

The City of
Lemon Grove
California



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

City of Lemon Grove

In the State of California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

**Prepared by the Administrative Services and Finance
Department of the City of Lemon Grove**

**City of Lemon Grove
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021**

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**City of Lemon Grove
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021**

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INTRODUCTORY SECTION



CITY OF LEMON GROVE

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PHONE (619) 825-3800 • FAX (619) 825-3818

"Best Climate on Earth"

December 3, 2021

To the Honorable Mayor, Members of the City Council, and Residents of Lemon Grove:

It is with great pleasure that we present to you the City of Lemon Grove (City) Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2021.

This year's report was prepared by the City's Finance Department in conformity with Generally Accepted Accounting Principles (GAAP) and has been audited in accordance with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards by a firm of licensed Certified Public Accountants. The report consists of management representations concerning the finances of the City. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities have been included.

The CAFR includes the financial activity for all funds of the City. The City provides a wide range of services including planning; public works; engineering; maintenance of streets, parks and public facilities; community services and recreation; fire; sanitation; and general administrative activities. Contracted services include engineering services with Rick Engineering, law enforcement with the San Diego County Sheriff and animal control with the City of Chula Vista.

Internal Controls

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of State, County, and Federal financial resources, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

Annual Audit

Van Lant & Fankhanel, LLP, appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2021, are free of material misstatement. As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure as well as to determine that the City has complied with applicable laws and regulations. The auditors make no determination as to whether the internal control structure of the City is operating effectively.

The results of the City's annual audit for the fiscal year ended June 30, 2021, provided no instances of material weaknesses in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a reasonable basis for rendering an unmodified opinion and the City's financial statements 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.

Management's Discussion and Analysis (MDA)

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MDA) and should be read in conjunction with it. The MDA provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variances in the financial data. In addition, the MDA is intended to disclose any known significant events or decisions that affect the financial condition of the City. The City's MDA can be found immediately following the report of the independent auditors.

Government Profile

The City of Lemon Grove was incorporated on July 1, 1977, under the general laws of the State of California and is home to a population of 27,627 residents per the 2020 US Census.

Included within the City's financial statements are two component units, the Lemon Grove Sanitation District (Sanitation District) and the Lemon Grove Lighting District (Lighting District). While the Sanitation District and Lighting District are legally separate agencies, their governing boards consists entirely of City Council members. These component units are in substance part of the primary government's operations and are included as part of the primary government.

Services provided by the City of Lemon Grove General Fund include Public Safety services comprised of Law Enforcement and Fire, Community Services which provides parks and facilities for public use,

Day Camp programs and special events, Community Development, Engineering and Public Works. Public Works provides services to the Sanitation Department as well as capital infrastructure project improvements for the City.

The City of Lemon Grove is an inland community in San Diego County encompassing approximately 3.9 square miles and is located approximately nine miles east of the City of San Diego's downtown district. It is bordered to the North by the cities of San Diego and La Mesa, the West by the City of San Diego, the East by Spring Valley, a community of the County of San Diego, and to the South by both the City of San Diego and Spring Valley.

The City is a general law city that operates under the Council-Manager form of government. The City Council (Council) is comprised of an elected Mayor and four Council members elected at large for staggered four-year terms of office. The Council acts as the legislative and policy-making body of the City, enacting all laws and directing such actions as required providing for the general welfare of the community.

The City Manager, appointed by the Council, serves as the Chief Executive Officer and is responsible to the Council for the proper administration of all City affairs and for the implementation of all policies established by the Council. The City Attorney is appointed by the City Council. All other department heads and employees are appointed by the City Manager.

Lemon Grove has established a Planning Commission that is an Advisory Commission to City Council. The Commission consists of five members who are residents of the City. The members are appointed by the City Council for a term of four years, and terms stagger so no more than two terms expire in any given year. The Commission hears appeals of land use matters and recommends changes in the General Plan to the City Council.

Budgetary Process and Controls

The process of adopting a budget for the City is generally a six-month process beginning in late December and ending in June when the Council adopts the budget and appropriates funds necessary for the City to provide services to its residents.

The process is all-inclusive as department directors work with the City Manager and representatives of the Finance Department to discuss departmental requests relative to the City's available resources.

The City's overall objectives and goals, along with the economic outlook, serve as a platform for the proposed budget that is distributed to the Council for preliminary review and analysis in preparation of public workshops and hearings. The public workshops and hearings are held to facilitate discussions of items contained within the proposed budget and to allow the citizenry to participate in the budget process.

In June 2020 and 2021, the City Council approved the budgets for Fiscal Years (FY) 2020/21 and 2021/22 respectively. The same process was followed in developing the budgets and, as the budget is

amended during budget cycle, budget adjustments are brought to the City Council for review and approval.

In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Council. Activities of the General, Special Revenue, Sanitation District, Special Assessment Districts, Internal Service and Successor Agency Funds are included in the annual appropriated budget.

Budgetary control is established at the highest level and defined by the City Council through the annual Appropriation Ordinance. Budgetary control is exercised at the department level for the General Fund and at the fund level for all other funds. In addition, the budget authorized for personnel expenditures (salaries and wages) for a fund or department may not be used for non-personnel expenditures. The City's Administrative Services Department monitors the budget to ensure non-personnel expenditures are not incurred if a budget appropriation is not available.

The budget is arranged by fund and department and is presented to the Council by the City Manager. The budget is then adopted annually by the Council prior to the beginning of the financial year and serves as the foundation for the City's financial planning and control. Department Directors may make transfers of appropriations within their own budget units' departments with City Manager approval. The City budget is reviewed and is periodically adjusted at the middle of the fiscal year and at the end of the fiscal year. These adjustments are approved by the Council.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2020/21 was prepared in accordance with the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

