



# CITY OF SANTEE CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016



---

FRONT COVER

Top Photo: Walker Preserve – San Diego River Trail

Middle Photo: Santee Fire Department Engine 4 – Placed Into Service August 2016

Bottom Photo: Mast Park West Trail





# CITY OF SANTEE

## California



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

MAYOR

Randy Voepel

VICE MAYOR

Jack E. Dale

COUNCIL MEMBERS

Ronn Hall

Rob McNelis

John W. Minto



PREPARED BY THE FINANCE DEPARTMENT  
Tim K. McDermott, Director of Finance/Treasurer  
*Website: [www.cityofsanteeca.gov](http://www.cityofsanteeca.gov)*

Top Photo: Sky Ranch Community Park  
Bottom Photo: City of Santee Sunset View from Sky Ranch

**City of Santee**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2016**

---

**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..... 27-63

**Required Supplementary Information:**

Schedule of the City's Proportionate Share of the Net Pension Liability  
     CalPERS Miscellaneous Pension Plan..... 65  
     CalPERS Safety Pension Plan ..... 66  
 Schedule of Contributions  
     CalPERS Miscellaneous Pension Plan..... 67  
     CalPERS Safety Pension Plan ..... 68  
 Schedule of Funding Progress – OPEB ..... 69  
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –  
     General Fund..... 70-71  
 Notes to Required Supplementary Information ..... 72

**TABLE OF CONTENTS** (continued)

Page

**Supplementary Information:**

Non-Major Governmental Funds	
Combining Balance Sheet.....	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	74
Non-Major Special Revenue Funds .....	
Combining Balance Sheet .....	76-79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	80-83
Schedules of Revenue, Expenditures and Change in Fund Balances – Budget and Actual	
Supplemental Law Enforcement Special Revenue Fund .....	84
Asset Seizure Special Revenue Fund.....	85
Gas Tax Special Revenue Fund .....	86
HOME Investment Partnership Special Revenue Fund.....	87
Energy Efficiency Block Grant Special Revenue Fund.....	88
Zone 2 Flood Control District Special Revenue Fund .....	89
Community Development Block Grant Special Revenue Fund .....	90
Town Center Landscape Maintenance Special Revenue Fund.....	91
Santee Landscape Maintenance Special Revenue Fund .....	92
Mobile Home Park Assessment Special Revenue Fund .....	93
Street Lighting Tax Special Revenue Fund .....	94
Roadway Lighting District Special Revenue Fund .....	95
Paramedic Equipment Special Revenue Fund .....	96
CFD 2015-1 Special Revenue Fund .....	97
SAFE Program Special Revenue Fund.....	98
Non-Major Capital Projects Funds.....	
Combining Balance Sheet.....	100-101
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	102-103

**III. STATISTICAL SECTION**

Description of Statistical Section Contents.....	105
Net Position by Component .....	106-107
Changes in Net Position.....	108-109
Fund Balances of Governmental Funds .....	110-111
Changes in Fund Balances of Governmental Funds .....	112-113
Tax Revenues by Source.....	114
Assessed Value of Taxable Property.....	115
Direct and Overlapping Property Tax Rates .....	116-117
Principal Property Tax Payers.....	118
Property Tax Levies and Collections .....	119
Ratios of Outstanding Debt by Type.....	120
Ratios of General Bonded Debt Outstanding.....	121
Direct and Overlapping Debt .....	123
Legal Debt Margin Information.....	124-125
Pledged-Revenue Coverage .....	126
Top 25 Principal Sales Tax Producers .....	127
Demographic and Economic Statistics.....	128

**City of Santee**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2016**

---

**TABLE OF CONTENTS** (continued) Page

**III. STATISTICAL SECTION** (continued)

Principal Employers .....	129
Full-time City Employees by Function .....	130
Operating Indicators by Department .....	131
Capital Asset Statistics by Function .....	132



**INTRODUCTORY SECTION**

---

*This page is intentionally blank.*



# CITY OF SANTEE

**MAYOR**  
John W. Minto

**CITY COUNCIL**  
Ronn Hall  
Stephen Houlahan  
Rob McNelis  
Vacant

December 20, 2016

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, 2016. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed independent certified public accountants.

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

The City’s financial statements have been audited by Davis Farr LLP, a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 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, 2016 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 is typically 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. However, because the City expended less than \$750,000 in federal financial assistance over the past fiscal year a Single Audit was not required.

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 16.7 square miles and is a dynamic community of 56,757 residents. Santee's 2015 median household income of \$79,865 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.

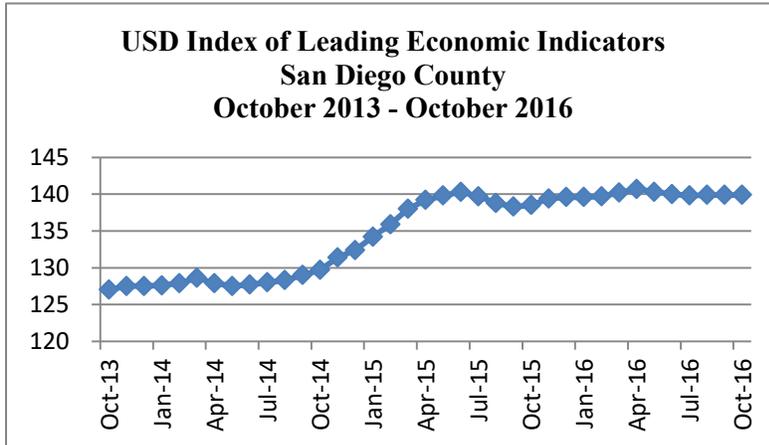
The City is responsible for providing a range of municipal services that includes law enforcement, fire and life safety, street maintenance, traffic circulation, planning and community development, park and landscape maintenance, code enforcement, building inspection and recreation programs for all ages. 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 3F 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, though in recent months the trend has been somewhat flat. The index has improved by 1.4% since October 2015.



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 4.6% increase in net assessed valuation in fiscal year 2015-16 and a 4.4% increase in net assessed valuation for the fiscal year 2016-17

tax roll. Improvement in general economic conditions including strong performance by major sales tax generating businesses, plus a non-recurring spike in sales tax revenues as the result of prior year true up payments received with the unwinding of the “Triple Flip” by the State of California resulted in a 20% increase in sales tax revenue in fiscal year 2015-16. As a result, sales tax revenues are projected to decrease by 6% in fiscal year 2016-17, though a 2% increase is projected in retail sales activity. Santee currently has 153 national chain retailers and restaurants, with 33 national chains added since 2012.

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. In addition the CalPERS Board is currently considering a reduction in the discount rate (expected investment rate of return) which would result in additional increases in required annual pension contributions. 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 fully completed in mid-2016.

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 was completed in June 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 allows the City to capitalize on a favorable construction bid pricing environment. Work has commenced on these improvements which are expected to be completed in late 2017.

On December 10, 2016 the Deputy Ken Collier Neighborhood Park was dedicated. This \$1.2 million half-acre park was partially funded with state and local grants and includes two playgrounds, a half-court basketball court, outdoor exercise equipment, benches and a picnic area. The park is named in honor of a San Diego County Sheriff's Department deputy who was killed in the line of duty in February 2010.

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 172-unit Parc One apartment project was completed in early 2016. 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 and on August 1, 2016 the annexation became effective. The current development plans for the annexation area include the construction of approximately 273 single family homes and 142 detached condominiums. Site grading commenced in mid-2016 and home construction is expected to begin in mid to late 2017.

### **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, 2015. This was the 12<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Marlene D. Best  
City Manager



Tim K. McDermott  
Director of Finance/Treasurer



Government Finance Officers Association

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

Presented to

**City of Santee  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



**CITY COUNCIL**

Randy Voepel, Mayor

Jack E. Dale, Vice Mayor

Ronn Hall, Council Member

Rob McNelis, Council Member

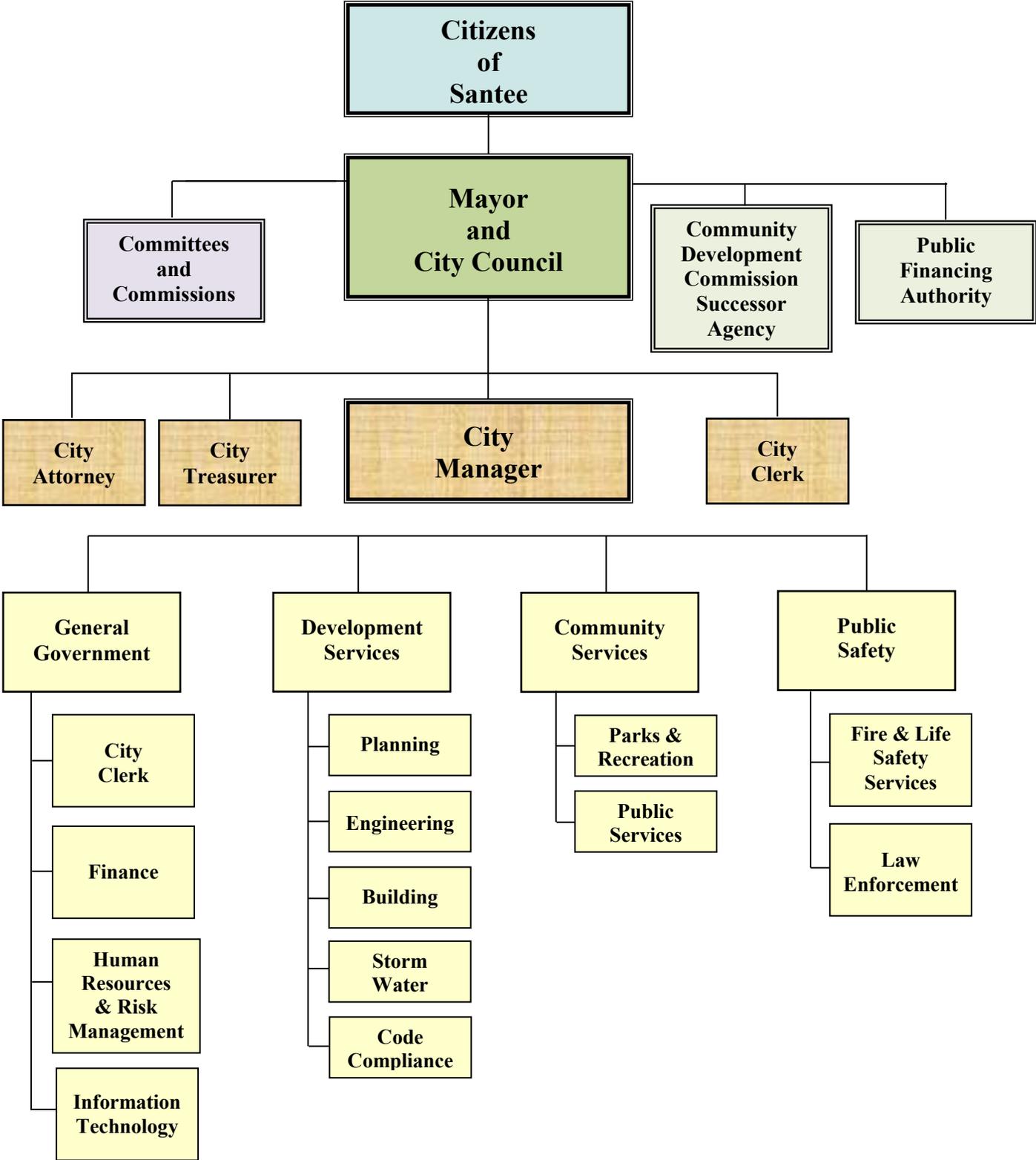
John W. Minto, Council Member



**EXECUTIVE MANAGEMENT TEAM**

City Manager .....	Marlene D. Best
City Attorney .....	Shawn Hagerty
City Clerk.....	Patsy Bell
Assistant to the City Manager.....	Kathy Valverde
Director of Community Services .....	Bill Maertz
Director of Development Services.....	Melanie Kush
Director of Finance/Treasurer.....	Tim K. McDermott
Director of Fire and Life Safety.....	Richard Smith
Director of Human Resources & Risk Management.....	Jessie Bishop
Senior Economic Development Coordinator .....	Pamela A. White
Sheriff Captain.....	Anthony Ray

CITY OF SANTEE  
**ORGANIZATIONAL CHART**



CITY OF SANTEE  
LOCATION MAP

# California





**FINANCIAL SECTION**

---

*This page is intentionally blank.*

City Council  
City of Santee  
Santee, California

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Santee, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

The financial statements of the City of Santee for the fiscal year ended June 30, 2015 were audited by other auditors whose report dated December 29, 2015 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santee's basic financial statements. The combining and individual nonmajor fund financial statements, budget and actual schedules, the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budget and actual schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory section and the statistical

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016 on our consideration of the City of Santee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Santee's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan UP". The signature is written in a cursive, flowing style.

Irvine, California  
December 15, 2016



*This page is intentionally blank.*

CITY OF SANTEE

## 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, 2016. 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, 2016 by \$179.9 million (*net position*).
- The City's total net position decreased by \$3.2 million during the fiscal year. This decrease is primarily a reflection of a \$3.3 million increase in the City's net pension liability over the past year.
- The City's long-term liabilities increased by \$4.3 million during the fiscal year. This increase is the primarily the result of the increase in the City's net pension liability as noted above. In addition the City entered into two new capital lease agreements totaling \$1.7 million for the purchase of two fire engines.
- At June 30, 2016 the City's governmental funds reported combined fund balances of \$35.2 million, a decrease of \$908,597 from the prior year. Substantial investments were made during the past fiscal year in infrastructure, street maintenance and various capital projects primarily from restricted resources accumulated in prior years.

### 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, 2016 assets exceeded liabilities by \$179.9 million, a decrease of \$3.2 million during the year.

**City of Santee  
 Summary of Net Position  
 June 30, 2016 and 2015**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 43,084,895	\$ 42,440,145
Capital assets	189,220,423	189,978,886
Total assets	232,305,318	232,419,031
Deferred outflows of resources	2,298,501	3,205,818
Long-term liabilities	44,644,258	40,366,388
Other liabilities	6,556,557	5,174,226
Total liabilities	51,200,815	45,540,614
Deferred inflows of resources	3,466,895	6,948,576
Net position:		
Net investment in capital assets	176,071,642	181,378,029
Restricted	19,771,922	20,088,351
Unrestricted	(15,907,455)	(18,330,721)
Total net position	\$179,936,109	\$183,135,659



The largest portion of the City's net position (\$176.1 million or 98%) 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 (\$19.8 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 \$15.9 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 \$27.7 million at June 30, 2016. Over the past five years the City has elected to make supplemental payments towards its unfunded pension liability in an effort to reduce this liability.

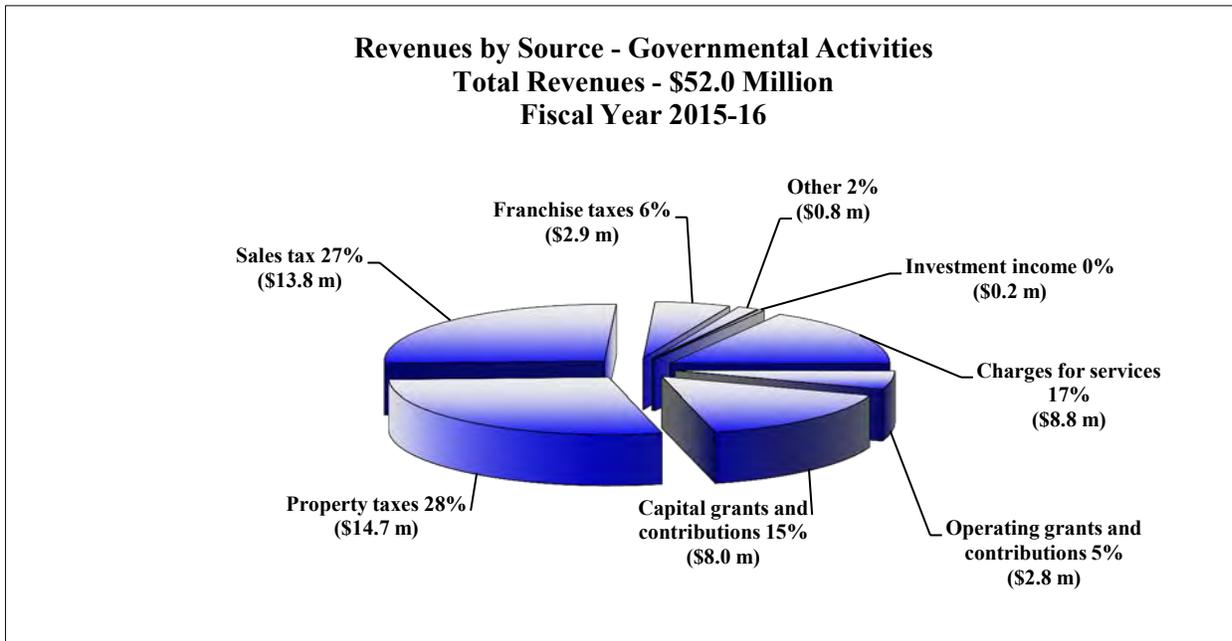
**Governmental Activities**

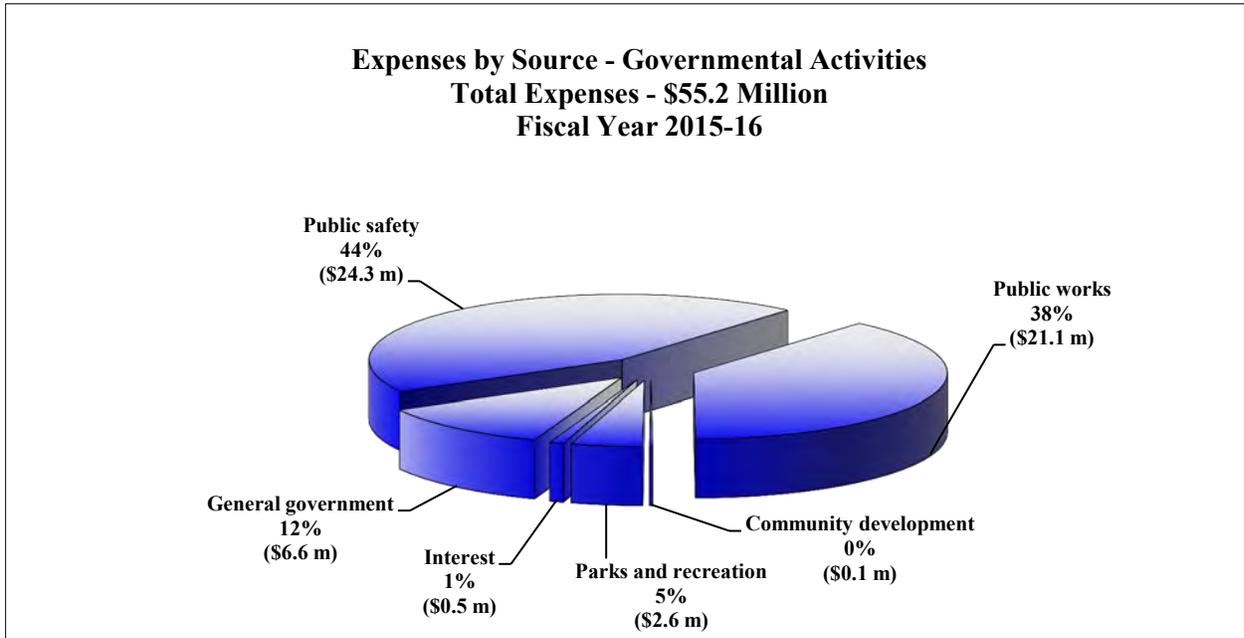
Net position decreased by \$3.2 million during the fiscal year as a result of the City's governmental activities. Key elements of this decrease are as follows:

