481,124	\$ 4,610,658	\$ 4,879,149
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,112,485	1,105,913	1,118,996	1,120,281	1,152,665	1,219,787
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
166,873	165,887	167,849	168,042	172,900	182,968
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 166,873</u>	<u>\$ 165,887</u>	<u>\$ 167,849</u>	<u>\$ 168,042</u>	<u>\$ 172,900</u>	<u>\$ 182,968</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	
2006	5,075,458	-	961,744	5.28
2007	5,920,383	300,000	942,790	4.76
2008	6,038,060	505,000	934,237	4.20
2009	6,337,623	515,000	922,112	4.41
2010	6,779,176	525,000	908,462	4.73
2011	6,374,690	540,000	893,471	4.45
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-

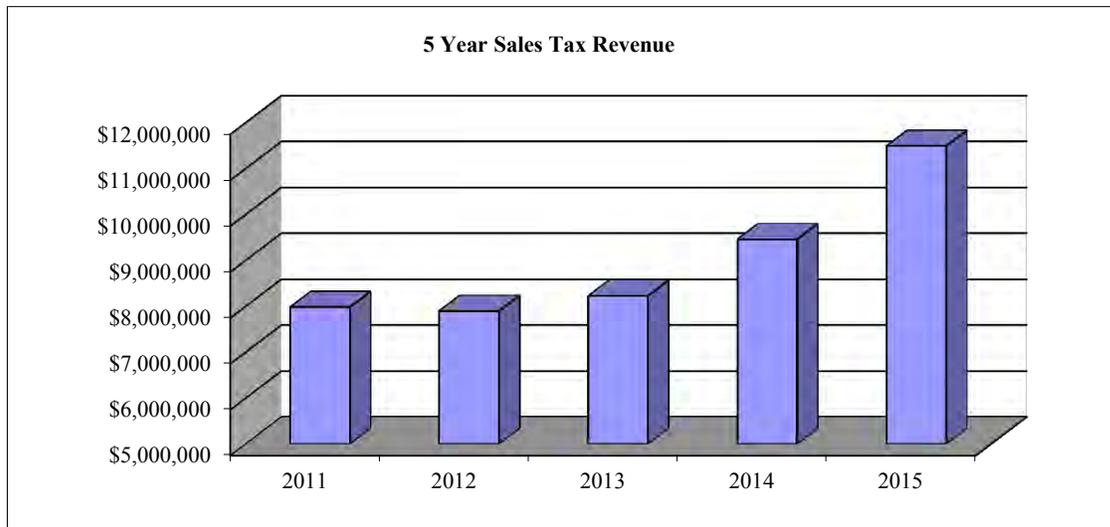
Note:

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

**City of Santee
Top 25 Principal Sales Tax Producers
Fiscal Year Ended June 30, 2015**

Firm	Business Description
7 Eleven	Service Stations
Bed Bath & Beyond	Home Furnishings
Best Buy	Electronics/ Appliance Store
Chevron	Service Stations
Circle K	Service Stations
Consolidated Electrical Distributors	Electrical Equipment
Costco	Discount Dept Store
Express Pipe & Supply	Plumbing/Electrical Supplies
GTM Wholesale Liquidators	Variety Stores
Hd Supply	Contractors
Holland RV	Trailers/RVs
Home Depot	Lumber/Building Materials
Kalasho	Service Stations
Kohls	Department Stores
Lowes	Lumber/Building Materials
Phils BBQ	Fast-Casual Restaurants
Rayo Wholesale Floor	Contractors
RCP Block & Brick	Contractors
Ross	Family Apparel
Target	Discount Dept Store
TJ Maxx	Family Apparel
Toyota Certified of Santee	Used Automotive Dealers
USA Gasoline	Service Stations
Vons	Grocery Store Liquor
Walmart	Discount Dept Store

Percent of fiscal year total paid by top 25 accounts =66.67%



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

Sales Tax

**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)
2004	52,142	\$ 2,841	\$ 54,490	3.9%
2005	52,110	2,848	54,650	3.6%
2006	51,983	2,894	55,680	3.3%
2007	51,936	2,928	56,370	3.8%
2008	52,367	2,785	53,180	5.0%
2009	52,963	2,624	49,540	8.1%
2010	53,413	2,672	50,020	8.9%
2011	54,102	2,768	51,150	8.5%
2012	54,643	2,895	52,980	7.5%
2013	55,033	2,949	53,590	6.3%
2014	55,805	2,862	51,290	6.3%

Sources:

- (1) State Department of Finance and San Diego Association of Governments
- (2) Bureau of Economic Analysis, U.S. Census Bureau Census 2000, Census 2010, American Community Survey, and San Diego Association of Governments
Note: Dollar Values are inflation-adjusted to 2013
- (3) State of California Employment Development Department

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

Employer	2015			2006		
	Number of Employees	Rank	Percent of Total Employment (1)	Number of Employees	Rank	Percent of Total Employment
Santee Elementary School District	734	1	2.56%	825	1	5.61%
Edgemoor Skilled Nursing Facility	307	2	1.07%	350	3	2.38%
Costco Wholesale	305	3	1.06%	235	6	1.60%
Walmart	265	4	0.92%	344	4	2.34%
Las Colinas Detention Facility	241	5	0.84%	-	-	-
Scantibodies Laboratory	223	6	0.78%	215	7	1.46%
Home Depot	183	7	0.64%	200	8	1.36%
Grossmont Union High School District	181	8	0.63%	250	5	1.70%
Target	180	9	0.63%	-	-	-
Torres General Inc	175	10	0.61%	-	-	-
Hartford Financial Services	-	-	-	500	2	3.40%
Vons Stores	-	-	-	200	9	1.36%
Brandon Enterprises	-	-	-	198	10	1.35%
Total	<u>2,794</u>		<u>9.74%</u>	<u>3,317</u>		<u>22.55%</u>

Notes:

This schedule presents data for the ten principal employers as of June 30, 2015 and June 30, 2006.

(1) Total employment of all employers located within City limits as provided by EDD Labor Force Data.
Total Labor Force: 28,700.

Source: MuniServices, LLC

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

Function	Full-Time Employees as of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	22.95	23.75	22.75	22.75	21.75	21.75	24.05	24.05	24.05	24.30
Public Safety	60.40	63.40	63.40	63.40	60.40	60.40	54.00	54.00	58.00	58.60
Public Works	27.00	28.50	27.35	27.35	24.15	23.65	32.20	31.70	31.70	35.20
Community Development	13.55	12.75	16.35	16.35	17.00	16.50	-	-	-	-
Parks and Recreation	7.00	7.00	7.55	7.55	6.35	6.35	7.00	7.00	7.00	6.00
Total	<u>130.90</u>	<u>135.40</u>	<u>137.40</u>	<u>137.40</u>	<u>129.65</u>	<u>128.65</u>	<u>117.25</u>	<u>116.75</u>	<u>120.75</u>	<u>124.10</u>

Source: City of Santee

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
DEVELOPMENT SERVICES										
Building Permits Issued	1,749	2,597	1,880	752	752	868	938	909	952	1,516
Building Inspections Completed	12,924	10,395	10,885	9,470	5,755	5,310	4,347	4,661	6,946	5,388
Development Applications Processed	111	92	63	121	78	99	161	151	111	113
Street Resurfacing (miles)	14.0	14.8	0.1	23.8	5.9	4.7	5.9	9.9	1.1	6.7
COMMUNITY SERVICES										
Number of Recreation Classes Offered	244	332	361	350	419	269	202	347	333	367
Number of Recreation Class Participants	2,230	2,490	3,842	2,719	3,454	2,141	1,912	1,859	1,711	1,434
Attendance at City-Wide Special Events	27,600	29,250	29,500	29,250	29,230	30,050	30,509	35,599	43,450	48,000
Number of Facility Rentals	694	789	605	645	836	1,016	983	1,302	1,287	1,350
FIRE										
Emergency Responses	5,130	4,211	4,438	4,670	4,764	4,944	4,722	4,967	4,824	5,060
Fire Prevention & Safety Inspections	633	933	432	488	449	525	730	572	543	325
SHERIFF										
Arrests	1,899	2,125	1,851	2,243	2,036	1,889	1,999	2,059	2,398	1,861
Parking Citations Issued	2,104	2,312	1,837	1,798	1,282	1,367	937	920	685	699
Traffic Citations Issued	4,262	4,245	4,391	4,486	5,085	4,244	2,916	3,504	2,129	2,165
Calls for Service	18,821	18,794	17,913	18,353	19,034	19,974	20,591	21,667	20,376	20,686

Notes:

Source: City of Santee

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	2	3	4	4	4	4	4	4	4	4
PUBLIC WORKS										
Streets (miles)	133.10	133.98	134.09	134.09	134.09	134.47	134.79	134.79	135.45	135.45
Street Lights	2,731	2,739	2,747	2,747	2,799	2,800	3,171	3,070	3,070	3,207
Traffic Signals	54	55	55	56	56	57	57	57	57	58
PARKS & RECREATION										
Parks	7	7	7	7	8	8	8	8	8	8

Source: City of Santee