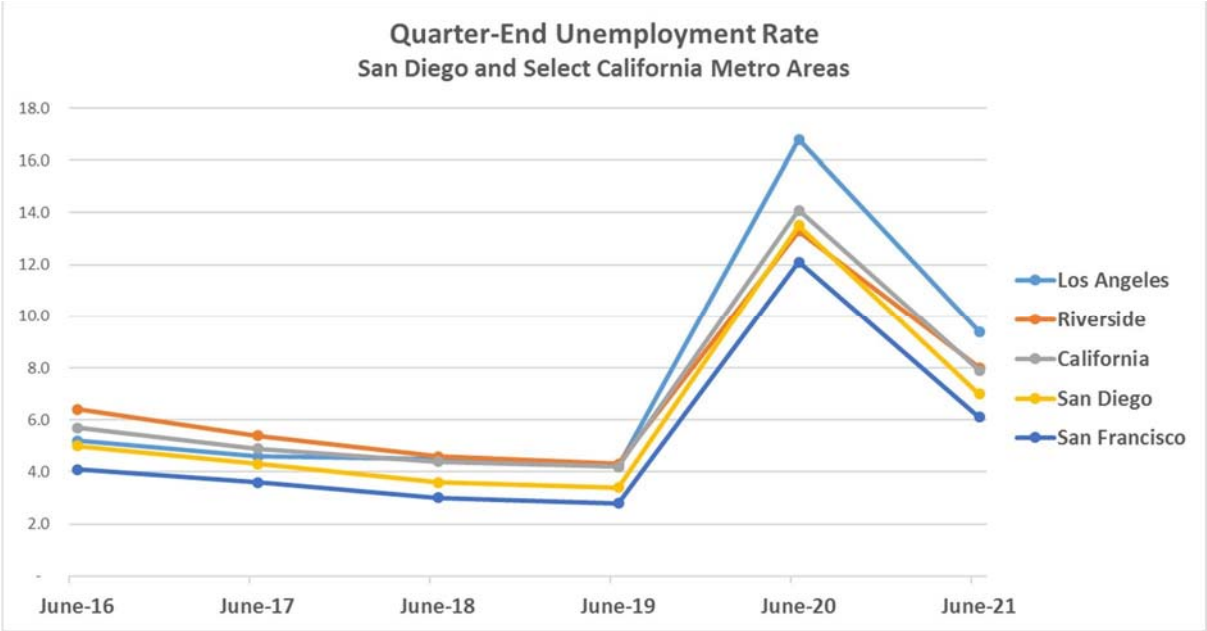
Economic Condition and Outlook

Just a few miles east of San Diego lies the community of Lemon Grove, a diverse mix of residents who enjoy all the charm of small-town living with the conveniences of big city proximity. The center of town developed along the rail lines and included a small rail depot and the first general store, which also housed the post office and a school. Still known for its near-perfect climate, Lemon Grove residents relish the City's diverse housing options for owners and renters, strong schools, local parks, and an eclectic blend of shopping and dining offerings.

As a somewhat suburban community, Lemon Grove's economic base is linked primarily to the economy of the greater San Diego region. In particular, the greater San Diego economic base sustains the City's residential and industrial facilities. The local economy is primarily based on small to medium sized retail establishments and specialty stores selling general merchandise, automobiles, clothing, food, and gasoline. Local economic generators such as building materials/supplies and automotive sales support a significant portion of the City's commercial base.

In regards to San Diego’s local economy, the San Diego Regional Economic Development Corporation in its report on key economic indicators for the San Diego area shows that The region’s unemployment rate was 7.0 percent at the end of June 2021 down from a high of 13.5% at the same time the prior year due to the initial impacts of the COVID-19 shutdown. This is still about double the unemployment level for the San Diego region pre-COVID-19 impacts. The region’s unemployment rate remains lower than California’s unemployment rate of 7.9 percent, but higher than the national unemployment rate of 5.9 percent. Unemployment rate trends for San Diego as compared to the State of California and its regional neighbor’s trend as shown in the table on the following page.

UNEMPLOYMENT TRENDS:

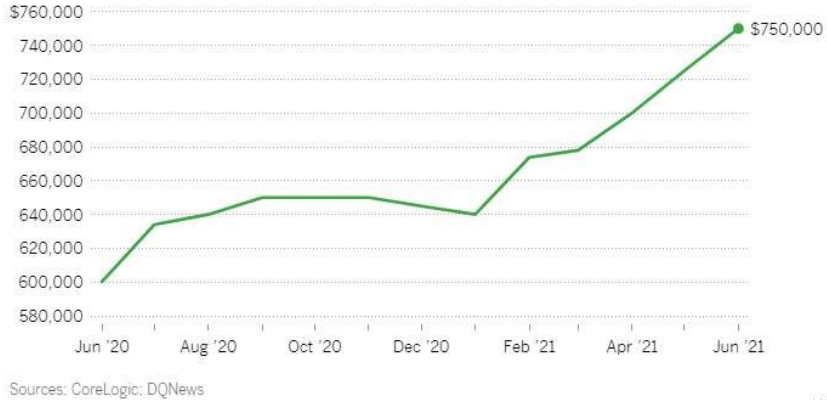


Source: Bureau of Labor Statistics

Year over year, the San Diego region is showing increases in employment across all industry sectors with the exception of Financial Activities which was down by 400 (now at 72,700) as of the end of June 2021. The biggest gains were in Leisure and Hospitality (up 23,400 to 156,000). The second largest job gains were in Professional and Business Services which increased by 11,500 jobs to 251,200.

House prices continued to climb locally in-spite of the COVID-19 pandemic. Continued low mortgage rates, multiple offers exceeding the asking price, and low inventory of available houses are fueling house price growth. The median home price in the region was up in June 2021 of this year 21 percent from a year prior. Meanwhile, rents are also increasing, however the year over year increase is lower at 8 percent growth according to RENT Café.

San Diego County's median home price hits record high



Housing prices continue to place the San Diego region as the third highest median home price chart, just below San Francisco and Los Angeles, as compared to the 25 most populous metropolitan areas in the United States. San Diego's median home price was \$750,000 in June 2021, an increase of \$149,500 as compared to the June 2020.

Lemon Grove's home values are up as well. Since the 2008 recession, the City's median home value has steadily risen and in June 2021 was \$630,000 according to the Zillow's Home Value index. Over the past year, home values in the City have increased by 26.0 percent.

According to MOVOTO, the median list price per square foot in Lemon Grove is \$383. Rental costs for the City follow the same pattern as the region - the average rent price increased 9 percent year over year in Lemon Grove to \$1,561 (706 sq ft average size unit), which is lower than the San Diego Metro median of \$2,344 for an 873 sq ft average size unit.

On June 28, 2022, Governor Gavin Newsom signed a \$203.6 billion budget for the 2021/22 fiscal year, an increase of 4.8 percent from the FY 2020/21 budget. The state budget includes a \$196 billion general fund, a \$30 billion or 18.3 percent increase, as compared to the revised FY 2020/21 budget appropriations. General Fund revenues are estimated at \$175.3 billion for FY 2021/22, a decrease of 7.1 percent when compared with the revised FY 2020/21 revenues.

The new general fund budget allocates \$65.4-billion (\$67.1 billion from all sources) for K-12, and increases higher education to \$21.2 billion. Healthcare spending is the largest portion of the budget, with a total cost of \$83.7 billion, \$57.4 billion from the general fund and \$26.3 billion from other sources including federal funds.

The FY 2021/22 total budget projects replenishing some reserves that were used during the COVID-19 related economic downturn.

Long-Term Financial Planning

Lemon Grove's conservative fiscal policies have helped the City build and maintain reserves and management will continue to hold costs in line with available resources. More complete financial information can be found in the Financial Section of the Annual Comprehensive Financial Report which includes year over year comparisons along with reasons for significant variances in the Management Discussion and Analysis.

General Fund sales taxes have been, and continue to be, the highest revenue generator for the City. Property tax is the City's second largest revenue source. During FY 2020/21, sales taxes increased by \$1,505,189 or 27.4%, to \$6,995,948 as compared to FY 2019/20 mainly due to internet sales and the allocation from the county pool. Property tax also increased by \$282,866 or 9.6%, to \$3,236,228 mainly due to the economic impact of increasing property values.