**City of Santee  
 Changes in Net Position  
 For the Fiscal Years Ended June 30, 2016 and 2015**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 8,758,926	\$ 8,417,256
Operating grants and contributions	2,757,140	2,422,390
Capital grants and contributions	8,008,366	18,761,627
General revenues:		
Taxes:		
Property taxes	14,717,412	14,224,160
Sales tax	13,842,272	11,492,706
Franchise taxes	2,912,740	2,875,723
Other taxes	745,340	620,267
Motor vehicle in lieu, unrestricted	22,516	23,787
Investment income	185,129	122,434
Miscellaneous	32,615	3,397
Total revenues	<u>51,982,456</u>	<u>58,963,747</u>
<b>Expenses:</b>		
General government	6,575,847	5,766,971
Public safety	24,321,086	23,427,308
Public works	21,112,813	15,058,755
Community development	104,282	114,060
Parks and recreation	2,568,283	2,004,958
Interest and fiscal charges	499,695	511,712
Total expenses	<u>55,182,006</u>	<u>46,883,764</u>
Increase in net position	<u>(3,199,550)</u>	<u>12,079,983</u>
Net position, beginning of year	183,135,659	198,450,625
Prior period adjustments	-	(27,394,949)
Net Position , beginning of year, as restated	<u>183,135,659</u>	<u>171,055,676</u>
Net position, end of year	<u>\$179,936,109</u>	<u>\$183,135,659</u>

- Capital grants and contributions decreased by \$10.8 million from the prior fiscal year. This decrease is primarily the result of a \$12.3 million decrease from the prior fiscal year in funding received from the Santee Community Development Commission Successor Agency for the Prospect Avenue Enhancements project and the Town Center Parkway Improvements project which were completed over the past two years.
- Property tax, the City's largest revenue sources, increased by \$493,252 or 3.5% as a result of continued recovery in residential real estate values and new construction over the prior year.
- Sales tax, the City's second largest revenue source, increased by \$2.3 million or 20.4% from the prior fiscal year, reflecting improving economic conditions and growth from major sales tax generating businesses over the past year. Also included in this increase is a non-recurring spike in sales tax revenues as the result of the wind-down of the "Triple-Flip" by the State of California.
- General government expenses increased by \$808,876 or 14.0%. This increase is primarily the result of an increase in payments issued under an economic development location agreement to a major tax generating business and an increase in general liability claims.
- Public works expenses increased by \$6.1 million or 40.2%, primarily as a result of a substantial investment in street maintenance and storm drain improvements 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, 2016, the City's governmental funds reported combined fund balances of \$35.2 million, a decrease of \$908,597 from the prior year. Approximately 27% of this amount (\$9.4 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 (\$1.7 million), 2) restricted for particular purposes (\$19.8 million), 3) committed for particular purposes (\$1.8 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 \$9.4 million, while the total fund balance was \$14.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 25% of total General Fund expenditures for the year, while total fund balance represents approximately 38% of the total General Fund expenditures for the year.

The General Fund balance increased by \$3.2 million during the past fiscal year. General Fund revenues were \$3.6 million more than in the previous fiscal year. As discussed above, sales tax revenue increased by \$2.3 million from the prior fiscal year, and property tax revenue increased by \$493,252 from the prior fiscal year. Intergovernmental revenues decreased by \$404,817 from the prior fiscal year due to a decrease in federal and state grants, state mandated costs reimbursements and the elimination of vehicle abatement program reimbursements. Charges for services revenues increased by \$580,223 from the prior year, primarily the

result of increases in building permit and other land development revenues. General Fund expenditures were \$1.3 million more than in the previous fiscal year. Key components of this increase include: 1) an increase of \$446,860 in expenditures under an economic development location agreement to a major tax generating business, 2) a \$367,557 increase in contract law enforcement services expenditures and 3) a \$233,382 increase in contract plan check and building inspection service expenditures as a result of a corresponding increase in building permit and land development activity.

The Capital Projects Fund, a major fund, experienced a \$1.5 million increase in fund balance during the past fiscal year as a result of developer contribution received for future capital projects and a General Fund contribution for various capital projects planned for the current and subsequent fiscal year, bringing the fund's total fund balance to \$2.4 million, all of which is either legally restricted, committed or assigned for various capital improvement projects.

The TransNet Fund, a major fund, experienced a \$3.1 million decrease in fund balance during the past fiscal year as a result of expenditures for street repair and rehabilitation projects, bringing the fund's total fund balance to \$2.5 million, all of which is legally restricted for street improvement capital projects.

The Nonmajor Governmental Funds balance decreased by a combined \$2.5 million during the past year, bringing the Nonmajor Governmental Funds total fund balance to \$15.9 million. The primary factor leading to this decrease is the transfer of funds to the Capital Projects Fund 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 \$3.3 million from the originally adopted budget. Supplemental appropriations approved during the year include prior year encumbrances and appropriations that were carried forward and funded from the prior fiscal year's budget. Other supplemental appropriations include the appropriation of various federal, state and local grants received during the year, and appropriation adjustments for two fire engines to be purchased with capital lease financing, contract plan check and building inspection, services and other incidental adjustments.

Actual General Fund revenues were \$179,022 more than budgeted. Sales tax revenue was \$310,072 more than budgeted. Property tax revenues were \$35,612 more than budgeted. Charges for services were \$264,594 less than budgeted. Various other revenue categories experienced minor variances.

Actual General Fund expenditures were \$3.2 million less than budgeted. Fire expenditures were \$2.2 million less than budgeted, which includes \$1.7 million budgeted for two fire engines that were ordered but not received by the end of the fiscal year. Development Services expenditures were \$531,386 less than budgeted. Community services expenditures were \$242,998 less than budgeted. Non-Departmental expenditures were \$217,341 more than budgeted.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets as of June 30, 2016 was \$189.2 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, 2016 and 2015**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Land	\$12,198,750	\$12,064,250
Parks	4,858,872	4,858,872
Construction in progress	3,646,969	23,052,029
Buildings	12,134,753	12,747,899
Improvements other than buildings	4,795,062	5,044,060
Equipment	5,516,706	5,243,409
Vehicles	1,687,766	1,596,506
Infrastructure	144,381,545	123,371,861
Totals	<u>\$189,220,423</u>	<u>\$189,978,886</u>

Major capital asset activity during the year included the following:

- \$3.2 million was spent for the rehabilitation of numerous streets and related drainage facilities throughout the City.
- \$2.7 million was spent for the completion of the final phase of the Buena Vista Avenue/Railroad Avenue street and drainage improvements project.
- \$1.9 million was spent for the lining and replacement of corrugated metal drainage pipes in various locations throughout the City.
- \$1.4 million was spent for the completion of the \$23.8 million Prospect Avenue Enhancements project.
- \$790,778 was spent to upgrade traffic signal controllers on Mast Boulevard.
- \$391,510 was spent to purchase various vehicles including \$213,462 for a new paramedic ambulance.
- \$240,366 was spent for land acquisition and design of the 0.53 acre Deputy Ken Collier Neighborhood Park. This \$1.2 million park will be completed in December 2016.

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, 2016 the City had \$44.6 million in long-term debt outstanding. Of this amount, \$555,000 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, 2016 and 2015**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Bonds payable	\$555,000	\$730,000
Notes and loans payable	11,292,946	11,938,528
Capital leases payable	2,458,347	970,128
Claims and judgments	1,329,982	990,371
Compensated absences	1,136,269	1,123,450
Other post-employment benefits	193,717	186,147
Net pension liability	26,520,484	23,201,041
Premiums on long-term debt	1,157,513	1,226,723
	\$44,644,258	\$40,366,388
Totals		

The City's outstanding debt increased by \$4.3 million during the past fiscal year. Most of this increase can be attributed to a \$3.3 million increase in the City's net pension liability. In addition, during the past fiscal year the City entered into two capital lease agreements for the purchase of two fire engines totaling \$1.7 million. 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 net pension liability. 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 decrease by 2.5% or \$1.0 million, a reflection of \$1.5 million in non-recurring revenues received in the current year.
- The total assessed valuation of property in the City is anticipated to increase by 4.4%, 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 decrease by \$888,200 or 6.4% next fiscal year as a result of the wind-down of the "Triple Flip" by the State of California which resulted in additional non-recurring sales tax revenues in the current fiscal year due to timing differences that occurred with the implementation of the "Triple Flip". Overall retail sales activity is projected to increase by approximately 2.0% next year.
- Essentially no change is expected in franchise fee revenue next year, with increases in revenues from certain franchisees expected to be offset by a decrease in the revenues to be received from the City's primary telecommunications franchisee.



- The General Fund adopted budget for next fiscal year reflects a 3.5% increase from the FY 2015-16 budgeted expenditures. Included in this increase is \$797,000 for the non-recurring cost of the City's share of an upgrade to the backbone infrastructure for a regional communication system used by public safety and public service agencies in San Diego and Imperial Counties.
- Law enforcement services contract costs are expected to increase by 4.9% over the next year.
- 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 a continued increase in unfunded liability payments over the next five years.
- The General Fund reserve policy that a minimum reserve of 20% of annual General Fund operating expenditures be maintained will continue to be met.

### **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](http://www.cityofsanteeca.gov).



**Basic Financial Statements**

---

*This page is intentionally blank.*



*This page is intentionally blank.*

**City of Santee**  
**Statement of Net Position**  
**June 30, 2016**  
**(with comparative information for prior year)**

	Governmental Activities	
	2016	2015
<b>ASSETS</b>		
Cash and Investments (Note 2A)	\$ 30,918,762	\$ 30,944,269
Accounts Receivable	1,035,035	1,344,563
Loans Receivable (Note 2C)	1,538,500	1,658,500
Interest Receivable	62,415	66,672
Due From Other Governments	5,403,292	3,092,692
Inventory	4,327	3,692
Deposits	2,416,268	5,312,204
Prepaid Items	1,706,296	17,553
Capital Assets, Not Being Depreciated (Note 2D)	20,704,591	39,975,151
Capital Assets, Being Depreciated, Net (Note 2D)	168,515,832	150,003,735
Total Assets	232,305,318	232,419,031
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Pensions (Note 3B)	2,298,501	3,205,818
Total Deferred Outflows of Resources	2,298,501	3,205,818
<b>LIABILITIES</b>		
Accounts Payable	2,646,091	2,965,983
Accrued Liabilities	906,622	644,683
Interest Payable	59,177	14,755
Deposits Payable	2,824,049	1,168,455
Unearned Revenue	120,618	380,350
Noncurrent Liabilities:		
Due Within One Year (Note 2F)	2,196,084	1,793,016
Due in More Than One Year (Note 2F)	42,448,174	38,573,372
Total Liabilities	51,200,815	45,540,614
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions (Note 3B)	3,466,895	6,948,576
Total Deferred Inflows of Resources	3,466,895	6,948,576
<b>NET POSITION</b>		
Net Investment in Capital Assets	176,071,642	181,378,029
Restricted for:		
Streets and Roads	6,582,870	7,721,892
Construction	6,152,902	5,874,365
Other Purposes	7,036,150	6,492,094
Unrestricted	(15,907,455)	(18,330,721)
Total Net Position	\$ 179,936,109	\$ 183,135,659

See accompanying notes to financial statements.

**City of Santee**  
**Statement of Activities**  
**Year Ended June 30, 2016**  
**(with comparative information for prior year)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2016	2015
General Government	\$ 6,575,847	\$ 710,476	\$ 464,243	\$ -	\$ (5,401,128)	\$ (5,045,756)
Public Safety	24,321,086	3,784,014	275,129	-	(20,261,943)	(19,074,519)
Public Works	21,112,813	3,490,444	1,330,966	7,237,117	(9,054,286)	7,966,061
Community Development	104,282	-	667,419	-	563,137	142,608
Parks and Recreation	2,568,283	773,992	19,383	771,249	(1,003,659)	(759,173)
Interest and Fiscal Charges	<u>499,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(499,695)</u>	<u>(511,712)</u>
 Total Governmental Activities	 <u>\$ 55,182,006</u>	 <u>\$ 8,758,926</u>	 <u>\$ 2,757,140</u>	 <u>\$ 8,008,366</u>	 <u>(35,657,574)</u>	 <u>(17,282,491)</u>
General Revenues:						
Taxes:						
					14,717,412	14,224,160
					13,842,272	11,492,706
					2,912,740	2,875,723
					745,340	620,267
					22,516	23,787
					185,129	122,434
					<u>32,615</u>	<u>3,397</u>
					<u>32,458,024</u>	<u>29,362,474</u>
					(3,199,550)	12,079,983
					<u>183,135,659</u>	<u>171,055,676</u>
					<u>\$ 179,936,109</u>	<u>\$ 183,135,659</u>

See accompanying notes to financial statements.

**City of Santee  
Balance Sheet  
Governmental Funds  
June 30, 2016  
(with comparative information for prior year)**

	General	Capital Projects	TransNet
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Investments	\$ 12,833,555	\$ 3,487,558	\$ 124,444
Receivables:			
Accounts	1,022,033	1,436	-
Loans	-	-	-
Interest	32,759	-	219
Due From Other Funds	7,315	-	-
Due From Other Governments	4,636,996	646,163	-
Deposits	-	-	2,416,268
Inventory	4,327	-	-
Prepaid Items	<u>1,706,296</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 20,243,281</u>	<u>\$ 4,135,157</u>	<u>\$ 2,540,931</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 1,810,205	\$ 605,788	\$ -
Accrued Liabilities	905,511	-	-
Deposits Payable	2,327,122	496,927	-
Unearned Revenue	120,618	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,163,456</u>	<u>1,102,715</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable Revenues - Intergovernmental	<u>704,368</u>	<u>625,830</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>704,368</u>	<u>625,830</u>	<u>-</u>
Fund Balances:			
Nonspendable	1,710,623	-	-
Restricted	1,050,009	443,635	2,540,931
Committed	46,075	1,741,404	-
Assigned	2,162,409	221,573	-
Unassigned	<u>9,406,341</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>14,375,457</u>	<u>2,406,612</u>	<u>2,540,931</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,243,281</u>	<u>\$ 4,135,157</u>	<u>\$ 2,540,931</u>

See accompanying notes to financial statements.

Non-Major Governmental Funds	Total Governmental Funds	
	2016	2015
\$ 14,473,205	\$ 30,918,762	\$ 30,944,269
11,566	1,035,035	1,344,563
1,538,500	1,538,500	1,658,500
29,437	62,415	66,672
-	7,315	2,074
120,133	5,403,292	3,092,692
-	2,416,268	5,312,204
-	4,327	3,692
-	1,706,296	17,553
<u>\$ 16,172,841</u>	<u>\$ 43,092,210</u>	<u>\$ 42,442,219</u>
\$ 230,098	\$ 2,646,091	\$ 2,965,983
1,111	906,622	644,683
-	2,824,049	1,168,455
-	120,618	380,350
7,315	7,315	2,074
<u>238,524</u>	<u>6,504,695</u>	<u>5,161,545</u>
<u>15,193</u>	<u>1,345,391</u>	<u>1,129,953</u>
<u>15,193</u>	<u>1,345,391</u>	<u>1,129,953</u>
-	1,710,623	21,245
15,737,344	19,771,919	25,505,102
22,847	1,810,326	1,360,985
158,933	2,542,915	2,535,377
-	9,406,341	6,728,012
<u>15,919,124</u>	<u>35,242,124</u>	<u>36,150,721</u>
<u>\$ 16,172,841</u>	<u>\$ 43,092,210</u>	<u>\$ 42,442,219</u>

See accompanying notes to financial statements.



*This page is intentionally blank.*

**City of Santee**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2016**

Fund Balances of Governmental Funds		\$ 35,242,124
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of \$133,984,378 accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.		189,220,423
Receivables which are not considered to be available to finance current expenditures are reported as unavailable revenue in the governmental funds.		1,345,391
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	\$ 2,298,501	
Pension Related Deferred Inflows of Resources	<u>(3,466,895)</u>	(1,168,394)
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	\$ (555,000)	
Notes and Loans Payable	(11,292,946)	
Capital Lease Payable	(2,458,347)	
Claims and Judgments	(1,329,982)	
Compensated Absences	(1,136,269)	
OPEB Obligation	(193,717)	
Net Pension Liability	(26,520,484)	
Unamortized Premiums on Long-term Debt	<u>(1,157,513)</u>	(44,644,258)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		<u>(59,177)</u>
Net Position of Governmental Activities		<u>\$ 179,936,109</u>

See accompanying notes to financial statements.