Overall, the City's General Fund revenues increased by \$3,529,951 or 23.0%, from \$15,366,235 in FY 2019/20 to \$18,896,186 in FY 2020/21. In addition to Sales and Property tax increases the City saw increases in Building Permits, Cannabis Tax, Business License Fees and Cares Act Funding. We are anticipating revenues to remain flat to moderate increases for FY2022.

Total General Fund revenues for FY2020/21 were budgeted at \$15.7 million. The City has relied on General Fund reserves to operate the City annually. The amended budget projected a \$354 thousand deficit after transfers for FY 2020/21. As such, the City remains in a structural deficit position and is continuing to streamline costs and seeking opportunities for revenue enhancement.

Actual results for the City's General Fund for the FY2020/21 fiscal year showed an increase to fund balance after transfers of \$3.4 million. The main reasons for the positive outcome was higher than anticipated sales tax revenues and a one-time settlement related to code enforcement litigation. This excess revenue combined with cost savings in Public Works allowed the City to end the fiscal year on a positive note.

The City's General Fund reserve is at a healthy level, and City Council and staff are continuing to work on longer term revenue generating solutions to solve the structural deficit. Therefore, it is fiscally sound to use reserves as a short-term solution. In FY 2020-21 the City made austere expenditure cuts to General Fund services to manage revenue loss caused by the pandemic in combination with the structural deficit.

With the City reopening for business and City voters approving a new revenue source, the Cannabis Business Tax, the picture is looking brighter for FY2021-22 and beyond. The General Fund budget reinstated almost all cuts that were made for FY2020-21. The General Fund budget for FY2021/22 was adopted on June 15, 2021. The FY2021/22 General Fund Operating Budget projects an operating deficit of \$917 thousand which will be covered by existing reserves. In FY2020-21 the City received one-time revenue of approximately \$1 million that is intended to be used towards expenditures included in the FY2021-22 budget.

Relevant Financial Policies

The City of Lemon Grove has financial policies that help guide the City in all aspects of finance including internal controls, purchasing, asset acquisition, cash management and budgeting.

One such policy is the City's Investment Policy. This policy has been continuously adhered to by Council. This policy identifies our investment objectives, and the authorized investments.

Cash resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested primarily with MBS Securities and also with the Local Agency Investment Fund (LAIF) consistent with the City's Investment Policy.

The City's longstanding Investment Policy was amended by the Council on April 6, 2021, and provides the City more flexibility to invest its excess funds to provide safety to ensure the preservation of capital in the portfolio, provide sufficient liquidity for cash needs, and to realize a market rate of return consistent with the investment program while staying within the requirements of California Government Code Section 53600.

The City's Investment Policy is designed to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety (2) liquidity and (3) yield. The basic premise underlying the City's Investment Policy is to ensure that money is safe, always available, and earning the highest and best returns.

Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to Cities for their Annual Comprehensive Financial Reports if they meet the requirements of the program. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report meets the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for the certificate.

The preparation of the Annual Comprehensive Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department staff. Each member of the staff consisting of Yolanda Cerezo, Gina Zafico, Kecia Carrasco, and Brenda Wardrip has our sincerest appreciation for their contributions made in the preparation of this report. We would also like to thank the Mayor and Council for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Lydia Romero
City Manager

Respectfully submitted,



Rodney J. Greek
Interim Administrative Services Director

**CITY OF LEMON GROVE
FISCAL YEAR 2020/21
DIRECTORY OF OFFICIALS AND ADVISORY COMMISSION**

CITY COUNCIL

TERM EXPIRES

Racquel Vasquez, Mayor	December 2024
Jerry Jones, Mayor Pro Tem	December 2022
George Gastil, Councilmember	December 2024
Liana LeBaron, Councilmember	December 2024
Jennifer Mendoza, Councilmember	December 2022

ADVISORY COMMISSION

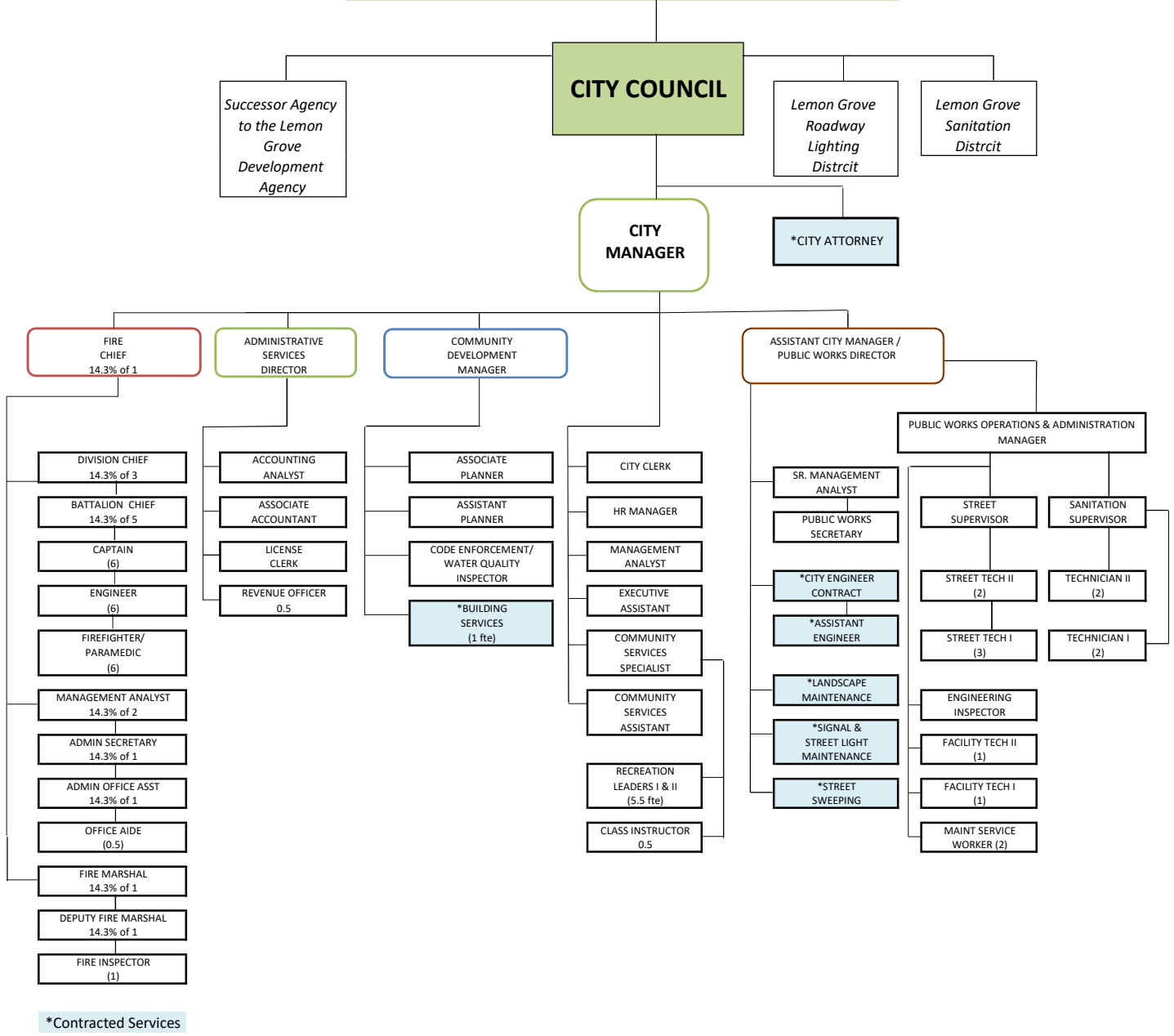
Planning Commission

APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS

Lydia Romero	City Manager
Kristen Steinke	City Attorney
Mike James	Assistant City Manager/Public Works Director
Noah Alvey	Community Development Manager
Edgar Camerino	City Engineer
Roberto Hidalgo	Human Resources Manager
Audrey Malone	Deputy City Clerk
Rodney Greek	Interim Administrative Services Director

City of Lemon Grove Organizational Chart
 Fiscal Year 2021-22

LEMON GROVE ELECTORATE



FINANCIAL SECTION



Independent Auditor's Report

The Honorable City Council
City of Lemon Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Lemon Grove (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Van Lant & Fankhanel, LLP

29970 Technology Drive, Suite 105 A
Murrieta, CA 92563
909.856.6879

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lemon Grove, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedules listed in the supplementary information section of the table of contents, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedules in 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

December 3, 2021

**CITY OF LEMON GROVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Dollars in Thousands)**

As management of the City of Lemon Grove (City) we offer readers of the City's Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the Basic Financial Statements and attached notes.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of the City exceeded its liabilities and deferred inflows of the City by \$92.3 million (net position). The net position value increase from the previous year of \$5.7 million, or 6.6 percent, was equally driven by increases in governmental and business-type activity non-capital related assets.
- The City's capital assets (net of depreciation) decreased by \$1.2 million, meaning the City is not investing in capital assets at a pace that matches or exceeds the rate of depreciation.
- The City's overall revenue was \$29.2 million compared to expenses of \$23.5 million. Expenses were relatively unchanged year over year, however revenues increased by 12.4% mainly driven by increases in Sales Taxes and Operating Grants.
- The City's governmental funds reported a combined ending fund balance of \$23.3 million, an increase from the previous year's restated balance of \$4.0 million, or 20.7 percent. The increase from the previous year was driven by increases in non-capital related assets.
- At the end of the current fiscal year, the General Fund's fund balance (the total of the Nonspendable, Restricted and Unassigned components of fund balance) was \$10.6 million, or approximately 68.6% of total General Fund expenditures. 87.7% of the balance is unassigned and available.

OVERVIEW OF THE FINANCIAL STATEMENTS

A major component of the Financial Section of the City's Annual Comprehensive Financial Report (ACFR) is the Basic Financial Statements, and is 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 required and other supplementary information, and statistical tables in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. They present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting, which means the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community Development. The business-type activity of the City is the Lemon Grove Sanitation District. Included in the government-wide financial statements are two component units, the Lemon Grove Sanitation District (Sanitation District) (blended) and the Lemon Grove Lighting District (Lighting District) (blended). While the Sanitation District and Lighting District are legally separate agencies, their governing

boards consists entirely of City Council members. The City also reports a fiduciary component unit, Successor Agency Private Purpose Trust Fund, which is not included in the government-wide financial statements. These component units are in substance part of the primary government's operations and are included as part of the primary government.

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

Unlike the government-wide financial statements, the 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, and offer summary information for each major fund. Such information may be useful in evaluating a government's near-term financing requirements. In particular, unassigned fund balance serves as a useful measure of a government's net resources available for spending at fiscal year-end.

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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 the 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 nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds – General, Housing, and TransNet. Data from the other sixteen governmental funds are combined into a single, aggregated presentation entitled Non-major Governmental Funds. Individual fund data for each of these non-major governmental funds is provided in the supplementary information section of this report.

The City adopts an annual appropriated budget. General Fund budgetary comparison schedules have been provided to demonstrate compliance with the adopted general fund budget and is presented as required supplementary information.

Proprietary Funds: The City maintains two types of proprietary funds; an enterprise fund to account for the Lemon Grove Sanitation District and an internal service fund to account for the City's self-insurance - function. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more detail and additional information, such as cash flows. Internal service funds are used to report activities that provide services to the City's other programs and activities and are reported with Governmental activities in the government-wide financial statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one type of fiduciary fund, a private purpose trust fund, which was established with the dissolution of the former Lemon Grove Community Development Agency to report the Successor Agency activity. Accordingly, this fund is reported separate from the Government-wide statements.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information: In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information regarding: changes in the City's net pension liability; changes in the City's net other postemployment benefits liability; employer contributions to the pension plan; and employer contributions to the postemployment healthcare benefits plan. The required supplementary information also includes Budgetary comparison schedules for the General Fund.

Immediately following the required supplementary information are the Non-Major Governmental Fund supplementary schedules on Balance Sheet and Revenues, Expenditures and Change in Fund Balances followed by Budgetary Comparison schedules for each of these funds. The final section of the ACFR contains statistical information to provide the reader with context on financial trends over ten consecutive years (if available) and other general statistical data.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: This statement presents information on all of the City's assets and liabilities, with the difference between the two 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 following schedule displays a summary of the City's statement of net position:

City of Lemon Grove's Condensed Statement of Net Position

June 30, 2021 and 2020

(In Thousands)

	Governmental Activities		Business-Type Activities		Citywide Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Other assets	\$ 31,358	\$ 26,306	\$ 26,773	\$ 23,994	\$ 58,131	\$ 50,300
Capital assets, net	42,609	43,712	7,308	7,424	49,917	51,136
Total Assets	73,967	70,018	34,081	31,418	108,048	101,436
Deferred Outflows of Resources:						
Deferred Outflows	2,418	2,356	663	612	3,081	2,968
Total Deferred Outflows	2,418	2,356	663	612	3,081	2,968
Liabilities:						
Long-term liabilities	10,652	10,456	3,423	3,298	14,075	13,754
Other Liabilities	3,272	2,657	119	146	3,391	2,803
Total Liabilities	13,924	13,113	3,542	3,444	17,466	16,557
Deferred Inflows of Resources:						
Deferred inflows	1,012	914	364	343	1,376	1,258
Total Deferred Inflows	1,012	914	364	343	1,376	1,258
Net Position:						
Net investment in capital assets	42,609	43,628	7,308	7,424	49,917	51,052
Restricted	17,767	12,081	1,956	1,141	19,723	13,222
Unrestricted	1,073	2,638	21,574	19,678	22,647	22,316
Total Net Position	\$ 61,449	\$ 58,347	\$ 30,838	\$ 28,243	\$ 92,287	\$ 86,590

The City's total net position increased by 6.6 percent from fiscal year 2020. Governmental Activities and Business-Type Activities showed similar increases. The City's assets exceeded its liabilities by approximately \$92.3 million.