**City of Santee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2016**  
**(with comparative information for prior year)**

	<u>General</u>	<u>Capital Projects</u>	<u>TransNet</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 14,717,412	\$ -	\$ -
Sales	13,842,272	-	-
Other	3,658,080	-	-
Special Assessments	994,730	-	-
Intergovernmental	272,453	674,181	2,437,747
Licenses and Permits	165,258	-	-
Fines and Forfeitures	218,241	-	-
Developer Fees	-	950,970	-
Charges for Services	5,663,982	-	-
Investment Earnings	195,919	-	26,057
Other Revenue	681,718	-	-
	<u>40,410,065</u>	<u>1,625,151</u>	<u>2,463,804</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
General Government	5,997,746	210,174	-
Public Safety	24,544,812	-	-
Public Works	5,636,961	11,132,689	-
Community Development	-	-	-
Parks and Recreation	1,058,216	477,596	-
Debt Service:			
Principal	370,743	-	479,870
Interest and Fiscal Charges	53,895	-	453,711
	<u>37,662,373</u>	<u>11,820,459</u>	<u>933,581</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,747,692</u>	<u>(10,195,308)</u>	<u>1,530,223</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	11,680,771	-
Transfers Out	(1,252,530)	-	(4,627,459)
Capital Lease	1,683,962	-	-
Issuance of Long-term Debt	-	-	-
Premium on Long-term Debt	-	-	-
	<u>431,432</u>	<u>11,680,771</u>	<u>(4,627,459)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	3,179,124	1,485,463	(3,097,236)
Fund Balances - Beginning of Year	<u>11,196,333</u>	<u>921,149</u>	<u>5,638,167</u>
Fund Balances - Ending	<u>\$ 14,375,457</u>	<u>\$ 2,406,612</u>	<u>\$ 2,540,931</u>

See accompanying notes to financial statements.

Non-Major Governmental Funds	Total Governmental Funds	
	2016	2015
\$ 594,293	\$ 15,311,705	\$ 14,785,930
-	13,842,272	11,492,706
1,318,941	4,977,021	5,148,174
804,487	1,799,217	1,724,079
368,450	3,752,831	5,740,458
-	165,258	161,431
-	218,241	211,411
2,752,037	3,703,007	1,373,348
-	5,663,982	5,083,759
139,211	361,187	260,638
35,827	717,545	384,764
<u>6,013,246</u>	<u>50,512,266</u>	<u>46,366,698</u>
35,264	6,243,184	6,054,182
115,859	24,660,671	23,885,753
2,250,418	19,020,068	14,691,262
104,282	104,282	114,060
-	1,535,812	3,359,775
165,712	1,016,325	930,981
16,877	524,483	573,680
<u>2,688,412</u>	<u>53,104,825</u>	<u>49,609,693</u>
<u>3,324,834</u>	<u>(2,592,559)</u>	<u>(3,242,995)</u>
21,884	11,702,655	7,052,320
(5,822,666)	(11,702,655)	(7,052,320)
-	1,683,962	-
-	-	4,500,000
-	-	858,075
<u>(5,800,782)</u>	<u>1,683,962</u>	<u>5,358,075</u>
(2,475,948)	(908,597)	2,115,080
<u>18,395,072</u>	<u>36,150,721</u>	<u>34,035,641</u>
<u>\$ 15,919,124</u>	<u>\$ 35,242,124</u>	<u>\$ 36,150,721</u>

See accompanying notes to financial statements.

**City of Santee**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ (908,597)

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	\$	5,887,374	
Capital Contributions		1,254,752	
Gain (Loss) on Disposal		(368,351)	
Depreciation Expense		<u>(7,532,238)</u>	(758,463)

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

Principal Payments	\$	1,016,325	
Amortization of Notes Payable Premium		69,210	
Capital Leases Issued		<u>(1,683,962)</u>	(598,427)

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (44,422)

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. 215,438

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	\$	(339,611)	
Net Change in Compensated Absences		(12,819)	
Net Change in Net Pension Liability		(3,319,443)	
Net Change in Pension Related Deferred Outflows and Inflows of Resources		2,574,364	
Net Change in OPEB Obligation		<u>(7,570)</u>	<u>(1,105,079)</u>

Change in Net Position of Governmental Activities \$ (3,199,550)

See accompanying notes to financial statements.

**City of Santee**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**  
**(with comparative information for prior year)**

	Successor Agency Private Purpose Trust Fund	
	2016	2015
<b>ASSETS</b>		
Cash and Investments	\$ 4,342,998	\$ 3,477,618
Cash and Investments with Fiscal Agent	4,201,317	4,942,726
Receivables:		
Loans	525,102	549,243
Due from Other Government	2,353	-
Interest	16,442	15,541
Land Held for Resale	439,000	439,000
Land	129,900	129,900
Total Assets	9,657,112	9,554,028
<b>LIABILITIES</b>		
Accounts Payable	112,478	11,592
Interest Payable	946,657	1,204,196
Noncurrent Liabilities:		
Due Within One Year	1,264,381	1,219,381
Due in More Than One Year	45,235,157	46,499,538
Total Liabilities	47,558,673	48,934,707
<b>NET POSITION</b>		
Net Position (Deficit) Held in Trust for Successor Agency	\$ (37,901,561)	\$ (39,380,679)

See accompanying notes to financial statements.

**City of Santee**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2016**  
**(with comparative information for prior year)**

	Successor Agency Private Purpose Trust Fund	
	2016	2015
<b>ADDITIONS</b>		
Taxes	\$ 5,608,761	\$ 4,557,532
Investment Earnings	95,477	105,549
Other Revenue	-	48,808
Total Additions	5,704,238	4,711,889
<b>DEDUCTIONS</b>		
Administrative Costs	338,605	413,413
Projects	1,254,752	14,036,848
Interest on Bonds	2,631,763	2,918,247
Total Deductions	4,225,120	17,368,508
Change in Net Position	1,479,118	(12,656,619)
Net Position - Beginning of Year	(39,380,679)	(26,724,060)
Net Position - End of Year	\$ (37,901,561)	\$ (39,380,679)

See accompanying notes to financial statements.

**City of Santee**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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.

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

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

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

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

Cash and Investments

The City pools cash resources from all funds 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.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property Tax Calendar

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

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

Inventories and Prepaid Items

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

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

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

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

Land Held for Resale

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

Capital Assets

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

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

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

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

Long-Term Obligations

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation and compensatory time at June 30, 2016 is recorded as a long-term liability. For governmental funds, the cost of accumulated vacation and comp time is expected to be paid from the General Fund.

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

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

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

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

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

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 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, which are amortized over an actuarially 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 are amortized over an actuarially determined period.

**E) Fair Value Measurements**

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

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

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

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

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

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

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

**F) Pensions**

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

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

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	June 30, 2014 to June 30, 2015

**G) Prior Year Comparative Information**

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

**H) Estimates**

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

**2) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

Cash and investments at June 30, 2016 are classified in the accompanying financial statements as follows:

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

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

Cash and Investments	\$ 30,918,762
Fiduciary Funds:	
Cash and Investments	4,342,998
Cash and Investments with Fiscal Agent	<u>4,201,317</u>
Total Cash and Investments	<u>\$ 39,463,077</u>

Cash and investments as of June 30, 2016 consist of the following:

Cash on Hand	\$ 6,500
Deposits with Financial Institutions	320,769
Investments	<u>39,135,808</u>
Total Cash and Investments	<u>\$ 39,463,077</u>

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

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

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

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

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

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

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

**Investments Authorized by Debt Agreements**

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

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

**Disclosures Relating to Interest Rate Risk**

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

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

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

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

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 36 Months	37 to 60 Months	More Than 60 Months
Treasury Securities	\$ 2,533,943	\$ 1,002,439	\$ 499,844	\$ 1,031,660	\$ -
Federal Agency Securities	8,339,538	2,008,029	5,303,600	1,027,909	-
Medium Term Notes	2,894,842	506,975	2,387,867	-	-
Local Agency Investment Fund (LAIF)	19,967,135	19,967,135	-	-	-
California Asset Management Program (CAMP)	160,438	160,438	-	-	-
Money Market Funds	39,185	39,185	-	-	-
Commercial Paper	499,140	499,140	-	-	-
Certificate of Deposit	500,270	-	500,270	-	-
Investments with fiscal agent:					
U.S. Treasury Notes	701,682	-	701,682	-	-
Federal Agency Securities	3,440,001	-	3,440,001	-	-
Money Market Funds	59,634	59,634	-	-	-
<b>Total</b>	<b>\$39,135,808</b>	<b>\$ 24,242,975</b>	<b>\$12,833,264</b>	<b>\$ 2,059,569</b>	<b>\$ -</b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End			
				AAA	AA	A	Not Rated
Treasury Securities	\$ 2,533,943	N/A	\$ 2,533,943	\$ -	\$ -	\$ -	\$ -
Federal Agency Securities	8,339,538	N/A	-	-	8,339,538	-	-
Medium Term Notes	2,894,842	AA	-	-	2,894,842	-	-
Local Agency Investment Fund (LAIF)	19,967,135	N/A	-	-	-	-	19,967,135
California Asset Management Program (CAMP)	160,438	AAA	-	160,438	-	-	-
Money Market Funds	39,185	N/A	-	39,185	-	-	-
Commercial Paper	499,140	N/A	-	-	-	499,140	-
Certificate of Deposit	500,270	N/A	-	-	-	500,270	-
Investments with fiscal agent:							
U.S. Treasury Notes	701,682	N/A	701,682	-	-	-	-
Federal Agency Securities	3,440,001	N/A	-	-	3,440,001	-	-
Money Market Funds	59,634	N/A	-	59,634	-	-	-
<b>Total</b>	<b>\$39,135,808</b>		<b>\$ 3,235,625</b>	<b>\$ 259,257</b>	<b>\$14,674,381</b>	<b>\$ 999,410</b>	<b>\$19,967,135</b>

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

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

**Concentration of Credit Risk**

The City's investment policy limits the percentage holdings with any single issuer to a maximum of 10% of the City's surplus funds, except for investments in U.S. Treasury Securities, Federal Agency Securities, 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:

Issuer	Investment Type	Reported Amount	% of Total Investments
Federal Home Loan Mortgage Corporation	Federal Agency	\$ 2,510,073	7.19%
Federal National Mortgage Association	Federal Agency	5,327,706	15.25%

**Custodial Credit Risk**

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

California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City generally manages its exposure to custodial credit risk by collateralizing deposits and by using an investment custodian other than the broker-dealer.

**Investment in Investment Pools**

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

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

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

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

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

**B) Fair Value Measurements**

The City categorizes certain assets and liabilities within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2016:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<u>Investments measured at fair value</u>				
Treasury Securities	\$ 2,533,943	\$ -	\$ 2,533,943	\$ -
Federal Agency Securities	8,339,538	-	8,339,538	-
Medium Term Notes	2,894,842	-	2,894,842	-
Local Agency Investment Fund (LAIF)	19,967,135	-	19,967,135	-
Commercial Paper	499,140	-	499,140	-
Negotiable Certificates of Deposit	500,270	-	500,270	-
Investments with fiscal agent:				
U.S. Treasury Notes	701,682	-	701,682	-
Federal Agency Securities	3,440,001	-	3,440,001	-
Total investments measured at fair value	38,876,551	<u>\$ -</u>	<u>\$ 38,876,551</u>	<u>\$ -</u>
<u>Investments not measured at fair value</u>				
California Asset Management Program (CAMP)	160,438			
Money Market Funds	98,819			
Total Investments	<u>\$ 39,135,808</u>			

**C) Loans Receivable**

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

The balance of the loans outstanding at June 30, 2016 was \$1,538,500.

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, 2016 is \$525,102.

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

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

**D) Capital Assets**

The following table presents summary information on the changes in governmental funds capital assets for the year ended June 30, 2016:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending</u>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 12,064,250	\$ 134,500	\$ -	\$ -	\$ 12,198,750
Parks	4,858,872	-	-	-	4,858,872
Construction in Progress	<u>23,052,029</u>	<u>3,213,683</u>	<u>(71,357)</u>	<u>(22,547,386)</u>	<u>3,646,969</u>
Total capital assets, not being depreciated	<u>39,975,151</u>	<u>3,348,183</u>	<u>(71,357)</u>	<u>(22,547,386)</u>	<u>20,704,591</u>
Capital assets, being depreciated:					
Buildings & Improvements	20,303,181	-	-	39,988	20,343,169
Improvements other than buildings	6,938,675	180,075	-	-	7,118,750
Equipment	9,315,671	233,657	-	450,845	10,000,173
Vehicles	5,330,767	391,510	(120,327)	-	5,601,950
Infrastructure	<u>235,209,248</u>	<u>2,988,701</u>	<u>(818,325)</u>	<u>22,056,553</u>	<u>259,436,177</u>
Total capital assets, being depreciated	<u>277,097,542</u>	<u>3,793,943</u>	<u>(938,652)</u>	<u>22,547,386</u>	<u>302,500,219</u>
Less accumulated depreciation for:					
Buildings & Improvements	(7,555,282)	(653,134)	-	-	(8,208,416)
Improvements other than buildings	(1,894,615)	(429,073)	-	-	(2,323,688)
Equipment	(4,072,262)	(411,205)	-	-	(4,483,467)
Vehicles	(3,734,261)	(300,250)	120,327	-	(3,914,184)
Infrastructure	<u>(109,837,387)</u>	<u>(5,738,576)</u>	<u>521,331</u>	<u>-</u>	<u>(115,054,632)</u>
Total accumulated depreciation	<u>(127,093,807)</u>	<u>(7,532,238)</u>	<u>641,658</u>	<u>-</u>	<u>(133,984,387)</u>
Total capital assets, being depreciated, net	<u>150,003,735</u>	<u>(3,738,295)</u>	<u>(296,994)</u>	<u>22,547,386</u>	<u>168,515,832</u>
Governmental activities capital assets, net	<u>\$189,978,886</u>	<u>\$ (390,112)</u>	<u>\$ (368,351)</u>	<u>\$ -</u>	<u>\$ 189,220,423</u>

Depreciation expense was charged to the governmental activities as follows:

General Government	\$ 114,869
Public Safety	317,416
Public Works	5,915,728
Parks & Recreation	<u>1,184,225</u>
Total Governmental Activities	
Depreciation Expense	<u>\$7,532,238</u>

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

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

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

The composition of interfund balances at June 30, 2016 is as follows:

Due From	Due To	
Nonmajor Governmental Funds	General Fund	\$7,315
	Total	<u>\$7,315</u>

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

Transfers In	Transfers Out	
Capital Projects	General Fund	\$ 1,252,530
Capital Projects	Nonmajor Governmental Funds	10,428,241
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>21,884</u>
	Total	<u>\$11,702,655</u>

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

**F) Long-term Liabilities**

Changes in Long-term Liabilities

Long-term liability activity for the governmental activities for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 730,000	\$ -	\$ 175,000	\$ 555,000	\$ 180,000
Notes and Loans Payable	11,938,528	-	645,582	11,292,946	645,068
Capital Lease Payable	970,128	1,683,962	195,743	2,458,347	373,121
Claims and Judgments	990,371	562,793	223,182	1,329,982	360,550
Compensated Absences	1,123,450	1,069,977	1,057,158	1,136,269	568,135
OPEB Obligation (Note 3C)	186,147	269,832	262,262	193,717	-
Net Pension Liability (Note 3B)	23,201,041	6,366,563	3,047,120	26,520,484	-
Premiums on Long-term Debt	<u>1,226,723</u>	<u>-</u>	<u>69,210</u>	<u>1,157,513</u>	<u>69,210</u>
<b>Total</b>	<u>\$40,366,388</u>	<u>\$ 9,953,127</u>	<u>\$5,675,257</u>	<u>\$44,644,258</u>	<u>\$2,196,084</u>

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

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

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, 2016 were \$555,000.

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

Year Ending	<u>Governmental Activities</u>	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 180,000	\$ 20,780
2018	185,000	14,300
2019	<u>190,000</u>	<u>7,363</u>
Total	<u>\$ 555,000</u>	<u>\$ 42,443</u>

Notes and Loans Payable

On November 17, 2010, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City borrowed \$8,450,000 through the TransNet debt financing program. Under the agreement, the City is responsible for its proportionate share of SANDAG's bond issuance costs, annual debt service and administrative costs through the maturity date of the note in fiscal year ending 2030. Interest on the note is 3.116%. The repayment of debt is the first priority on the use of the City's annual TransNet revenues. As of June 30, 2016, the City's total debt outstanding on this note was \$6,117,412.

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

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

Annual debt service requirements to maturity on this debt at June 30, 2016 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2017	\$ 342,961	\$ 249,623
2018	354,232	235,905
2019	369,253	221,736
2020	384,139	206,966
2021	398,750	191,600
2022-2026	2,248,750	708,362
2027-2030	<u>2,019,327</u>	<u>197,350</u>
Total	<u>\$ 6,117,412</u>	<u>\$ 2,011,542</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 \$8,128,954 payable through fiscal year 2030. For the current year, principal and interest paid by the TransNet revenues were \$328,623 and \$260,888, 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, 2016 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2017	\$ 140,000	\$ 15,372
2018	140,000	13,440
2019	140,000	11,123
2020	140,000	8,449
2021	140,000	5,299
2022	<u>140,000</u>	<u>1,792</u>
Total	<u>\$ 840,000</u>	<u>\$ 55,475</u>

In November 2012, the City entered into an “On-Bill Financing Loan agreement” with the San Diego Gas & Electric Company (SDG&E) whereby SDG&E provided no interest loan funding to the City to facilitate the purchase and installation of energy efficiency and demand reduction measures. The loan term to maturity is 83 months and is repaid 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, 2016 is \$24,284.

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

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

Annual loan payments to maturity are as follows:

Year Ending	
June 30,	Principal
2017	\$ 7,107
2018	7,107
2019	7,107
2020	<u>2,963</u>
Total	<u>\$ 24,284</u>

On September 10, 2014, the City entered into an agreement with the San Diego Association of Governments (SANDAG) under which the City borrowed \$4,500,000 through the TransNet debt financing program. Under the agreement, the City is responsible for its proportionate share of SANDAG's bond issuance costs, annual debt service and administrative costs through the maturity date of the note in fiscal year ending 2034. Interest on the note is 3.851%. The repayment of debt is the first priority on the use of the City's annual TransNet revenues. As of June 30, 2016, the City's total debt outstanding on this note was \$4,311,250.