- For Governmental Activities, the increase was mainly due to a 27.4% increase in sales tax revenue combined with a 52.7% increase in operating grants related to COVID-19.
- For Business Type Activities, the increase was mainly due to sanitation revenue for use on planned capital improvements to upgrade the existing system.

Approximately 54.1 percent of the City's net position reflect its investment in capital assets (i.e., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

28.9 percent of the City's net governmental-type assets reflect resources that are subject to external restrictions as to how they may be used. These restrictions are typically imposed by parties outside the government, such as creditors, grantors, and laws or regulations of other governments.

Governmental activities had unrestricted net position of \$1,073 thousand, a decrease of 59.3% from Fiscal Year ended June 30, 2020. This decrease is mainly due to an increase in restrictions on assets in the special revenue funds.

Statement of Activities: This statement presents information showing all of the City's revenues and expenses and their impact on net position during the most recent fiscal year. All changes in 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 following schedule shows condensed financial information from the statement of activities and changes between the last two fiscal years:

City of Lemon Grove's Condensed Statement of Activities

June 30, 2021 and 2020

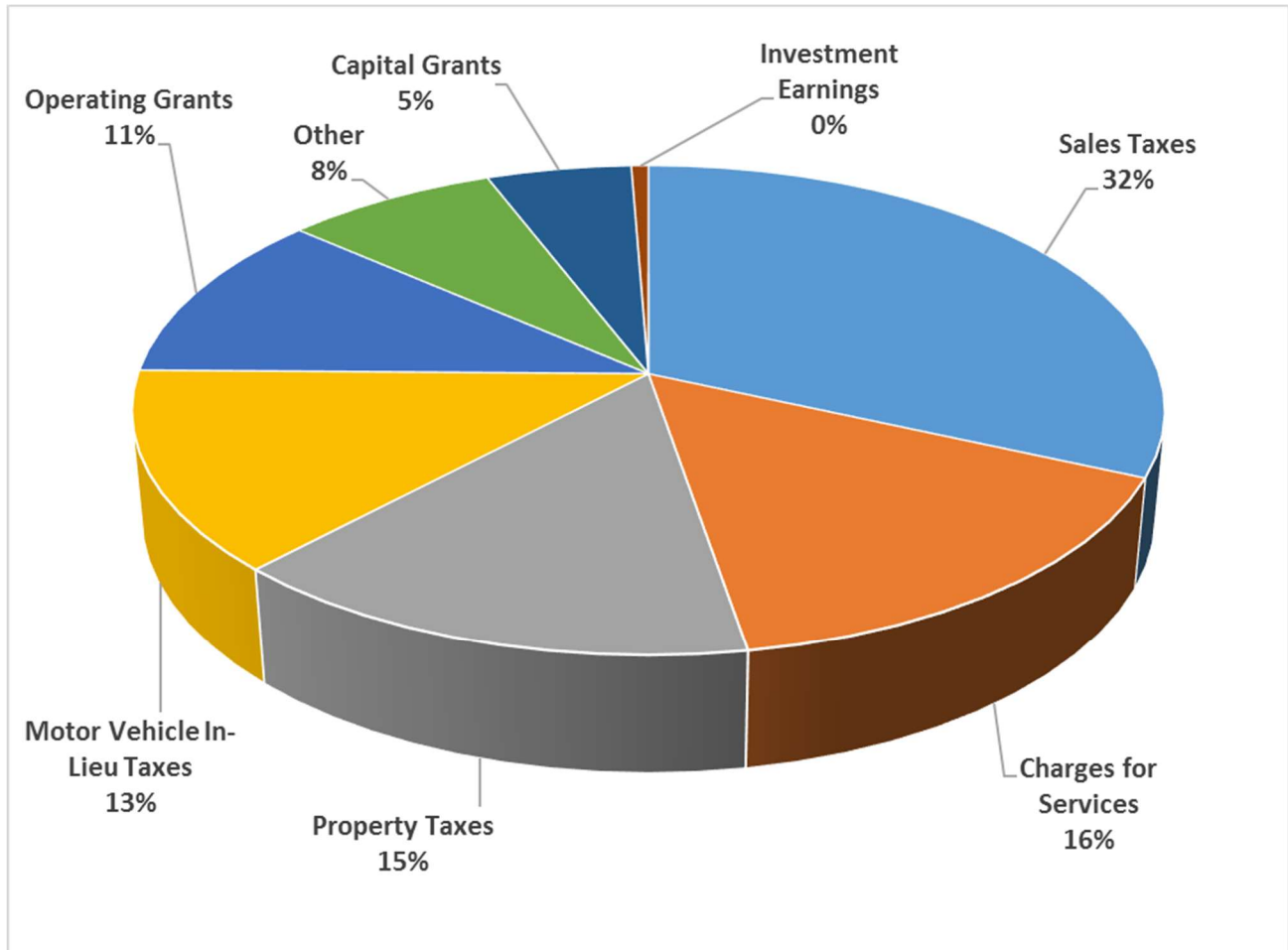
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Citywide Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for Services	\$ 3,451	\$ 3,131	\$ 6,967	\$ 6,822	\$ 10,418	\$ 9,953
Operating grants & contribution	2,473	1,619	-	-	2,473	1,619
Capital grants & contributions	1,155	965	-	-	1,155	965
Total Program Revenues	<u>7,079</u>	<u>5,715</u>	<u>6,967</u>	<u>6,822</u>	<u>14,046</u>	<u>12,537</u>
General revenues:						
Taxes:						
General property taxes	3,236	2,953	-	-	3,236	2,953
Sales tax	6,996	5,491	-	-	6,996	5,491
Franchise tax	1,046	1,000	-	-	1,046	1,000
Motor Vehicle in Lieu tax	2,918	2,769	-	-	2,918	2,769
Other	690	505	242	695	932	1,200
Total general revenues	<u>14,886</u>	<u>12,718</u>	<u>242</u>	<u>695</u>	<u>15,128</u>	<u>13,413</u>
Total Revenues	<u>21,965</u>	<u>18,433</u>	<u>7,209</u>	<u>7,517</u>	<u>29,174</u>	<u>25,950</u>
Expenses:						
General government	1,442	2,095	-	-	1,442	2,095
Public safety	11,540	11,348	-	-	11,540	11,348
Public works	4,088	5,378	-	-	4,088	5,378
Community development	1,893	904	-	-	1,893	904
Sanitation			4,514	3,422	4,514	3,422
Total Expenses	<u>18,963</u>	<u>19,725</u>	<u>4,514</u>	<u>3,422</u>	<u>23,477</u>	<u>23,147</u>
Excess (deficiency) before transfers	3,002	(1,292)	2,695	4,095	5,697	2,803
Transfers in (out)	<u>100</u>	<u>150</u>	<u>(100)</u>	<u>(150)</u>	<u>-</u>	<u>-</u>
Change in net position	3,102	(1,142)	2,595	3,945	5,697	2,803
Beginning net position	58,347	55,316	28,243	24,298	86,590	79,614
Restatement of net position		4,173	-	-	-	4,173
Net Position	<u>\$ 61,449</u>	<u>\$ 58,347</u>	<u>\$ 30,838</u>	<u>\$ 28,243</u>	<u>\$ 92,287</u>	<u>\$ 86,590</u>

Governmental Activities:

The governmental activities increased the City’s net position by \$3.1 million. Total revenues including net transfers of \$22.1 million exceeded Total Expenses of \$19.0 million. Below is a breakdown of the sources of Revenue.

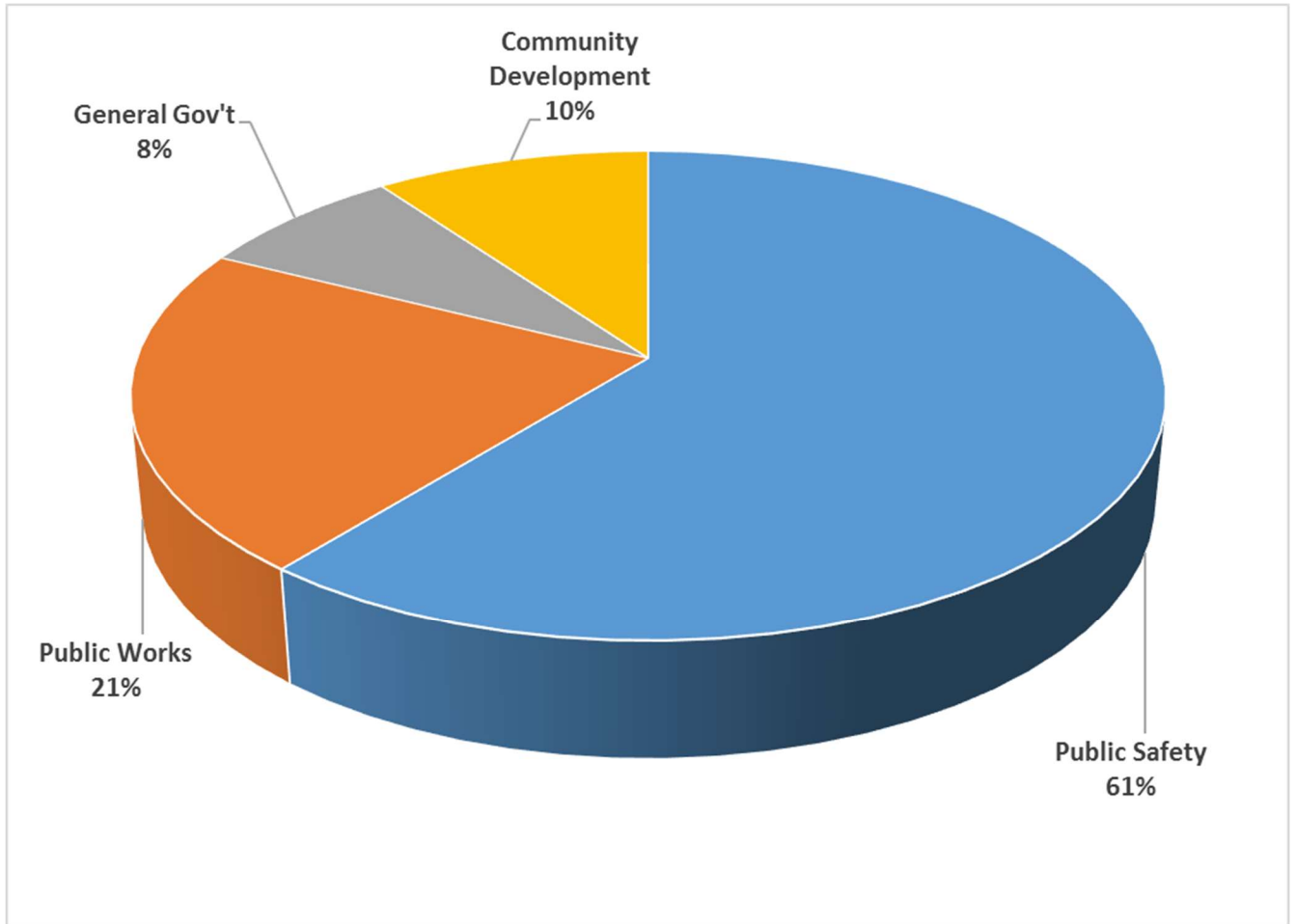
Fiscal Year 2021
Total Sources of Governmental Activities Revenue = \$22,064,784 (including net transfers)
(Graphic representation of Table 2 in percentages)



Overall, revenues for the year ending June 30, 2021, increased by \$3.5 million, or 18.7%. The following is a list of notable changes compared to the prior year:

- ❖ Sales Tax increased by \$1.5 million or 27.4% due to higher than expected allocations from the county pool related to on-line sales.
- ❖ Operating Grants increased by \$854 thousand or 52.7% mainly due to COVID-related grants.
- ❖ Charges for Services increased by \$320 thousand or 10.2% mainly due to more community development permit activity in 2021 than in 2020.

Fiscal Year 2021
Total Governmental Activities Program Expenses = \$18,963,139
(Graphic representation of Table 2 in percentages)



Total expenses decreased by \$762 thousand, or <3.9%>. The following are the notable changes compared to the prior year:

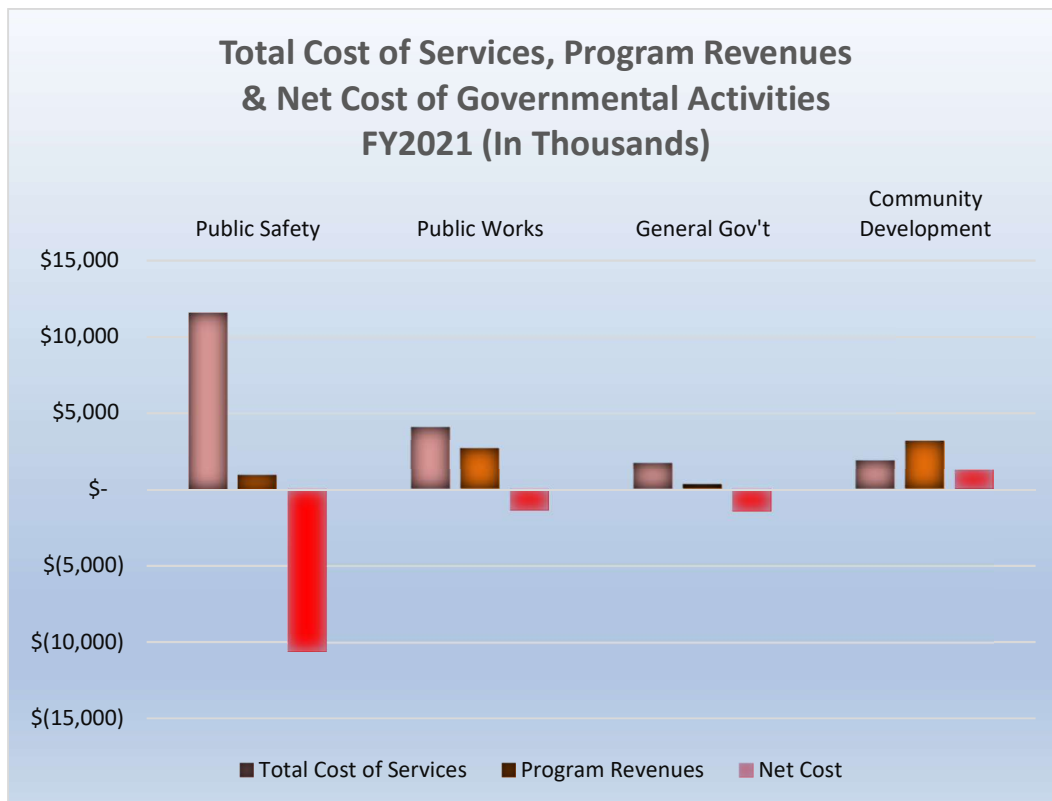
- ❖ Public Works decreased by \$1.3 million or <24.0%> due to delays in the annual road paving projects.
- ❖ General Government decreased by \$653 thousand due to a decrease in claims activity.
- ❖ Community Development increased by \$989 thousand mainly due to increased permit and building activity in Lemon Grove.