Annual debt service requirements to maturity on this debt at June 30, 2016 are as follows:

Year Ending	<u>Governmental Activities</u>	
June 30,	Principal	Interest
2017	\$ 155,000	\$ 217,500
2018	165,000	209,750
2019	170,000	201,500
2020	180,000	193,000
2021	190,000	184,000
2022-2026	1,090,000	769,250
2027-2031	1,390,000	467,750
2032-2034	<u>971,250</u>	<u>102,750</u>
Total	<u>\$ 4,311,250</u>	<u>\$ 2,345,500</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 \$6,656,750 payable through fiscal year 2034. For the current year, principal and interest paid by the TransNet revenues were \$151,250 and \$192,823, 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. 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**  
**(Continued)**

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

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

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2017	\$ 81,763
2018	<u>40,881</u>
Total Minimum Lease Payments	122,644
Less: Amount Representing Interest	<u>(4,159)</u>
Present Value of Minimum Lease Payments	<u>\$ 118,485</u>

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

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

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2017	\$ 19,441
2018	19,441
2019	19,441
2020	<u>9,722</u>
Total Minimum Lease Payments	68,045
Less: Amount Representing Interest	<u>(3,430)</u>
Present Value of Minimum Lease Payments	<u>\$ 64,615</u>

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

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

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

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

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2017	\$ 88,743
2018	88,743
2019	88,743
2020	88,743
2021	<u>44,371</u>
Total Minimum Lease Payments	399,344
Less: Amount Representing Interest	<u>(25,220)</u>
Present Value of Minimum Lease Payments	<u>\$ 374,124</u>

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

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

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2017	\$ 32,612
2018	32,612
2019	32,612
2020	32,612
2021	32,612
2022-2024	<u>81,530</u>
Total Minimum Lease Payments	244,590
Less: Amount Representing Interest	<u>(27,429)</u>
Present Value of Minimum Lease Payments	<u>\$ 217,161</u>

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

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

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

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

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2017	\$ 96,831
2018	96,831
2019	96,831
2020	96,831
2021	96,831
2022-2023	<u>193,661</u>
Total Minimum Lease Payments	677,816
Less: Amount Representing Interest	<u>(74,760)</u>
Present Value of Minimum Lease Payments	<u>\$ 603,056</u>

On August 17, 2015, the City entered into a Purchase Agreement with PNC Equipment Finance in the amount of \$1,080,905 for the purchase of a 2016 Pierce Arrow XT Tiller. Financing for this purchase was acquired through a Master Lease-Purchase Agreement with PNC Equipment Finance dated August 17, 2015.

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

Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2017	\$ 129,054
2018	129,054
2019	129,054
2020	129,054
2021	129,054
2022-2026	<u>645,271</u>
Total Minimum Lease Payments	1,290,541
Less: Amount Representing Interest	<u>(209,636)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,080,905</u>

Claims and Judgments

The outstanding liability for claims payable at June 30, 2016 was \$1,329,982. This liability is primarily liquidated from the General Fund.

Compensated Absences

The outstanding liability for compensated absences earned at June 30, 2016 was \$1,136,269. 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.

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

**3) OTHER INFORMATION**

**A) Risk Management**

The City was previously a member of the San Diego Pooled Insurance Program Authority (SANDPIPA), however, effective July 1, 2015 SANDPIPA transferred their future liabilities to CSAC EIA GL1 program. All members remained under SANDPIPA for this first year. Effective July 1, 2016, each member City joined CSAC EIA GL1 program direct. As a member, the City carries a self-insured retention of \$150,000 and is insured through the CSAC EIA pooled layer to \$25,000,000, with excess purchased, bringing the limit to \$50,000,000 for the City of Santee.

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

SANDPIPA was a joint venture of twelve cities located within San Diego County. With the dissolution of the pool on July 1, 2015 the operations are currently in run off. All members agreed and voted to move the coverage to CSAC EIA as SANDPIPA for the first year, then separate into individual city coverage within the CSAC EIA.

In 1979, 29 California counties formed CSAC Excess Insurance Authority. The sole purpose of this JPA is finding cost effective insurance solutions and risk management services for members. EIA's innovative and successful approach to insurance has been noticed across the state of California. Membership has expanded to include 95% of counties, 60% of cities, as well as numerous educational organizations, special districts, housing authorities, fire districts, and other Joint Powers Authorities.

The EIA is governed by a 62 member Board of Directors, composed of one representative from each member county and seven members elected by the public entity membership. The Board members actively participate in the development, oversight and future direction of the EIA's programs and services. The entire Board meets three times a year, on the first Friday of March, June and October.

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

- CSAC EIA Board looks at the overall funding position for all program years combined when determining whether to declare an assessment (or dividend for that matter). The funding position for the entire pool for all years is considered, but not the performance/experience of the individual members.
- Regarding the premium calculation the pool and insurance/reinsurance rates are adjusted annually (the pool rates are based on the Pool actuarial report). Premium is allocated based on reported payroll exposure with x-mods applying.

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

**3) OTHER INFORMATION - Continued**

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

The changes in the claims liability for the years ended June 30, 2016 and 2015 were as follows:

	2016	2015
Claims payable, beginning of year	\$ 990,371	\$ 1,021,259
Current year claims and changes in estimates	562,793	409,529
Current year claims payments	(223,182)	(440,417)
Claims payable, end of year	\$ 1,329,982	\$ 990,371

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2014-15 to fiscal year 2015-16. Furthermore, there was no settlement which exceeded the insurance coverage for the past three years.

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

**California Public Employee Retirement System**

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

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

The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

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

**3) OTHER INFORMATION - Continued**

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	52 - 67+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	10.958%	6.237%

	Miscellaneous 2nd Tier	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.003%	6.237%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	3.0% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50+	50 - 57+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.25%
Required employer contribution rates	20.230%	11.923%

	Safety 2nd Tier	
	Prior to January 1, 2013	On or after January 1, 2013 <sup>(1)</sup>
Hire date		
Benefit formula <sup>(2)</sup>	3.0% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 57+
Monthly benefits, as a % of eligible compensation <sup>(3)</sup>	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.25%
Required employer contribution rates	17.295%	11.923%

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

**3) OTHER INFORMATION - Continued**

- <sup>(1)</sup>For new CalPERS members hired on or after January 1, 2013, they are included in their respective PEPRA (California Public Employees' Pension Reform Act) Plans with the above provisions and benefits.
- <sup>(2)</sup>Reflects benefit formulas for current active employees. Other benefit formulas may apply to previously retired employees based on the date of their retirement.
- <sup>(3)</sup>Annual retirement benefits as a percentage of Eligible Compensation are determined by multiplying the applicable benefit factor by the number of years of service credit.

**Contribution Description** – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is 6.25 percent to 12.25 percent of annual pay, and the employer's contribution rate is from 6.237 percent to 20.230 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

The City's contributions to each Plan for the year ended June 30, 2016 were as follows:

	Miscellaneous	Miscellaneous 2 <sup>nd</sup> Tier	PEPRA Miscellaneous
Contributions - Employer	\$ 503,832	\$ 26,525	\$ 45,971
Contributions - Employee (Paid by Employer)	197,264	10,811	-
	Safety	Safety 2 <sup>nd</sup> Tier	PEPRA Safety
Contributions - Employer	\$ 832,885	\$ 38,711	\$ 72,261
Contributions - Employee (Paid by Employer)	152,820	7,106	-

**Actuarial Methods and Assumptions used to determine Total Pension Liability** – For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability determined in the June 30, 2014 actuarial valuation. The June 30, 2015 total pension liability was based on the following actuarial methods and assumptions:

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

**3) OTHER INFORMATION - Continued**

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Change of Assumption** – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65 percent. 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 of the plans, the test revealed that the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on CalPERS' website under the GASB 68 section.

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.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

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

**3) OTHER INFORMATION - Continued**

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 and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11 + (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	99.00%	2.43%
Inflation Sensitive	6.00%	45.00%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

(a) - an expected inflation of 2.5% used for this period

(b) - an expected inflation of 3.0% used for this period

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
<b>Miscellaneous</b>			
Balance at: 6/30/2014	\$ 49,654,829	\$ 40,369,328	\$ 9,285,501
Balance at: 6/30/2015	51,465,391	40,116,154	11,349,237
Net Changes during 2014-15	\$ (1,810,562)	\$ 253,174	\$ (2,063,736)
<b>Safety</b>			
Balance at: 6/30/2014	\$ 73,661,039	\$ 59,745,499	\$13,915,540
Balance at: 6/30/2015	75,403,454	60,232,207	15,171,247
Net Changes during 2014-15	\$ (1,742,415)	\$ (486,708)	\$ (1,255,707)
<b>Total</b>			
Balance at: 6/30/2014	\$ 123,315,868	\$100,114,827	\$23,201,041
Balance at: 6/30/2015	126,868,845	100,348,361	26,520,484
Net Changes during 2014-15	\$ (3,552,977)	\$ (233,534)	\$ (3,319,443)

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

**3) OTHER INFORMATION - Continued**

The proportion of the net pension liability was based on a projection of the City’s long term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the plan as of June 30, 2014 and 2015 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2014	0.14923%	0.22363%
Proportion - June 30, 2015	0.41368%	0.36819%
Change - Increase (Decrease)	0.26445%	0.14456%

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% 6.65%	Current Discount Rate 7.65%	Discount Rate + 1% 8.65%
Miscellaneous			
Net Pension Liability	\$ 18,358,138	\$ 11,349,237	\$ 5,562,576
Safety			
Net Pension Liability	25,509,830	15,171,247	6,693,799

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

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

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

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

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

**3) OTHER INFORMATION - Continued**

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

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the EARS� of members provided with pensions through the Plan. The EARS� for the Plan for the June 30, 2015 measurement date is 3.8 years, which was obtained by dividing the total services years by the total number of participants (active, inactive, and retired) in the Plan. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

For the year ended June 30, 2016, the City recognized a pension expense of \$2,265,262 for the Plan. As of June 30, 2016, the City reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,520,184	\$ -
Additional deferral	199,413	473,241
Differences between actual contributions made and proportionate share of contributions	-	-
Differences between expected and actual experience	-	232,565
Changes of assumptions	61,304	1,650,397
Net difference between projected and actual earnings on pension plan investments	-	1,009,188
Adjustment due to differences in proportions	517,600	101,504
Total	\$ 2,298,501	\$ 3,466,895

\$1,520,184 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, 2017. Other amounts reported as deferred outflows and deferred inflows of resources in the previous chart will be recognized in future pension expense as follows:

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

**3) OTHER INFORMATION - Continued**

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (1,270,621)
2017	(1,277,017)
2018	(1,178,538)
2019	1,037,598
2020	-
Thereafter	-

**Public Agency Retirement System**

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan. PARS provides a qualified retirement system to all part-time, seasonal and temporary employees in compliance with Section 11332 of the Omnibus Budget Reconciliation Act of 1990 and administers the retirement plan. The minimum contribution level is 3.75% for employees and 3.75% for the employer, for a total of 7.5%. 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, 2016, the City's payroll covered by the plan was \$255,787. The City made employer contributions of \$9,592 (3.75% of covered payroll), and employees contributed \$9,592 (3.75% of covered payroll).

**C) Other Post-Employment Benefits (OPEB)**

Plan Description

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

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

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

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

**3) OTHER INFORMATION - Continued**

The City provides a retiree health premium assistance program to 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, 2016 were \$0. There were no participants as of June 30, 2016.

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 2015-16, the City contributed \$262,262 to the plan. Contributions are typically made from the General Fund.

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

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual Required Contribution	\$ 270,493
Interest on Net OPEB Obligation	7,446
Adjustment to Annual Required Contribution	<u>(8,107)</u>
Annual OPEB Cost (Expense)	269,832
Contributions Made (Including Premiums Paid)	<u>(262,262)</u>
Increase (Decrease) in Net OPEB Obligation	7,570
Net OPEB Obligation - Beginning of Year	<u>186,147</u>
Net OPEB Obligation - End of Year	<u><u>\$ 193,717</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

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

**3) OTHER INFORMATION - Continued**

<u>Fiscal Year</u>	<u>OPEB Cost</u>	<u>Actual Contribution</u> <u>(Net of Adjustments)</u>	<u>Cost Contributed</u>	<u>Obligation</u>
6/30/2014	\$ 266,606	\$ 200,630	75.25%	\$ 165,731
6/30/2015	249,793	229,377	91.83%	186,147
6/30/2016	269,832	262,262	97.19%	193,717

Funded Status and Funding Progress

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

Actuarial Accrued Liability (AAL)	\$3,943,315
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$3,943,315</u>
Funded Ratio	0.00%
Covered Payroll	\$9,414,424
UAAL as a percent of covered payroll	41.89%

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 percent 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 percent per year.

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

**3) OTHER INFORMATION - Continued**

**D) Net Position and Fund Balances**

**Net Position**

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

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

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

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

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

Community Development	\$2,943,075
Law Enforcement and Traffic Management	159,066
Lighting and Landscape Maintenance	1,512,937
Storm Drains and Channels	2,353,067
Mobile Home Park Ordinance Administration	<u>68,005</u>
	<u>\$7,036,150</u>

**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.

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

**3) OTHER INFORMATION - Continued**

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.

The details of the fund balances as of June 30, 2016 are presented below:

	Governmental				
	General Fund	Capital Projects Fund	TransNet Fund	Non-Major Funds	Total Funds
<b>Nonspendable:</b>					
Prepays	\$ 1,706,296	\$ -	\$ -	\$ -	\$ 1,706,296
Inventory	4,327	-	-	-	4,327
<b>Restricted for:</b>					
Law Enforcement	-	-	-	22,596	22,596
Traffic Management	-	-	-	136,470	136,470
Landscape Maintenance	-	-	-	385,838	385,838
Debt Service	1,050,009	-	-	-	1,050,009
Community Development	-	-	-	1,893,067	1,893,067
Streets and Roads	-	-	2,540,931	4,041,939	6,582,870
Storm Drains and Channels	-	-	-	2,352,991	2,352,991
Capital Projects	-	443,635	-	5,710,089	6,153,724
Street Lighting	-	-	-	1,126,349	1,126,349
Mobile Home Park Ordinance Admin	-	-	-	68,005	68,005
<b>Committed to:</b>					
General Contracts	46,075	-	-	-	46,075
Fire Equipment and Supplies	-	-	-	22,847	22,847
Capital Projects	-	1,664,711	-	-	1,664,711
Software Upgrade	-	76,693	-	-	76,693
<b>Assigned to:</b>					
General Contracts	80,315	-	-	-	80,315
Fire Equipment and Supplies	119,764	-	-	-	119,764
Public Works	156,348	-	-	-	156,348
Employee Development	17,903	-	-	-	17,903
Community Development	39,516	-	-	-	39,516
Recreation Programs	66,131	-	-	-	66,131
Self Insurance	1,013,151	-	-	-	1,013,151
Capital Projects	-	221,573	-	158,933	380,506
Subsequent Year's Budget	624,080	-	-	-	624,080
Library	8,711	-	-	-	8,711
Other Purposes	36,490	-	-	-	36,490
<b>Unassigned</b>	<u>9,406,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,406,349</u>
<b>Total Fund Balances</b>	<u>\$ 14,375,465</u>	<u>\$ 2,406,612</u>	<u>\$ 2,540,931</u>	<u>\$ 15,919,124</u>	<u>\$ 35,242,132</u>

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

**3) OTHER INFORMATION - Continued**

**E) 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, 2016, 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.

**F) 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**  
**(Continued)**

**3) OTHER INFORMATION – 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
<b>Fiduciary Fund:</b>					
Bonds Payable	\$48,255,000	\$ -	\$ 1,240,000	\$47,015,000	\$ 1,285,000
Discount on Bonds	(536,081)	-	(20,619)	(515,462)	(20,619)
Total	<u>\$47,718,919</u>	<u>\$ -</u>	<u>\$ 1,219,381</u>	<u>\$46,499,538</u>	<u>\$ 1,264,381</u>

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, 2016 of \$1,446,219 was fully satisfied.

The 2005 Bonds outstanding at June 30, 2016 were \$17,735,000. Annual debt service requirements to maturity for the 2005 Bonds are as follows:

Year Ending June 30,	Principal	Interest
2017	\$ 660,000	\$ 768,796
2018	695,000	742,109
2019	730,000	713,609
2020	760,000	683,809
2021	780,000	652,521
2022-2026	4,460,000	2,721,706
2027-2031	5,615,000	1,605,675
2032-2034	4,035,000	286,861
Total	<u>\$ 17,735,000</u>	<u>\$ 8,175,086</u>

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

**3) OTHER INFORMATION – Continued**

**2011 Tax Allocation Bonds Series A and Series B**

On March 4, 2011 the Santee Community Development Commission issued 2011 Tax Allocation Bonds Series A in the amount of \$26,845,000 and 2011 Tax Allocation Bonds Series B in the amount of \$4,710,000 respectively. Proceeds from the 2011 Bonds Series A were 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 were 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, 2016 of \$2,191,456 was fully funded.

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, 2016 of \$471,000 was fully funded.

The 2011 Bonds Series A and Series B outstanding at June 30, 2016 were \$29,280,000. Annual debt service requirements to maturity for the 2011 Bonds are as follows:

Year Ending June 30,	2011A		2011B	
	Principal	Interest	Principal	Interest
2017	\$ 545,000	\$ 1,642,625	\$ 80,000	\$ 401,000
2018	560,000	1,617,063	90,000	395,463
2019	580,000	1,589,263	95,000	389,100
2020	610,000	1,558,369	100,000	382,025
2021	650,000	1,523,694	110,000	373,325
2022-2026	3,855,000	6,952,994	705,000	1,694,950
2027-2031	5,225,000	5,453,338	1,085,000	1,290,325
2032-2036	5,855,000	3,384,325	1,150,000	699,025
2037-2041	5,615,000	1,515,325	795,000	300,438
2042	1,370,000	47,948	205,000	9,737
Total	<u>\$ 24,865,000</u>	<u>\$ 25,284,944</u>	<u>\$ 4,415,000</u>	<u>\$ 5,935,388</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**  
**(Continued)**

**3) OTHER INFORMATION – Continued**

**G) Joint Powers Authorities**

The City is a member of two joint powers authorities at June 30, 2016. Complete financial statements for each joint powers authority may be obtained at the City of El Cajon, Finance Department, 200 Civic Center Way, El Cajon, California 92020. A summary of each joint powers authority, the City's participation and any related party transactions with each authority are as follows:

Heartland Fire Training Authority

The purpose of the Heartland Fire Training Authority (HFTA) is to provide a fire-fighting training facility and training courses for personnel of the member agencies. 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 2015-16, 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, 2016. Upon dissolution of HFTA, 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 2015-16, 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.