Net Cost of Governmental Activities:

The table and chart below matches the cost of services by activity and the related revenues associated with those activities. It is included to help better explain the impact of these service categories on the general revenues of the City. The last two columns show the net-(cost)/Revenue to the City for the activity for the current and last fiscal year. Public safety is the major activity supported by general revenues such as sales and property taxes (\$10.6 million in each fiscal year).

**City of Lemon Grove
Net Cost of Governmental Activities
(In Thousands)**

	<u>Total Cost of Services</u>		<u>Program Revenues</u>		<u>Citywide Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Public Safety	\$ 11,540	\$ 11,348	\$ 948	\$ 714	\$ (10,592)	\$ (10,634)
Public Works	4,088	5,378	2,686	2,479	(1,402)	(2,899)
General Gov't	1,442	2,095	275	834	(1,167)	(1,261)
Community Development	1,893	904	3,170	1,688	1,277	784
Total Governmental Activities	<u>\$ 18,963</u>	<u>\$ 19,725</u>	<u>\$ 7,079</u>	<u>\$ 5,715</u>	<u>\$ (11,884)</u>	<u>\$ (14,010)</u>



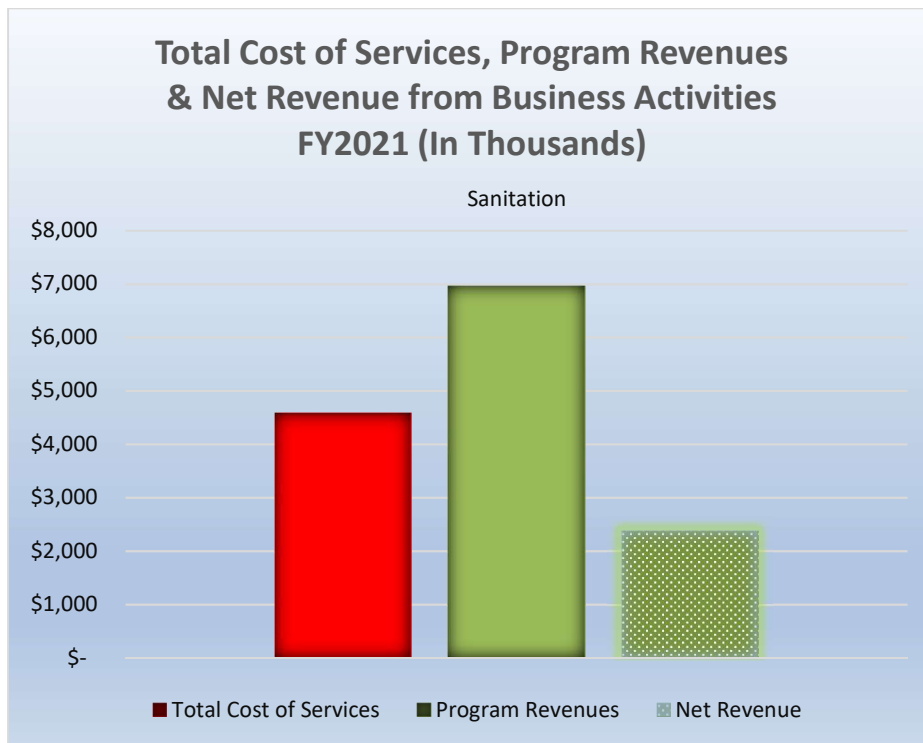
Business-type Activities:

Similar to the previous page, this page is presented to better show the over-all impact of the net business type activities on the City’s Primary government.

The business-type activities increased the City’s net position by \$2.6 million. Business-type program revenues exceeded expenditures, resulting in an 9.2 percent increase to business-type net position. Business-type liabilities increased by \$98 thousand, mainly caused by the long term Pension liability. This activity is the Lemon Grove Sanitation District which has staff to maintain the sewers, thus allowing for more control over expenditures and an enhanced ability to grow assets for future needs. The Sanitation District has plans for future capital investments in local transportation lines.

City of Lemon Grove
Net Revenue from Business Activities
(In Thousands)

	<u>Total Cost of Services</u>		<u>Program Revenues</u>		<u>Citywide Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sanitation	\$ 4,514	\$ 3,422	\$ 6,967	\$ 6,822	\$ 2,453	\$ 3,400
Total Business Activities	<u>\$ 4,514</u>	<u>\$ 3,422</u>	<u>\$ 6,967</u>	<u>\$ 6,822</u>	<u>\$ 2,453</u>	<u>\$ 3,400</u>



The \$2.5 million increase in net position was primarily due to:

- ❖ Charges for Services of \$7.0 million exceeding operational expenses of \$4.6 million.
- ❖ Sanitation revenues are set to a level to build up reserves for capital maintenance and expansion of the sanitation transportation system as well as to support the transportation treatment and disposal of sewage through the City of San Diego’s Metropolitan Wastewater JPA.

Governmental Fund Balances:

As of June 30, 2021, the City's governmental funds reported a combined ending fund balance of \$23.3 million. The Unassigned fund balance, which represents the amount that is available for spending at the City's discretion, is currently at \$8.9 million. The remainder of fund balance is Restricted or Nonspendable to indicate that it is not available for new spending because it has been committed to a variety of restricted purposes including low and moderate housing, road maintenance, parks, stormwater and household hazardous waste programs.