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.

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

**3) OTHER INFORMATION - Continued**

**H) Subsequent Events**

On November 8, 2016 the Santee Community Development Commission issued the \$39,125,000 Tax Allocation Refunding Bonds, 2016 Series A and \$5,445,000 Taxable Tax Allocation Refunding Bonds, 2016 Series B. The purpose of the issuance was to fully defease the 2005 Tax Allocation Bonds and provides for the advance refunding of the 2011 Series A and B Tax Allocation Bonds.



*This page is intentionally blank.*



---

**Required Supplementary Information**

---

*This page is intentionally blank.*

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

	Measurement Date	Measurement Date
	6/30/2015	6/30/2014
Proportion of the Collective Net Pension Liability	0.41368%	0.14923%
Proportionate Share of the Collective Net Pension Liability	\$ 11,349,237	\$ 9,285,501
Covered Payroll	\$ 5,441,575	\$ 5,525,467
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	208.57%	168.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.89%	81.30%

**Notes to Schedule:**

- 1) Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only two years are shown.
- 2) Benefit Changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes, as well as any offers of Two Years Additional Service Credit (aka Golden Handshakes).
- 3) Changes in Assumptions. For the June 30, 2015 measurement date, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

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

	Measurement Date	Measurement Date
	6/30/2015	6/30/2014
Proportion of the Collective Net Pension Liability	0.36819%	0.22363%
Proportionate Share of the Collective Net Pension Liability	\$ 15,171,247	\$ 13,915,540
Covered Payroll	\$ 4,601,259	\$ 4,804,533
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	329.72%	289.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.27%	81.11%

**Notes to Schedule:**

- 1) Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only two years are shown.
- 2) Benefit Changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes, as well as any offers of Two Years Additional Service Credit (aka Golden Handshakes).
- 3) Changes in Assumptions. For the June 30, 2015 measurement date, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

**City of Santee  
Schedule of Contributions  
CalPERS Miscellaneous Pension Plan  
Last Ten Years (1)**

	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially Determined Contribution	\$ 576,328	\$ 1,600,974
Contributions in Relation to the Actuarially Determined Contribution	<u>576,328</u>	<u>1,600,974</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 5,666,347	 \$ 5,441,575
 Contributions as a Percentage of Covered Payroll	 10.17%	 29.42%

**Notes to Schedule:**

Fiscal Year End:	06/30/16	06/30/15
Valuation Date:	06/30/13	06/30/12

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age	Entry age
Amortization Method	Level percent of payroll	Level percent of payroll
Asset Valuation Method	Market Value	Market Value
Discount Rate	7.50%	7.50%
Projected Salary Increase	3.30% to 14.20% depending on age, service, and type of employment	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%	2.75%
Payroll Growth	3.00%	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%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

*(1) Fiscal year 2015 was the first year of implementation, therefore only two years are shown*

**City of Santee  
Schedule of Contributions  
CalPERS Safety Pension Plan  
Last Ten Years (1)**

	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially Determined Contribution	\$ 943,856	\$ 1,446,146
Contributions in Relation to the Actuarially Determined Contribution	943,856	1,446,146
Contribution Deficiency (Excess)	\$ -	\$ -
 Covered Payroll	 \$ 4,646,375	 \$ 4,601,259
 Contributions as a Percentage of Covered Payroll	 20.31%	 31.43%

**Notes to Schedule:**

Fiscal Year End:	06/30/16	06/30/15
Valuation Date:	06/30/13	06/30/12

Methods and assumptions used to determine contribution rates:

	Entry age	Entry age
Actuarial Cost Method	Level percent of payroll	Level percent of payroll
Amortization Method	Market Value	Market Value
Asset Valuation Method	7.50%	7.50%
Discount Rate	3.30% to 14.20% depending on age, service, and type of employment	3.30% to 14.20% depending on age, service, and type of employment
Projected Salary Increase	2.75%	2.75%
Inflation	3.00%	3.00%
Payroll 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%.	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%.
Individual Salary Growth		

*(1) Fiscal year 2015 was the first year of implementation, therefore only two years are shown*

**City of Santee**  
**Schedule of Funding Progress – OPEB**  
**Year Ended June 30, 2016**

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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property Taxes	\$ 15,045,500	\$ 14,681,800	\$ 14,717,412	\$ 35,612
Sales	12,597,800	13,532,200	13,842,272	310,072
Other	3,497,400	3,632,400	3,658,080	25,680
Special Assessments	980,000	990,000	994,730	4,730
Intergovernmental	125,000	245,087	272,453	27,366
Licenses and Permits	162,800	162,820	165,258	2,438
Fines and Forfeitures	203,000	201,700	218,241	16,541
Charges for Services	5,566,730	5,928,576	5,663,982	(264,594)
Investment Earnings	151,700	156,000	195,919	39,919
Other Revenue	534,600	700,460	681,718	(18,742)
	<u>38,864,530</u>	<u>40,231,043</u>	<u>40,410,065</u>	<u>179,022</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current:				
City Council	393,380	393,380	380,662	12,718
City Manager	788,645	829,370	804,340	25,030
City Attorney	418,000	418,000	356,179	61,821
City Clerk	365,850	370,008	296,590	73,418
Information Technology	357,540	362,345	351,198	11,147
Finance	1,160,655	1,185,856	1,072,628	113,228
Human Resources	453,790	498,735	366,546	132,189
Risk Management	327,940	358,238	351,551	6,687
Law Enforcement	12,640,420	12,646,009	12,634,351	11,658
Fire	11,527,300	13,802,915	11,587,223	2,215,692
Animal Control	343,010	343,010	338,588	4,422
Development Services	3,006,305	3,525,454	2,994,068	531,386
Community Services	4,368,813	4,337,606	4,094,608	242,998
Non-Departmental	961,000	1,390,602	1,607,943	(217,341)
Debt Service:				
Principal	370,760	370,760	370,743	17
Interest and Fiscal Charges	55,330	55,330	55,155	175
	<u>37,538,738</u>	<u>40,887,618</u>	<u>37,662,373</u>	<u>3,225,245</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,325,792</u>	<u>(656,575)</u>	<u>2,747,692</u>	<u>3,404,267</u>

Continued

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund - Continued**  
**Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 33,990	\$ 33,990	\$ -	\$ (33,990)
Transfers Out	(1,252,530)	(1,252,530)	(1,252,530)	-
Issuance of Long-Term Debt	-	1,683,962	1,683,962	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Other Financing Sources (Uses)	(1,218,540)	465,422	431,432	(33,990)
Net Change in Fund Balance	107,252	(191,153)	3,179,124	3,370,277
Fund Balance, Beginning	<u>11,196,333</u>	<u>11,196,333</u>	<u>11,196,333</u>	<u>                    </u>
Fund Balance, End of Year	<u>\$ 11,303,585</u>	<u>\$ 11,005,180</u>	<u>\$ 14,375,457</u>	<u>\$ 3,370,277</u>

**City of Santee**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2016**

**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 24, 2015 for both the 2015-16 and 2016-17 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 2015-16, the City made supplemental appropriations totaling \$3,348,880. 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, 2016, based on the calculations by City management, proceeds of taxes did not exceed the appropriations limit.



---

**Supplementary Information**

---

*This page is intentionally blank.*

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2016**  
**(with comparative information for prior year)**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds	
			2016	2015
<b>ASSETS</b>				
Cash and Investments	\$ 3,519,360	\$ 10,953,845	\$ 14,473,205	\$ 16,861,739
Accounts Receivable	11,566	-	11,566	16,473
Loans Receivable	1,538,500	-	1,538,500	1,658,500
Interest Receivable	5,831	23,606	29,437	37,487
Due from Other Governments	119,082	1,051	120,133	63,952
	<u>5,194,339</u>	<u>10,978,502</u>	<u>16,172,841</u>	<u>18,638,151</u>
Total Assets	<u>\$ 5,194,339</u>	<u>\$ 10,978,502</u>	<u>\$ 16,172,841</u>	<u>\$ 18,638,151</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 230,098	\$ -	\$ 230,098	\$ 230,419
Accrued Liabilities	1,111	-	1,111	838
Unearned Revenue	-	-	-	4,009
Due to Other Funds	7,315	-	7,315	2,074
	<u>238,524</u>	<u>-</u>	<u>238,524</u>	<u>237,340</u>
Total Liabilities	<u>238,524</u>	<u>-</u>	<u>238,524</u>	<u>237,340</u>
Deferred Inflows of Resources:				
Unavailable Revenues - Intergovernmental	10,133	5,060	15,193	5,739
	<u>10,133</u>	<u>5,060</u>	<u>15,193</u>	<u>5,739</u>
Total Deferred Inflows of Resources	<u>10,133</u>	<u>5,060</u>	<u>15,193</u>	<u>5,739</u>
Fund Balances:				
Restricted	4,922,835	10,814,509	15,737,344	18,216,517
Committed	22,847	-	22,847	21,562
Assigned	-	158,933	158,933	156,993
	<u>4,945,682</u>	<u>10,973,442</u>	<u>15,919,124</u>	<u>18,395,072</u>
Total Fund Balances	<u>4,945,682</u>	<u>10,973,442</u>	<u>15,919,124</u>	<u>18,395,072</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,194,339</u>	<u>\$ 10,978,502</u>	<u>\$ 16,172,841</u>	<u>\$ 18,638,151</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2016**  
**(with comparative information for prior year)**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds	
			2016	2015
<b>REVENUES</b>				
Property Taxes	\$ 594,293	\$ -	\$ 594,293	\$ 561,770
Other Taxes	1,318,941	-	1,318,941	1,652,185
Special Assessments	804,487	-	804,487	798,491
Intergovernmental	366,874	1,576	368,450	607,966
Developer Fees	-	2,752,037	2,752,037	1,373,348
Investment Earnings	32,194	107,017	139,211	128,613
Other Revenue	35,827	-	35,827	21,644
	<u>3,152,616</u>	<u>2,860,630</u>	<u>6,013,246</u>	<u>5,144,017</u>
<b>EXPENDITURES</b>				
Current:				
General Government	35,264	-	35,264	197,318
Public Safety	115,859	-	115,859	113,348
Public Works	2,250,418	-	2,250,418	2,155,687
Community Development	104,282	-	104,282	114,060
Debt Service:				
Principal	165,712	-	165,712	171,914
Interest and Fiscal Charges	16,877	-	16,877	17,997
	<u>2,688,412</u>	<u>-</u>	<u>2,688,412</u>	<u>2,770,324</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>464,204</u>	<u>2,860,630</u>	<u>3,324,834</u>	<u>2,373,693</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	21,884	-	21,884	188,199
Transfers Out	(848,665)	(4,974,001)	(5,822,666)	(6,008,183)
	<u>(826,781)</u>	<u>(4,974,001)</u>	<u>(5,800,782)</u>	<u>(5,819,984)</u>
Net Change in Fund Balances	(362,577)	(2,113,371)	(2,475,948)	(3,446,291)
Fund Balances - Beginning of Year	<u>5,308,259</u>	<u>13,086,813</u>	<u>18,395,072</u>	<u>21,841,363</u>
Fund Balances - End of Year	<u>\$ 4,945,682</u>	<u>\$ 10,973,442</u>	<u>\$ 15,919,124</u>	<u>\$ 18,395,072</u>

**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2016**

**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.

**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.

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

**SAFE Program Fund** - 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, 2016**  
**(with comparative information for prior year)**

	Supplemental Law Enforcement	Asset Seizure	Gas Tax	HOME Investment Partnership
<b>ASSETS</b>				
Cash and Investments	\$ 29,215	\$ 1,668	\$ 1,053,242	\$ 346,973
Accounts Receivable	-	-	3,833	-
Loans Receivable	-	-	-	1,538,500
Interest Receivable	43	3	916	705
Due From Other Governments	-	-	91,520	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 29,258</u>	<u>\$ 1,671</u>	<u>\$ 1,149,511</u>	<u>\$ 1,886,178</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 8,333	\$ -	\$ 175,119	\$ -
Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>8,333</u>	<u>-</u>	<u>175,119</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Intergovernmental	-	-	2,717	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>2,717</u>	<u>-</u>
Fund Balances:				
Restricted	20,925	1,671	971,675	1,886,178
Committed	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>20,925</u>	<u>1,671</u>	<u>971,675</u>	<u>1,886,178</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,258</u>	<u>\$ 1,671</u>	<u>\$ 1,149,511</u>	<u>\$ 1,886,178</u>

Continued

Energy Efficiency Block Grant	Zone 2 Flood Control District	Community Development Block Grant	Town Center Landscape Maintenance	Santee Landscape Maintenance
\$ -	\$ 317,507	\$ -	\$ 283,113	\$ 124,746
-	-	-	1,116	-
-	-	-	-	-
-	628	-	513	250
-	<u>2,647</u>	<u>21,029</u>	<u>286</u>	<u>495</u>
<u>\$ -</u>	<u>\$ 320,782</u>	<u>\$ 21,029</u>	<u>\$ 285,028</u>	<u>\$ 125,491</u>

\$ -	\$ 2,694	\$ 6,825	\$ 13,263	\$ 11,418
-	-	-	-	-
-	-	<u>7,315</u>	-	-
-	<u>2,694</u>	<u>14,140</u>	<u>13,263</u>	<u>11,418</u>

- - - - -

- - - - -

-	318,088	6,889	271,765	114,073
-	-	-	-	-

- 318,088 6,889 271,765 114,073

\$ - \$ 320,782 \$ 21,029 \$ 285,028 \$ 125,491

Continued

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds - Continued**  
**June 30, 2016**  
**(with comparative information for prior year)**

	Mobile Home Park Assessment	Street Lighting Tax	Roadway Lighting District	Paramedic Equipment
<b>ASSETS</b>				
Cash and Investments	\$ 76,423	\$ 610,062	\$ 516,677	\$ 22,801
Accounts Receivable	-	4,963	1,654	-
Loans Receivable	-	-	-	-
Interest Receivable	151	1,245	1,047	46
Due From Other Governments	-	2,122	983	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 76,574</u>	<u>\$ 618,392</u>	<u>\$ 520,361</u>	<u>\$ 22,847</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 42	\$ 8,681	\$ 3,723	\$ -
Accrued Liabilities	1,111	-	-	-
Due to Other Funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>1,153</u>	<u>8,681</u>	<u>3,723</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Intergovernmental	<u>7,416</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Deferred Inflows of Resources	<u>7,416</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	68,005	609,711	516,638	-
Committed	-	-	-	22,847
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>68,005</u>	<u>609,711</u>	<u>516,638</u>	<u>22,847</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 76,574</u>	<u>\$ 618,392</u>	<u>\$ 520,361</u>	<u>\$ 22,847</u>

Continued

CFD 2015-1	SAFE Program	Total Non-Major Special Revenue Funds	
		2016	2015
\$ 746	\$ 136,187	\$ 3,519,360	\$ 3,810,260
-	-	11,566	16,473
-	-	1,538,500	1,658,500
1	283	5,831	8,399
-	-	119,082	53,697
<u>747</u>	<u>136,470</u>	<u>5,194,339</u>	<u>5,547,329</u>
\$ -	\$ -	\$ 230,098	\$ 230,419
-	-	1,111	838
-	-	7,315	2,074
-	-	238,524	233,331
-	-	10,133	5,739
-	-	10,133	5,739
747	136,470	4,922,835	5,286,697
-	-	22,847	21,562
<u>747</u>	<u>136,470</u>	<u>4,945,682</u>	<u>5,308,259</u>
<u>\$ 747</u>	<u>\$ 136,470</u>	<u>\$ 5,194,339</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, 2016**  
**(with comparative information for prior year)**

	Supplemental Law <u>Enforcement</u>	Asset Seizure <u>                    </u>	Gas Tax <u>                    </u>	HOME Investment Partnership <u>                    </u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	1,318,941	-
Special Assessments	-	-	-	-
Intergovernmental	114,618	-	-	-
Investment Earnings	47	13	12,025	2,249
Other Revenue	-	-	7,453	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	<u>114,665</u>	<u>13</u>	<u>1,338,419</u>	<u>2,249</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	100,000	-	-	-
Public Works	-	-	1,145,129	-
Community Development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	<u>100,000</u>	<u>-</u>	<u>1,145,129</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,665</u>	<u>13</u>	<u>193,290</u>	<u>2,249</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(724,720)	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(724,720)</u>	<u>-</u>
Net Change in Fund Balances	14,665	13	(531,430)	2,249
Fund Balances - Beginning of Year	<u>6,260</u>	<u>1,658</u>	<u>1,503,105</u>	<u>1,883,929</u>
Fund Balances - End of Year	<u>\$ 20,925</u>	<u>\$ 1,671</u>	<u>\$ 971,675</u>	<u>\$ 1,886,178</u>

Continued

<u>Energy Efficiency Block Grant</u>	<u>Zone 2 Flood Control District</u>	<u>Community Development Block Grant</u>	<u>Town Center Landscape Maintenance</u>	<u>Santee Landscape Maintenance</u>
\$ -	\$ 322,235	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	322,225	107,609
-	-	252,256	-	-
245	3,225	-	2,538	1,035
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,030</u>	<u>-</u>
<u>245</u>	<u>325,460</u>	<u>252,256</u>	<u>325,793</u>	<u>108,644</u>
-	-	-	-	-
-	-	-	-	-
-	290,016	-	310,966	93,290
-	-	104,282	-	-
-	-	140,000	-	-
<u>-</u>	<u>-</u>	<u>16,877</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>290,016</u>	<u>261,159</u>	<u>310,966</u>	<u>93,290</u>
<u>245</u>	<u>35,444</u>	<u>(8,903)</u>	<u>14,827</u>	<u>15,354</u>
-	-	-	21,884	-
<u>(24,675)</u>	<u>(99,270)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(24,675)</u>	<u>(99,270)</u>	<u>-</u>	<u>21,884</u>	<u>-</u>
(24,430)	(63,826)	(8,903)	36,711	15,354
<u>24,430</u>	<u>381,914</u>	<u>15,792</u>	<u>235,054</u>	<u>98,719</u>
<u>\$ -</u>	<u>\$ 318,088</u>	<u>\$ 6,889</u>	<u>\$ 271,765</u>	<u>\$ 114,073</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, 2016**  
**(with comparative information for prior year)**

	Mobile Home Park Assessment	Street Lighting Tax	Roadway Lighting District	Paramedic Equipment
<b>REVENUES</b>				
Property Taxes	\$ -	\$ 272,058	\$ -	\$ -
Other Taxes	-	-	-	-
Special Assessments	42,757	-	331,896	-
Intergovernmental	-	-	-	-
Investment Earnings	562	4,314	4,496	185
Other Revenue	-	20,692	4,807	1,100
	<u>-</u>	<u>20,692</u>	<u>4,807</u>	<u>1,100</u>
 Total Revenues	 <u>43,319</u>	 <u>297,064</u>	 <u>341,199</u>	 <u>1,285</u>
<b>EXPENDITURES</b>				
Current:				
General Government	35,264	-	-	-
Public Safety	-	-	-	-
Public Works	-	119,019	291,998	-
Community Development	-	-	-	-
Debt Service:				
Principal	-	18,605	7,107	-
Interest and Fiscal Charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>35,264</u>	 <u>137,624</u>	 <u>299,105</u>	 <u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>8,055</u>	 <u>159,440</u>	 <u>42,094</u>	 <u>1,285</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net Change in Fund Balances	 8,055	 159,440	 42,094	 1,285
Fund Balances - Beginning of Year	<u>59,950</u>	<u>450,271</u>	<u>474,544</u>	<u>21,562</u>
Fund Balances - End of Year	<u>\$ 68,005</u>	<u>\$ 609,711</u>	<u>\$ 516,638</u>	<u>\$ 22,847</u>

Continued

CFD 2015-1	SAFE Program	Total Non-Major Special Revenue Funds	
		2016	2015
\$ -	\$ -	\$ 594,293	\$ 561,770
-	-	1,318,941	1,652,185
-	-	804,487	798,491
-	-	366,874	461,863
2	1,258	32,194	26,208
<u>745</u>	<u>-</u>	<u>35,827</u>	<u>19,423</u>
<u>747</u>	<u>1,258</u>	<u>3,152,616</u>	<u>3,519,940</u>
-	-	35,264	197,318
-	15,859	115,859	113,348
-	-	2,250,418	2,154,614
-	-	104,282	114,060
-	-	165,712	171,914
<u>-</u>	<u>-</u>	<u>16,877</u>	<u>17,997</u>
<u>-</u>	<u>15,859</u>	<u>2,688,412</u>	<u>2,769,251</u>
<u>747</u>	<u>(14,601)</u>	<u>464,204</u>	<u>750,689</u>
-	-	21,884	23,214
<u>-</u>	<u>-</u>	<u>(848,665)</u>	<u>(1,572,980)</u>
<u>-</u>	<u>-</u>	<u>(826,781)</u>	<u>(1,549,766)</u>
<u>747</u>	<u>(14,601)</u>	<u>(362,577)</u>	<u>(799,077)</u>
<u>-</u>	<u>151,071</u>	<u>5,308,259</u>	<u>6,107,336</u>
<u>\$ 747</u>	<u>\$ 136,470</u>	<u>\$ 4,945,682</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, 2016**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 100,000	\$ 114,618	\$ 14,618
Investment Earnings	<u>-</u>	<u>47</u>	<u>47</u>
Total Revenues	<u>100,000</u>	<u>114,665</u>	<u>14,665</u>
<b>EXPENDITURES</b>			
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	-	14,665	14,665
Fund Balance, Beginning of Year	<u>6,260</u>	<u>6,260</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,260</u>	<u>\$ 20,925</u>	<u>\$ 14,665</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 13	\$ 13
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	-	13	13
	<u>          </u>	<u>          </u>	<u>          </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	13	13
	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance, Beginning of Year	1,658	1,658	-
	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance, End of Year	<u>\$ 1,658</u>	<u>\$ 1,671</u>	<u>\$ 13</u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax Special Revenue Fund**  
**Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Other Taxes	\$ 1,227,200	\$ 1,318,941	\$ 91,741
Investment Earnings	10,000	12,025	2,025
Other Revenue	<u>9,100</u>	<u>7,453</u>	<u>(1,647)</u>
 Total Revenues	 <u>1,246,300</u>	 <u>1,338,419</u>	 <u>92,119</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>1,286,817</u>	<u>1,145,129</u>	<u>141,688</u>
 Total Expenditures	 <u>1,286,817</u>	 <u>1,145,129</u>	 <u>141,688</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(40,517)</u>	 <u>193,290</u>	 <u>233,807</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(1,400,680)</u>	<u>(724,720)</u>	<u>675,960</u>
 Total Other Financing Sources (Uses)	 <u>(1,400,680)</u>	 <u>(724,720)</u>	 <u>675,960</u>
 Net Change in Fund Balance	 (1,441,197)	 (531,430)	 909,767
 Fund Balance - Beginning of Year	 <u>1,503,105</u>	 <u>1,503,105</u>	 <u>-</u>
Fund Balance - End of Year	<u>\$ 61,908</u>	<u>\$ 971,675</u>	<u>\$ 909,767</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 2,249	\$ 2,249
Total Revenues	-	2,249	2,249
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,249	2,249
Fund Balance, Beginning of Year	1,883,929	1,883,929	-
Fund Balance, End of Year	\$ 1,883,929	\$ 1,886,178	\$ 2,249

**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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 245	\$ 245
Total Revenues	<u>          -</u>	<u>          245</u>	<u>          245</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>          -</u>	<u>          245</u>	<u>          245</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>     (24,675)</u>	<u>     (24,675)</u>	<u>          -</u>
Total Other Financing Sources (Uses)	<u>     (24,675)</u>	<u>     (24,675)</u>	<u>          -</u>
Net Change in Fund Balance	(24,675)	(24,430)	245
Fund Balance, Beginning of Year	<u>     24,430</u>	<u>     24,430</u>	<u>          -</u>
Fund Balance, End of Year	<u>      (245)</u>	<u>          -</u>	<u>      245</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 320,900	\$ 322,235	\$ 1,335
Investment Earnings	<u>2,200</u>	<u>3,225</u>	<u>1,025</u>
Total Revenues	<u>323,100</u>	<u>325,460</u>	<u>2,360</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>434,408</u>	<u>290,016</u>	<u>144,392</u>
Total Expenditures	<u>434,408</u>	<u>290,016</u>	<u>144,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(111,308)</u>	<u>35,444</u>	<u>146,752</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(100,000)</u>	<u>(99,270)</u>	<u>730</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(99,270)</u>	<u>730</u>
Net Change in Fund Balance	(211,308)	(63,826)	147,482
Fund Balance, Beginning of Year	<u>381,914</u>	<u>381,914</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 170,606</u>	<u>\$ 318,088</u>	<u>\$ 147,482</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Intergovernmental	\$ 261,630	\$ 252,256	\$ (9,374)
Total Revenues	<u>261,630</u>	<u>252,256</u>	<u>(9,374)</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	106,351	104,282	2,069
Debt Service:			
Principal	140,000	140,000	-
Interest and Fiscal Charges	<u>16,880</u>	<u>16,877</u>	<u>3</u>
Total Expenditures	<u>263,231</u>	<u>261,159</u>	<u>2,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,601)	(8,903)	(7,302)
Fund Balance, Beginning of Year	<u>15,792</u>	<u>15,792</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 14,191</u>	<u>\$ 6,889</u>	<u>\$ (7,302)</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Special Assessments	\$ 321,780	\$ 322,225	\$ 445
Investment Earnings	-	2,538	2,538
Other Revenue	-	1,030	1,030
	<u>321,780</u>	<u>325,793</u>	<u>4,013</u>
Total Revenues	<u>321,780</u>	<u>325,793</u>	<u>4,013</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>381,793</u>	<u>310,966</u>	<u>70,827</u>
	<u>381,793</u>	<u>310,966</u>	<u>70,827</u>
Total Expenditures	<u>381,793</u>	<u>310,966</u>	<u>70,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(60,013)</u>	<u>14,827</u>	<u>74,840</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>25,580</u>	<u>21,884</u>	<u>(3,696)</u>
	<u>25,580</u>	<u>21,884</u>	<u>(3,696)</u>
Total Other Financing Sources (Uses)	<u>25,580</u>	<u>21,884</u>	<u>(3,696)</u>
Net Changes in Fund Balance	(34,433)	36,711	71,144
Fund Balance, Beginning of Year	<u>235,054</u>	<u>235,054</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 200,621</u>	<u>\$ 271,765</u>	<u>\$ 71,144</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Special Assessments	\$ 106,240	\$ 107,609	\$ 1,369
Investment Earnings	<u>          -</u>	<u>          1,035</u>	<u>          1,035</u>
Total Revenues	<u>          106,240</u>	<u>          108,644</u>	<u>          2,404</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>          109,841</u>	<u>          93,290</u>	<u>          16,551</u>
Total Expenditures	<u>          109,841</u>	<u>          93,290</u>	<u>          16,551</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,601)	15,354	18,955
Fund Balance, Beginning of Year	<u>          98,719</u>	<u>          98,719</u>	<u>          -</u>
Fund Balance, End of Year	<u>          95,118</u>	<u>          114,073</u>	<u>          18,955</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Special Assessments	\$ 42,000	\$ 42,757	\$ 757
Investment Earnings	500	562	62
	<u>42,500</u>	<u>43,319</u>	<u>819</u>
Total Revenues	<u>42,500</u>	<u>43,319</u>	<u>819</u>
<b>EXPENDITURES</b>			
Current:			
General Government	41,840	35,264	6,576
	<u>41,840</u>	<u>35,264</u>	<u>6,576</u>
Total Expenditures	<u>41,840</u>	<u>35,264</u>	<u>6,576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	660	8,055	7,395
Fund Balance, Beginning of Year	<u>59,950</u>	<u>59,950</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 60,610</u>	<u>\$ 68,005</u>	<u>\$ 7,395</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 261,030	\$ 272,058	\$ 11,028
Investment Earnings	3,500	4,314	814
Other Revenue	<u>-</u>	<u>20,692</u>	<u>20,692</u>
Total Revenues	<u>264,530</u>	<u>297,064</u>	<u>32,534</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	136,300	119,019	17,281
Debt Service:			
Principal	<u>18,610</u>	<u>18,605</u>	<u>5</u>
Total Expenditures	<u>154,910</u>	<u>137,624</u>	<u>17,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,620	159,440	49,820
Fund Balance, Beginning of Year	<u>450,271</u>	<u>450,271</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 559,891</u>	<u>\$ 609,711</u>	<u>\$ 49,820</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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Special Assessments	\$ 331,180	\$ 331,896	\$ 716
Investment Earnings	3,500	4,496	996
Other Revenue	<u>-</u>	<u>4,807</u>	<u>4,807</u>
Total Revenues	<u>334,680</u>	<u>341,199</u>	<u>6,519</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	349,440	291,998	57,442
Debt Service:			
Principal	<u>7,110</u>	<u>7,107</u>	<u>3</u>
Total Expenditures	<u>356,550</u>	<u>299,105</u>	<u>57,445</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,870)	42,094	63,964
Fund Balance, Beginning of Year	<u>474,544</u>	<u>474,544</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 452,674</u>	<u>\$ 516,638</u>	<u>\$ 63,964</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, 2016**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 185	\$ 185
Other Revenues	<u>-</u>	<u>1,100</u>	<u>1,100</u>
Total Revenues	<u>-</u>	<u>1,285</u>	<u>1,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,285	1,285
Fund Balance, Beginning of Year	<u>21,562</u>	<u>21,562</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 21,562</u></u>	<u><u>\$ 22,847</u></u>	<u><u>\$ 1,285</u></u>

**City of Santee**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - CFD 2015-1 Special Revenue Fund**  
**Year Ended June 30, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ -	\$ 2	\$ 2
Other Revenues	<u>745</u>	<u>745</u>	<u>-</u>
Total Revenues	<u>745</u>	<u>747</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	745	747	2
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 745</u></u>	<u><u>\$ 747</u></u>	<u><u>\$ 2</u></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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Earnings	\$ 500	\$ 1,258	\$ 758
Total Revenues	<u>500</u>	<u>1,258</u>	<u>758</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>30,000</u>	<u>15,859</u>	<u>14,141</u>
Total Expenditures	<u>30,000</u>	<u>15,859</u>	<u>14,141</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,500)</u>	<u>(14,601)</u>	<u>14,899</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(33,990)</u>	<u>-</u>	<u>33,990</u>
Total Other Financing Sources (Uses)	<u>(33,990)</u>	<u>-</u>	<u>33,990</u>
Net Change in Fund Balance	(63,490)	(14,601)	48,889
Fund Balance, Beginning of Year	<u>151,071</u>	<u>151,071</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 87,581</u>	<u>\$ 136,470</u>	<u>\$ 48,889</u>

**City of Santee**  
**Non-Major Governmental Funds**  
**June 30, 2016**

**Capital Projects Funds**

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

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

**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.

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

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

**City of Santee**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**June 30, 2016**  
**(with comparative information for prior year)**

	Regional Transportation Congestion Improvements	Public Facilities	Traffic Signal	Drainage
<b>ASSETS</b>				
Cash and Investments	\$ 989,915	\$ 3,952,882	\$ 509,456	\$ 2,005,067
Interest Receivable	2,488	7,771	1,023	5,237
Due from Other Governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 992,403</u>	<u>\$ 3,960,653</u>	<u>\$ 510,479</u>	<u>\$ 2,010,304</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Unearned Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	992,403	3,960,653	510,479	2,010,304
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>992,403</u>	<u>3,960,653</u>	<u>510,479</u>	<u>2,010,304</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 992,403</u>	<u>\$ 3,960,653</u>	<u>\$ 510,479</u>	<u>\$ 2,010,304</u>

Forester Creek Development	Park In-Lieu	TDA	Traffic Mitigation	Utility Undergrounding	Total Non-Major Capital Projects Funds	
					2016	2015
\$ 23,803	\$ 1,745,080	\$ 4,821	\$ 1,564,210	\$ 158,611	\$ 10,953,845	\$ 13,051,479
49	3,534	10	3,172	322	23,606	29,088
-	-	1,051	-	-	1,051	10,255
<u>\$ 23,852</u>	<u>\$ 1,748,614</u>	<u>\$ 5,882</u>	<u>\$ 1,567,382</u>	<u>\$ 158,933</u>	<u>\$ 10,978,502</u>	<u>\$ 13,090,822</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,009
-	-	-	-	-	-	4,009
-	-	5,060	-	-	5,060	-
23,852	1,748,614	822	1,567,382	-	10,814,509	12,929,820
-	-	-	-	158,933	158,933	156,993
<u>23,852</u>	<u>1,748,614</u>	<u>822</u>	<u>1,567,382</u>	<u>158,933</u>	<u>10,973,442</u>	<u>13,086,813</u>
<u>\$ 23,852</u>	<u>\$ 1,748,614</u>	<u>\$ 5,882</u>	<u>\$ 1,567,382</u>	<u>\$ 158,933</u>	<u>\$ 10,978,502</u>	<u>\$ 13,090,822</u>

**City of Santee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Capital Projects Funds**  
**Year Ended June 30, 2016**  
**(with comparative information for prior year)**

	Regional Transportation Congestion Improvements	Public Facilities	Traffic Signal	Drainage
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Developer Fees	275,865	663,261	63,746	498,949
Investment Earnings	11,326	28,868	3,901	20,647
Other Revenue	-	-	-	-
	<u>287,191</u>	<u>692,129</u>	<u>67,647</u>	<u>519,596</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>287,191</u>	<u>692,129</u>	<u>67,647</u>	<u>519,596</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(790,778)	-	-	(943,404)
	<u>(790,778)</u>	<u>-</u>	<u>-</u>	<u>(943,404)</u>
Total Other Financing Sources (Uses)	(790,778)	-	-	(943,404)
	<u>(790,778)</u>	<u>-</u>	<u>-</u>	<u>(943,404)</u>
Net Change in Fund Balances	(503,587)	692,129	67,647	(423,808)
Fund Balances - Beginning of Year	<u>1,495,990</u>	<u>3,268,524</u>	<u>442,832</u>	<u>2,434,112</u>
Fund Balances - End of Year	<u>\$ 992,403</u>	<u>\$ 3,960,653</u>	<u>\$ 510,479</u>	<u>\$ 2,010,304</u>

Forester Creek Development	Park In-Lieu	TDA	Traffic Mitigation	Utility Undergrounding	Total Non-Major Capital Projects Funds	
					2016	2015
\$ -	\$ -	\$ 1,576	\$ -	\$ -	\$ 1,576	\$ 146,103
-	758,124	-	492,092	-	2,752,037	1,373,348
202	13,125	38	26,970	1,940	107,017	102,405
-	-	-	-	-	-	2,221
<u>202</u>	<u>771,249</u>	<u>1,614</u>	<u>519,062</u>	<u>1,940</u>	<u>2,860,630</u>	<u>1,624,077</u>
-	-	-	-	-	-	1,073
-	-	-	-	-	-	1,073
<u>202</u>	<u>771,249</u>	<u>1,614</u>	<u>519,062</u>	<u>1,940</u>	<u>2,860,630</u>	<u>1,623,004</u>
-	-	-	-	-	-	164,985
-	(360,243)	(1,576)	(2,878,000)	-	(4,974,001)	(4,435,203)
-	(360,243)	(1,576)	(2,878,000)	-	(4,974,001)	(4,270,218)
202	411,006	38	(2,358,938)	1,940	(2,113,371)	(2,647,214)
<u>23,650</u>	<u>1,337,608</u>	<u>784</u>	<u>3,926,320</u>	<u>156,993</u>	<u>13,086,813</u>	<u>15,734,027</u>
<u>\$ 23,852</u>	<u>\$ 1,748,614</u>	<u>\$ 822</u>	<u>\$ 1,567,382</u>	<u>\$ 158,933</u>	<u>\$ 10,973,442</u>	<u>\$ 13,086,813</u>



*This page is intentionally blank.*



---

**STATISTICAL SECTION**

---

*This page is intentionally blank.*

**City of Santee**  
**Description of Statistical Section Contents**  
**June 30, 2016**

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.	106-114
<u>Revenue Capacity</u> – these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	115-119
<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.	120-126
<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.	127-129
<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.	130-132

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

	Fiscal Year			
	2007	2008	2009	2010
<b>GOVERNMENTAL ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 100,236,132	\$ 102,221,753	\$ 107,177,454	\$ 110,906,766
Restricted	35,192,868	38,254,452	36,161,243	29,617,019
Unrestricted	7,769,328	8,026,545	6,680,429	9,339,445
 Total Governmental Activities Net Position	 <u>\$ 143,198,328</u>	 <u>\$ 148,502,750</u>	 <u>\$ 150,019,126</u>	 <u>\$ 149,863,230</u>

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

Fiscal Year					
2011	2012	2013	2014	2015 <sup>(1)</sup>	2016
\$ 147,929,745	\$ 160,604,789	\$ 159,505,509	\$ 167,953,925	\$ 181,378,029	\$ 176,071,642
33,791,161	18,434,571	21,242,368	22,882,344	20,088,351	19,771,922
6,410,313	4,922,805	6,632,478	7,614,356	(18,330,721)	(15,907,455)
<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>	<u>\$ 179,936,109</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 4,956,159	\$ 5,037,009	\$ 5,501,610	\$ 8,542,271
Public Safety	20,317,027	22,245,716	23,178,880	22,545,498
Public Works	11,435,058	12,657,171	11,590,092	11,020,154
Community Development	4,026,358	4,707,476	5,255,186	3,858,262
Parks and Recreation	2,013,700	2,896,643	2,229,089	1,623,225
Interest and Fiscal Charges	1,179,941	1,159,472	1,100,391	1,007,602
	<u>43,928,243</u>	<u>48,703,487</u>	<u>48,855,248</u>	<u>48,597,012</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
General Government	180,970	195,678	310,270	196,858
Public Safety	3,615,837	3,858,281	4,178,966	4,015,758
Public Works	3,109,333	2,452,759	1,206,380	1,874,517
Community Development	1,614,625	1,670,450	1,282,335	1,025,890
Parks and Recreation	434,941	382,628	403,240	365,291
Operating Grants and Contributions	2,012,532	2,211,325	2,370,810	1,971,632
Capital Grants and Contributions	15,642,995	7,976,306	5,982,114	5,887,508
	<u>26,611,233</u>	<u>18,747,427</u>	<u>15,734,115</u>	<u>15,337,454</u>
Net Revenues (Expenses) From Governmental Activities	(17,317,010)	(29,956,060)	(33,121,133)	(33,259,558)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities:				
Taxes:				
Property Taxes <sup>(1)</sup>	20,999,209	22,487,877	22,960,655	22,593,962
Sales Taxes	8,215,910	8,267,858	7,305,578	7,123,397
Franchise Taxes	2,067,216	2,067,948	2,390,366	280,549
Other Taxes	334,935	307,802	288,283	2,253,092
Motor Vehicle In Lieu, Unrestricted <sup>(1)</sup>	295,537	244,687	192,047	167,621
Investment Earnings	1,644,754	1,807,671	1,412,129	496,415
Miscellaneous	256,353	76,639	88,451	188,626
	<u>33,813,914</u>	<u>35,260,482</u>	<u>34,637,509</u>	<u>33,103,662</u>
Extraordinary Item <sup>(2)</sup>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position From Governmental Activities	<u>\$ 16,496,904</u>	<u>\$ 5,304,422</u>	<u>\$ 1,516,376</u>	<u>\$ (155,896)</u>

<sup>(1)</sup> As of FY 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.

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 4,682,937	\$ 3,526,811	\$ 3,461,397	\$ 4,152,628	\$ 5,766,971	\$ 6,575,847
21,861,690	22,637,123	21,912,185	23,416,772	23,427,308	24,321,086
13,079,415	11,444,433	12,633,715	13,787,911	15,058,755	21,112,813
3,770,231	1,966,844	112,300	96,033	114,060	104,282
2,343,298	2,177,699	2,081,222	2,036,868	2,004,958	2,568,283
1,775,353	2,018,935	369,970	369,935	511,712	499,695
<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>	<u>55,182,006</u>
199,368	507,618	636,843	657,770	629,965	710,476
3,848,784	4,065,732	3,781,291	4,082,952	3,970,360	3,784,014
1,978,691	2,075,855	2,640,602	2,893,212	3,118,374	3,490,444
609,272	501,688	-	-	-	-
374,573	408,696	608,905	649,552	698,557	773,992
2,390,589	2,241,007	2,725,883	2,776,841	2,422,390	2,757,140
4,026,070	4,288,068	6,695,663	17,532,392	18,761,627	8,008,366
<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>	<u>19,524,432</u>
(34,085,577)	(29,683,181)	(23,481,602)	(15,267,428)	(17,282,491)	(35,657,574)
21,610,723	13,610,976	13,242,248	13,351,823	14,224,160	14,717,412
7,984,974	7,898,623	8,227,675	9,460,428	11,492,706	13,842,272
2,681,909	2,289,425	3,922,344	2,753,606	2,875,723	2,912,740
106,357	269,764	366,834	574,132	620,267	745,340
262,529	28,716	29,755	24,625	23,787	22,516
417,358	80,480	44,038	94,421	122,434	185,129
280,286	946,398	298,671	78,663	3,397	32,615
<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>32,458,024</u>
<u>-</u>	<u>3,983,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (741,441)</u>	<u>\$ (575,798)</u>	<u>\$ 2,649,963</u>	<u>\$ 11,070,270</u>	<u>\$ 12,079,983</u>	<u>\$ (3,199,550)</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>GENERAL FUND</b>				
Reserved	\$ 119,436	\$ 202,645	\$ 86,142	\$ 552,035
Unreserved	12,868,231	13,010,501	10,779,715	10,157,084
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b><u>\$ 12,987,667</u></b>	<b><u>\$ 13,213,146</u></b>	<b><u>\$ 10,865,857</u></b>	<b><u>\$ 10,709,119</u></b>
<b>ALL OTHER GOVERNMENT FUNDS</b>				
Reserved	\$ 18,808,461	\$ 12,575,467	\$ 22,443,286	\$ 12,009,265
Unreserved, Reported In:				
Special Revenue Funds	3,534,651	2,426,350	2,035,375	2,292,415
Debt Service Fund	9,273,803	9,989,178	8,157,255	5,849,173
Capital Projects Funds	9,204,070	18,260,212	3,238,070	10,795,318
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b><u>\$ 40,820,985</u></b>	<b><u>\$ 43,251,207</u></b>	<b><u>\$ 35,873,986</u></b>	<b><u>\$ 30,946,171</u></b>

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

Fiscal Year					
2011 <sup>(1)</sup>	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
14,252	18,518	20,512	580,563	21,245	1,710,623
6	1,750,001	1,575,001	1,400,001	1,225,001	1,050,009
31,002	23,750	35,680	117,804	435,805	46,075
2,945,718	3,048,930	3,770,108	2,578,208	2,094,317	2,162,409
<u>6,903,668</u>	<u>5,008,142</u>	<u>4,779,461</u>	<u>6,081,591</u>	<u>7,419,965</u>	<u>9,406,341</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>	<u>\$ 14,375,457</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
71,400	-	-	-	-	-
64,671,520	17,756,123	20,758,594	22,217,863	24,280,101	18,721,910
375,324	280,658	1,536,726	1,230,004	925,180	1,764,251
737,258	674,637	167,710	171,076	441,060	380,506
<u>(354,752)</u>	<u>(314,762)</u>	<u>(166,758)</u>	<u>(167,206)</u>	<u>(691,953)</u>	<u>-</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>	<u>\$ 20,866,667</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>REVENUES</b>				
Taxes:				
Property	\$ 21,235,364	\$ 22,487,877	\$ 22,960,655	\$ 22,823,768
Sales	8,215,910	8,267,858	7,305,578	7,123,397
Other	3,792,037	3,362,316	3,513,140	3,507,045
Special Assessments	640,116	710,901	811,593	729,894
Intergovernmental	16,640,225	6,249,006	4,194,836	4,192,870
Licenses and Permits	1,419,902	1,442,945	1,047,037	913,222
Fines and Forfeitures	297,438	283,595	275,462	255,907
Developer Fees	3,533,514	3,204,197	2,338,126	2,724,653
Charges for Services	8,633,920	6,165,867	6,297,619	6,677,290
Use of Money and Property	2,916,732	2,976,899	1,980,121	746,071
Other Revenue	550,999	455,795	1,289,798	369,209
<b>Total Revenues</b>	<b>67,876,157</b>	<b>55,607,256</b>	<b>52,013,965</b>	<b>50,063,326</b>
<b>EXPENDITURES</b>				
Current:				
General Government	4,948,287	5,028,722	5,366,139	8,450,809
Public Safety	20,369,115	21,821,015	22,976,757	22,377,455
Public Works	31,047,134	15,263,869	12,287,940	9,679,650
Community Development	4,009,043	5,036,315	5,575,680	4,280,822
Parks and Recreation	4,882,789	3,363,205	13,658,020	13,127,234
Debt Service:				
Principal Retirement	798,159	752,964	772,982	670,000
Interest and Fiscal Charges	1,183,453	1,158,722	1,100,957	1,012,907
Bond Issuance Costs	-	-	-	-
<b>Total Expenditures</b>	<b>67,237,980</b>	<b>52,424,812</b>	<b>61,738,475</b>	<b>59,598,877</b>
Excess (deficiency) of Revenues Over (under) Expenditures	638,177	3,182,444	(9,724,510)	(9,535,551)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,415,965	4,129,554	13,855,417	24,379,163
Transfers Out	(1,415,965)	(4,129,554)	(13,855,417)	(24,379,163)
Capital Lease	-	-	-	-
Issuance of Long-term Debt	-	-	-	4,450,998
Discount on Bonds	-	-	-	-
Premium on Long-term Debt	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,450,998</b>
Extraordinary Item <sup>(1)</sup>	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 638,177</b>	<b>\$ 3,182,444</b>	<b>\$ (9,724,510)</b>	<b>\$ (5,084,553)</b>
Debt Service as a Percentage of Noncapital Expenditures <sup>(2)</sup>	4.8%	4.2%	4.1%	3.7%

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

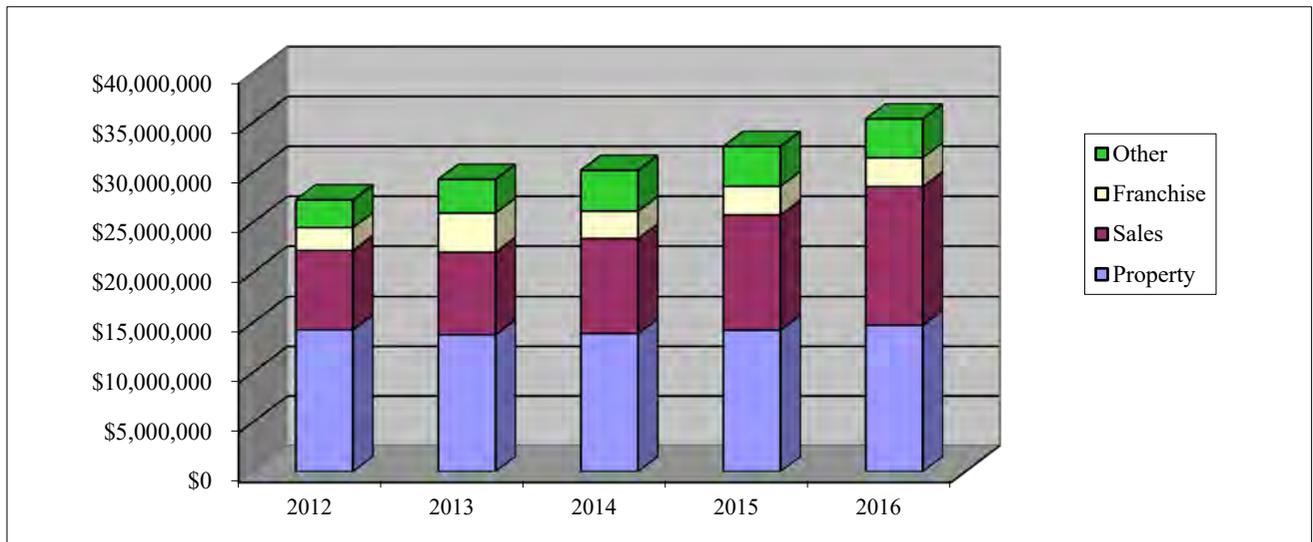
<sup>(2)</sup> For purposes of this calculation capital expenditures are defined as capital asset additions as presented in the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 22,107,239	\$ 14,266,895	\$ 13,758,489	\$ 13,886,610	\$ 14,785,930	\$ 15,311,705
7,984,974	7,898,623	8,227,675	9,460,428	11,492,706	13,842,272
4,242,582	4,032,606	5,616,942	5,153,900	5,148,174	4,977,021
1,649,594	1,664,583	1,685,246	1,687,180	1,724,079	1,799,217
3,424,883	2,327,765	4,579,832	5,505,496	5,740,458	3,752,831
817,009	97,044	163,157	184,984	161,431	165,258
234,620	151,965	157,459	153,385	211,411	218,241
1,460,682	2,166,434	2,220,091	3,148,366	1,373,348	3,703,007
3,512,338	4,741,495	5,027,855	5,504,980	5,083,759	5,663,982
542,125	550,469	167,153	214,129	260,638	361,187
572,394	1,109,946	545,885	324,676	384,764	717,545
<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>	<u>50,512,266</u>
5,148,805	3,597,817	3,788,514	4,227,876	6,054,182	6,243,184
21,685,377	22,497,381	22,005,803	23,497,665	23,885,753	24,660,671
10,462,124	10,292,254	10,753,548	14,009,804	14,691,262	19,020,068
3,737,357	2,147,005	112,300	96,033	114,060	104,282
1,856,313	1,400,142	3,196,823	1,357,107	3,359,775	1,535,812
5,137,178	1,007,602	697,917	775,665	930,981	1,016,325
1,084,293	2,620,760	372,069	372,185	573,680	524,483
430,582	-	-	-	-	-
<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>53,104,825</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>	<u>(2,592,559)</u>
3,001,510	7,709,261	4,186,442	5,215,185	7,052,320	11,702,655
(3,001,510)	(7,709,261)	(4,186,442)	(5,215,185)	(7,052,320)	(11,702,655)
-	-	-	-	-	1,683,962
35,666,957	3,005,840	3,008,227	895,071	4,500,000	-
(618,555)	-	-	-	-	-
-	-	-	-	858,075	-
<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>1,683,962</u>
-	(45,600,103)	-	-	-	-
<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>	<u>\$ (908,597)</u>
13.6%	9.3%	3.2%	4.1%	5.2%	3.4%

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

Fiscal Year	Real Property			Sales Tax	Franchise Taxes	Transient		Total
	Property Taxes	Transfer Tax	Special Assessments			Occupancy Tax	Gas Tax	
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	27,235,589
2013	13,758,489	159,920	1,685,246	8,227,675	3,922,344	206,914	1,327,764	29,288,352
2014	13,886,610	185,883	1,687,180	9,460,428	2,753,606	388,249	1,826,162	30,188,118
2015	14,224,160	188,717	1,724,079	11,492,706	2,875,723	431,550	1,652,184	32,589,119
2016	14,717,412	261,981	1,799,216	13,842,272	2,912,740	483,359	1,318,941	35,335,921



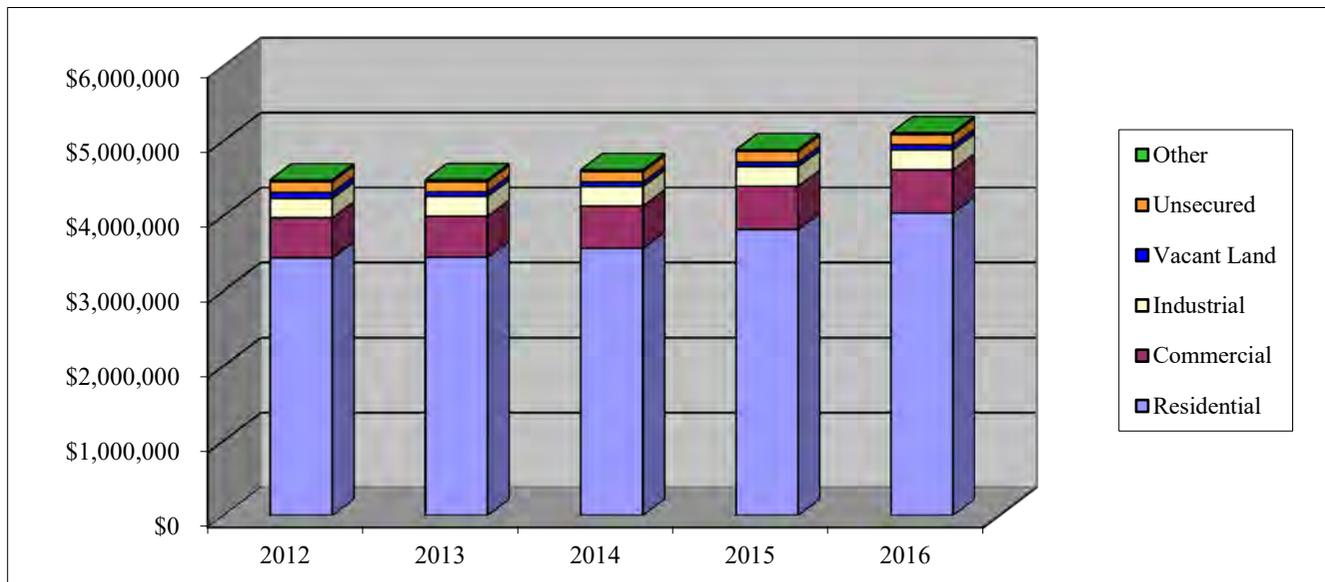
Notes:

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

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
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%
2016	4,035,982	575,935	266,134	65,512	138,171	21,584	5,103,318	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

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

	Fiscal Year			
	2007	2008	2009	2010
City of Santee Direct Rate	<u>0.1795</u> %	<u>0.1795</u> %	<u>0.1795</u> %	<u>0.1795</u> %
Overlapping Rates:				
Santee Elementary School District	0.2201	0.2201	0.2201	0.2201
County of San Diego	0.1997	0.1997	0.1997	0.1997
Grossmont Union High School District	0.1625	0.1625	0.1625	0.1625
Educational Revenue Augmentation Fund	0.1087	0.1087	0.1087	0.1087
Grossmont-Cuyamaca Community College District	0.0616	0.0616	0.0616	0.0616
County Library	0.0269	0.0269	0.0269	0.0269
Padre Dam Municipal Water District	0.0112	0.0112	0.0112	0.0112
Grossmont Healthcare District	0.0105	0.0105	0.0105	0.0105
All Other	<u>0.0193</u>	<u>0.0193</u>	<u>0.0193</u>	<u>0.0193</u>
Total Overlapping Rates	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>
Total Direct and Overlapping Rate	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
Voter Approved Rates:				
Santee Elementary School District	-	0.0241	0.0281	0.0292
Grossmont Union High School District	0.0212	0.0218	0.0280	0.0587
Grossmont-Cuyamaca Community College District	0.0207	0.0077	0.0226	0.0280
Padre Dam Municipal Water District	0.0012	0.0011	-	-
Metropolitan Water District	0.0047	0.0045	0.0043	0.0043
Grossmont Healthcare District	<u>0.0131</u>	<u>0.0131</u>	<u>0.0131</u>	<u>0.0131</u>
Total Voter Approved Rates	<u>0.0609</u>	<u>0.0723</u>	<u>0.0961</u>	<u>0.1333</u>
Total Tax Rate	<u><u>1.0609</u></u> %	<u><u>1.0723</u></u> %	<u><u>1.0961</u></u> %	<u><u>1.1333</u></u> %

Notes:

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

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

Source: HDL, Coren & Cone

Fiscal Year					
2011	2012	2013	2014	2015	2016
<u>0.1795</u> %					
0.2201	0.2201	0.2201	0.2201	0.2201	0.2201
0.1997	0.1997	0.1997	0.1997	0.1997	0.1997
0.1625	0.1625	0.1625	0.1625	0.1625	0.1625
0.1087	0.1087	0.1087	0.1087	0.1087	0.1087
0.0616	0.0616	0.0616	0.0616	0.0616	0.0616
0.0269	0.0269	0.0269	0.0269	0.0269	0.0269
0.0112	0.0112	0.0112	0.0112	0.0112	0.0112
0.0105	0.0105	0.0105	0.0105	0.0105	0.0105
0.0193	0.0193	0.0193	0.0193	0.0193	0.0193
<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>	<u>0.8205</u>
<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
0.0340	0.0331	0.0339	0.0341	0.0332	0.0328
0.0594	0.0612	0.0610	0.0617	0.0612	0.0605
0.0293	0.0308	0.0317	0.0475	0.0465	0.0454
0.0037	0.0037	0.0035	0.0035	0.0035	0.0035
0.0132	0.0201	0.0200	0.0200	0.0200	0.0235
<u>0.1396</u>	<u>0.1489</u>	<u>0.1501</u>	<u>0.1668</u>	<u>0.1644</u>	<u>0.1657</u>
<u>1.1396</u> %	<u>1.1489</u> %	<u>1.1501</u> %	<u>1.1668</u> %	<u>1.1644</u> %	<u>1.1657</u> %

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

Taxpayer	2016			2007		
	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	\$ 47,614,204	1	0.93%	\$ 57,380,396	1	1.39%
Santee Partners LP	30,598,937	2	0.60%	-	-	-
Walmart Stores LP	29,140,436	3	0.57%	-	-	-
HCA Arbors Apartments LLC	28,310,828	4	0.55%	24,857,640	4	0.60%
MHC Meadowbrook LP	21,167,296	5	0.41%	-	-	-
Santee Retail LP	21,146,988	6	0.41%	-	-	-
American Realty Capital Properties Inc	18,563,636	7	0.36%	-	-	-
Cox Communications CA LLC	17,496,620	8	0.34%	-	-	-
Costco Wholesale Corporation	16,857,566	9	0.33%	-	-	-
Target Corporation	16,753,661	10	0.33%	-	-	-
Standard Pacific Corporation	-	-	-	48,350,000	2	1.17%
Santee Partners LLC	-	-	-	31,806,055	3	0.77%
Santee Investment Property LLC	-	-	-	21,671,532	5	0.52%
Alcott Estates LP	-	-	-	20,160,096	6	0.49%
Cox Communications San Diego Inc	-	-	-	19,461,874	7	0.47%
MHC Financing LP Two	-	-	-	18,698,425	8	0.45%
Lyon Treviso LLC	-	-	-	18,288,611	9	0.44%
TC Construction Company Inc	-	-	-	16,892,788	10	0.41%
	<u>\$ 247,650,172</u>		<u>4.83%</u>	<u>\$ 277,567,417</u>		<u>6.71%</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			
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%	128,092	9,136,197	95.84%
2016	9,962,492	9,475,433	95.1%	120,366	9,595,799	96.32%

Notes:

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

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

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

Fiscal Year Ended June 30,	Governmental Activities						Percentage of Personal Income <sup>(2)</sup>	Debt Per Capita <sup>(2)</sup>
	Tax Allocation Bonds <sup>(1)</sup>	Lease Revenue Bonds	Certificates of Participation	Notes & Loans	Capital Lease Obligations	Total Governmental Activities		
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
2016	-	555,000	-	12,450,459	2,458,347	15,463,806	0.55%	272

Notes:

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

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

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

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

Fiscal Year Ended June 30,	Outstanding General Bonded Debt				Percent of Assessed Value <sup>(3)</sup>	Debt Per Capita
	Tax Allocation Bonds <sup>(1)</sup>	Lease Revenue Bonds <sup>(2)</sup>	Certificates of Participation	Total		
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
2016	-	555,000	-	555,000	0.01%	10

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.



*This page is intentionally blank.*

**City of Santee**  
**Direct and Overlapping Debt**  
**June 30, 2016**

Total Assessed Valuation		<u>\$ 5,103,318,599</u>	
	Percentage Applicable <sup>(1)</sup>	Outstanding Debt 6/30/16	Estimated Share of Overlapping Debt
<b>OVERLAPPING DEBT REPAID WITH PROPERTY TAXES</b>			
Grossmont-Cuyamaca Community College District	11.8440%	\$ 238,589,230	\$ 28,258,508
Palomar Community College District	0.0002%	511,508,251	1,023
Grossmont Union High School District	12.1500%	496,551,773	60,331,040
Poway Unified School District Facilities Improvement Districts	0.0010%	331,237,653	3,312
Lakeside Union School District	0.2950%	43,150,357	127,294
Santee School District	90.3160%	55,141,606	49,801,693
Metropolitan Water District	0.2060%	92,865,000	191,302
Grossmont Healthcare District	11.1440%	<u>266,188,330</u>	<u>29,664,027</u>
Total Overlapping Debt Repaid with Property Taxes		<u>2,035,232,200</u>	<u>168,378,199</u>
<b>OVERLAPPING OTHER DEBT</b>			
San Diego County General Fund Obligations	1.1530%	307,830,000	3,549,280
San Diego County Pension Obligations	1.1530%	649,860,000	7,492,886
San Diego County Superintendent of Schools Obligations	1.1530%	13,295,000	153,291
Grossmont Cuyamaca Community College Dist. Gen. Fd. Obligations	11.8440%	960,000	113,702
Palomar Community College District General Fund Obligations	0.0002%	3,825,000	8
Grossmont Union High School General Fund Obligations	12.1500%	500,000	60,750
Poway Unified School District General Fund Obligations	0.0005%	62,248,869	311
Santee School District Certificates of Participation	90.3160%	<u>30,904,849</u>	<u>27,912,023</u>
Total Overlapping Other Debt		<u>1,069,423,718</u>	<u>39,282,251</u>
Total Overlapping Debt		<u>\$ 3,104,655,918</u>	207,660,450
City Direct Debt			15,463,806
Overlapping Tax Increment Debt (Successor Agency)			<u>47,015,000</u>
Total Direct and Overlapping Debt			<u>\$ 270,139,256</u>

Notes:

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

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

Source: MuniServices, LLC

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

	Fiscal Year			
	2007	2008	2009	2010
Assessed Valuation	\$ 4,133,637	\$ 4,466,057	\$ 4,634,033	\$ 4,449,941
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	1,033,409	1,116,514	1,158,508	1,112,485
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	155,011	167,477	173,776	166,873
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 155,011</u>	<u>\$ 167,477</u>	<u>\$ 173,776</u>	<u>\$ 166,873</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.0%	0.0%	0.0%	0.0%

Notes:

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

Sources: HdL, Coren & Cone  
San Diego County Assessor

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 4,423,653	\$ 4,475,983	\$ 4,481,124	\$ 4,610,658	\$ 4,879,149	\$ 5,103,318
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,105,913	1,118,996	1,120,281	1,152,665	1,219,787	1,275,830
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
165,887	167,849	168,042	172,900	182,968	191,374
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 165,887</u>	<u>\$ 167,849</u>	<u>\$ 168,042</u>	<u>\$ 172,900</u>	<u>\$ 182,968</u>	<u>\$ 191,374</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				Coverage
	Tax Revenues	Debt Service			
		Principal	Interest		
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	-	-	-	-	
2016	-	-	-	-	

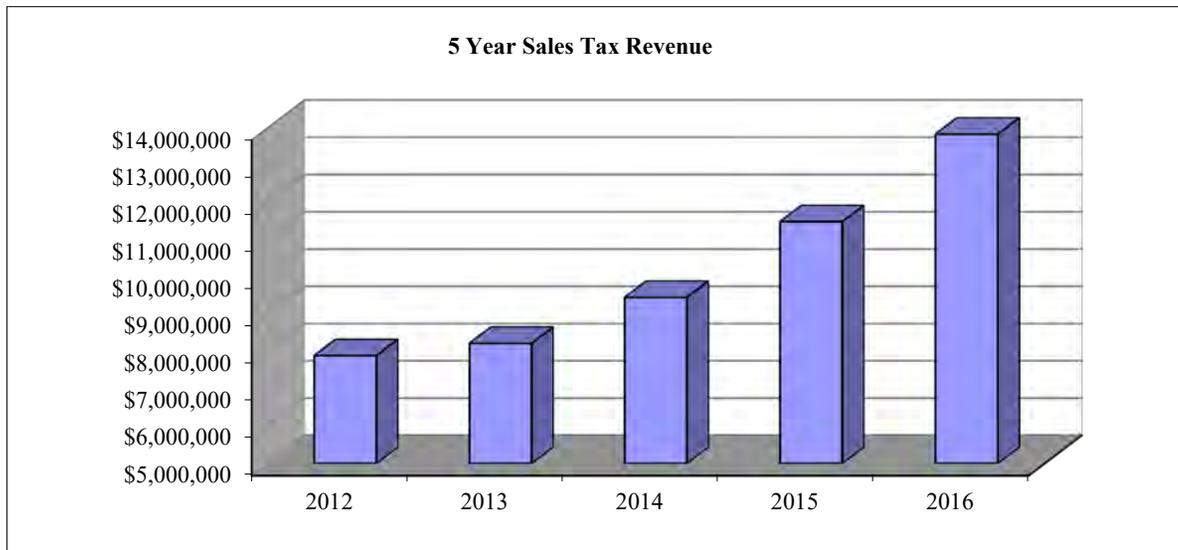
Note:

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, 2016**

Firm	Business Description
7 Eleven	Service Stations
Bed Bath & Beyond	Home Furnishings
Best Buy	Electronics/Appliance Stores
Chevron	Service Stations
Consolidated Electrical Distributors	Plumbing/Electrical Supplies
Costco	Discount Dept Store
El Cajon Ford Used Cars	Used Automotive Dealers
Express Pipe & Supply	Plumbing/Electrical Supplies
GTM Wholesale Liquidators	Variety Stores
Hd Supply	Lumber/Building Materials
Home Depot	Lumber/Building Materials
Kalasho	Service Stations
Kohls	Department Stores
Lowe's	Lumber/Building Materials
Phils BBQ	Fast-Casual Restaurants
Rayo Wholesale Floor	Contractors
RCP Block & Brick	Contractors
Ross	Family Apparel
Sharp Electronics	Office Equipment
Target	Discount Dept Store
TJ Maxx	Family Apparel
USA Gasoline	Service Stations
Verizon Wireless	Electronics/Appliance Stores
Vons	Grocery Store Liquor
Walmart	Discount Dept Store

Percent of fiscal year total paid by top 25 accounts = 69.15%



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 ( <sup>1</sup> )	Personal Income (in millions) ( <sup>2</sup> )	Per Capita Personal Income ( <sup>2</sup> )	Unemployment Rate ( <sup>3</sup> )
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%
2015	56,757	2,808	50,320	5.1%

Sources:

(<sup>1</sup>) State Department of Finance and San Diego Association of Governments

(<sup>2</sup>) 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

(<sup>3</sup>) State of California Employment Development Department

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

Employer	2016			2007		
	Number of Employees	Rank	Percent of Total Employment <sup>(1)</sup>	Number of Employees	Rank	Percent of Total Employment
Santee Elementary School District	744	1	2.56%	825	1	5.14%
Costco Wholesale	321	2	1.10%	235	6	1.46%
Edgemoor Skilled Nursing Facility	300	3	1.03%	-	-	-
Vons Stores	275	4	0.95%	200	9	1.25%
Walmart	268	5	0.92%	344	4	2.14%
Las Colinas Detention Facility	248	6	0.85%	-	-	-
Scantibodies Laboratory	220	7	0.76%	215	7	1.34%
Home Depot	196	8	0.67%	200	8	1.25%
Target	191	9	0.66%	-	-	-
Grossmont Union High School District	173	10	0.59%	250	5	1.56%
Hartford Financial Services	-	-	-	500	2	3.11%
Edgemoor Geriatric Hospital	-	-	-	350	3	2.18%
Bardon Enterprises	-	-	-	198	10	1.23%
<b>Total</b>	<b>2,936</b>		<b>10.09%</b>	<b>3,317</b>		<b>20.66%</b>

Notes:

This schedule presents data for the ten principal employers as of June 30, 2016 and June 30, 2007.

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

Total Labor Force: 29,100.

Source: MuniServices, LLC

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

Function	Full-Time Employees as of June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	25.75	24.75	24.75	23.75	23.75	26.05	26.05	26.05	26.30	28.30
Public Safety	63.40	63.40	63.40	60.40	60.40	54.00	54.00	58.00	58.60	58.60
Public Works	26.50	25.35	25.35	22.15	21.65	30.20	29.70	29.70	33.20	35.20
Community Development	12.75	16.35	16.35	17.00	16.50	-	-	-	-	-
Parks and Recreation	7.00	7.55	7.55	6.35	6.35	7.00	7.00	7.00	6.00	6.00
Total	<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>	<u>128.10</u>

Source: City of Santee

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>DEVELOPMENT SERVICES</b>										
Building Permits Issued	2,597	1,880	752	752	868	938	909	952	1,516	1,826
Building Inspections Completed	10,395	10,885	9,470	5,755	5,310	4,347	4,661	6,946	5,388	6,084
Development Applications Processed	92	63	121	78	99	161	151	111	113	158
Street Resurfacing (miles)	14.8	0.1	23.8	5.9	4.7	5.9	9.9	1.1	6.7	41.8
<b>COMMUNITY SERVICES</b>										
Number of Recreation Classes Offered	332	361	350	419	269	202	347	333	367	403
Number of Recreation Class Participants	2,490	3,842	2,719	3,454	2,141	1,912	1,859	1,711	1,434	1,811
Attendance at City-Wide Special Events	29,250	29,500	29,250	29,230	30,050	30,509	35,599	43,450	48,000	62,096
Number of Facility Rentals	789	605	645	836	1,016	983	1,302	1,287	1,350	1,422
<b>FIRE</b>										
Emergency Responses	4,211	4,438	4,670	4,764	4,944	4,722	4,967	4,824	5,060	5,812
Fire Prevention & Safety Inspections	933	432	488	449	525	730	572	543	325	235
<b>SHERIFF</b>										
Arrests	2,125	1,851	2,243	2,036	1,889	1,999	2,059	2,398	1,861	1,694
Parking Citations Issued	2,312	1,837	1,798	1,282	1,367	937	920	685	699	489
Traffic Citations Issued	4,245	4,391	4,486	5,085	4,244	2,916	3,504	2,129	2,165	1,238
Calls for Service	18,794	17,913	18,353	19,034	19,974	20,591	21,667	20,376	20,686	19,744

Notes:

Source: City of Santee

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>FIRE</b>										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Apparatus	6	6	6	6	6	6	6	6	6	7
Paramedic Vehicles	3	4	4	4	4	4	4	4	4	4
<b>PUBLIC WORKS</b>										
Streets (miles)	133.98	134.09	134.09	134.09	134.47	134.79	134.79	135.45	135.45	138.50
Street Lights	2,739	2,747	2,747	2,799	2,800	3,171	3,070	3,070	3,207	3,244
Traffic Signals	55	55	56	56	57	57	57	57	58	59
<b>PARKS &amp; RECREATION</b>										
Parks	7	7	7	8	8	8	8	8	8	9

Source: City of Santee

---

BACK COVER

Top: Sky Ranch

Next: San Diego River (along Walker Preserve)

Next: Santee Trolley Square Shopping Center

Bottom: Walker Preserve Trail Entrance