City of Lemon Grove City of Lemon Grove's Governmental Funds - Changes in Fund Balances (In Thousands)

	General Fund		Special Revenue Funds		Capital Projects Funds		Total Governmental Funds	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues:								
General revenues	\$ 17,350	\$ 14,591	\$ 528	\$ 545	\$ 17	\$ 12	\$ 17,895	\$ 15,148
Charges for Services	718	529	140	137	35	40	893	706
Intergovernmental Revenues	828	246	2,155	2,439	-	2	2,983	2,687
Total Revenues	18,896	15,366	2,823	3,121	52	54	21,771	18,541
Expenditures:								
Current	15,300	14,299	1,563	1,400	23	10	16,886	15,709
Capital Outlay	-	-	821	1,422	34	19	855	1,441
Debt	87	87	-	-	-	-	87	87
Total Expenditures	15,387	14,386	2,384	2,822	57	29	17,828	17,237
Net Transfers	(94)	(126)	194	176	-	-	100	50
Net Change in Fund Balances	\$ 3,415	\$ 854	\$ 633	\$ 475	\$ (5)	\$ 25	\$ 4,043	\$ 1,354
FUND BALANCE								
NonSpendable	\$ 11	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 7
Restricted	1,288	905	13,075	8,944	104	79	14,467	9,928
Unassigned	9,252	6,223	(389)	(60)	-	-	8,863	6,163
Total FUND BALANCE	\$ 10,551	\$ 7,135	\$ 12,686	\$ 8,884	\$ 104	\$ 79	\$ 23,341	\$ 16,098

The General Fund is the chief operating fund of the City. At June 30, 2021, the total fund balance was \$10.6 million, of which \$9.3 million is considered unassigned fund balance and therefore available for discretionary use.

Proprietary Fund Balance: There is \$2.0 million of restricted net position in the Sanitation Fund, which must be spent on pension expenses. Changes in net position show a growth over last year for Sanitation of 9.2 percent. The Unrestricted balance available for discretionary use on sanitation facilities is \$21.6 million at June 30, 2021. These funds will be used to maintain the sanitation infrastructure.

Notes to the Basic Financial Statements: Below are three notes of particular interest.

Note 2 – Cash and Investments: The City's total cash and investments at the end of the fiscal year totaled \$43.9 million. Approximately \$28.5 million was invested with the Local Agency Investment Fund. Approximately \$5.1 million was invested in Certificates of Deposits, \$3.3 million was invested in a pension 115 Trust, and the balance was deposited with Fiscal Agents and in the City's checking accounts. Cash across the accounting funds are pooled for investment purposes.

Note 5 – Capital Assets: Capital assets for the City’s governmental activities were valued at \$42.6 million, net of accumulated depreciation. The main changes were due to the on-going efforts related to construction on Main Street and annual depreciation expense.

Capital assets for the City’s business-type activities were valued at \$7.3 million. The main changes are an increase in construction in progress for the sewer rehabilitation project and annual depreciation.

City of Lemon Grove
Capital Assets at Year-End
Net of Depreciation (In Thousands)

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Citywide Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 7,521	\$ 7,521	\$ 4	\$ 4	\$ 7,525	\$ 7,525
Construction in Progress	486	-	451	321	937	321
Buildings & Improvements	2,481	2,636	-	-	2,481	2,636
Vehicles, Machinery & Equipment	574	697	153	218	727	915
Infrastructure	<u>31,547</u>	<u>32,858</u>	<u>6,700</u>	<u>6,881</u>	<u>38,247</u>	<u>39,739</u>
Net Capital Assets	<u>\$ 42,609</u>	<u>\$ 43,712</u>	<u>\$ 7,308</u>	<u>\$ 7,424</u>	<u>\$ 49,917</u>	<u>\$ 51,136</u>

Note 6 – Long-Term Liabilities:

At June 30, 2021, the City had outstanding long-term debt in the amount of \$13.9 million. The majority of this amount, \$13.9 million is comprised of net pension and OPEB liabilities which increased approximately \$700 thousand from the prior year mainly due to actuarial changes related to the shortening of the amortization period on gains and losses from 30 to 20 years and the elimination of the 5-year ramp on unfunded accrued liability for assumption/method changes and non-investment gains/losses. The City does maintain a trust fund outside CalPERS to partially offset the net pension liability. The balance in this account at June 30, 2021 was \$3.3 million. In addition there was a reduction in claims payable of \$761 thousand mainly due to the decreased experience rate associated with settled and on-going workers compensation related claims.

City of Lemon Grove
Outstanding Liabilities at Year-End
(In Thousands)

	Governmental Activities		Business Activities		Citywide Total	
	2021	2020	2021	2020	2021	2020
Capital Leases	\$ -	\$ 85	\$ -	\$ -	\$ -	\$ 85
Compensated Absences	593	592	77	87	670	679
Claims Payable	140	749	35	187	175	936
OPEB Liability	3,100	3,184	775	796	3,875	3,980
Pension Liability	6,633	6,008	2,498	2,294	9,131	8,302
Total Liabilities	\$ 10,466	\$ 10,618	\$ 3,385	\$ 3,364	\$ 13,851	\$ 13,982

Required Supplementary Information: The required supplementary information is comprised of budgetary comparisons for the General Fund, Housing Fund, and TransNet Fund.

The City adopts an annual budget for its General Fund and all other funds. A comparison between budget and actual is incorporated in the financial report to demonstrate compliance with the budget. The original budget was adopted in June 2020. A revised mid-year budget was adopted in March 2021.

The General Fund Budgetary Comparison Schedule shows that, for the fiscal year ended June 30, 2021, General Fund revenues and transfers exceeded projections by \$3.2 million, while the expenditures came in \$592 thousand under budget. The actual revenues and expenditures resulted in a net surplus of \$3.7 million.

The main reasons for the variance between budget and actual are higher than anticipated sales tax (\$1.1 million), settlement of a permitting issue (\$1 million) and savings in public works expenditures (\$573 thousand) due to a delay in projects.

REQUESTS FOR INFORMATION

The Annual Comprehensive Financial Report is designed to provide a general view of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Director at the City of Lemon Grove, 3232 Main Street, Lemon Grove, CA 91945, (619) 825-3803, or rgreek@lemongrove.ca.gov.

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BASIC FINANCIAL STATEMENTS

City of Lemon Grove
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and Investments	\$ 14,293,830	\$ 24,546,990	\$ 38,840,820
Receivables:			
Accounts	2,039,117	259,129	2,298,246
Interest	3,357,787	-	3,357,787
Notes and Loans Receivable	10,351,234	-	10,351,234
Prepaid Items	15,851	10,016	25,867
Cash and Investments with Fiscal Agent	1,300,097	1,956,146	3,256,243
Capital Assets, Not Being Depreciated	8,007,045	455,460	8,462,505
Capital Assets, Net of Accumulated Depreciation	34,602,413	6,852,802	41,455,215
Total Assets	73,967,374	34,080,543	108,047,917
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Related Amounts	535,012	133,753	668,765
Pension Related Amounts	1,883,477	528,913	2,412,390
Total Deferred Inflows of Resources	2,418,489	662,666	3,081,155
LIABILITIES			
Accounts Payable	2,554,663	132,871	2,687,534
Accrued Liabilities	118,441	23,162	141,603
Deposits Payable	785,428	-	785,428
Noncurrent Liabilities:			
Due Within One Year	108,950	35,677	144,627
Due in More Than One Year	10,357,021	3,349,692	13,706,713
Total Liabilities	13,924,503	3,541,402	17,465,905
DEFERRED INFLOWS OF RESOURCES			
OPEB Related Amounts	693,617	173,405	867,022
Pension Related Amounts	318,719	190,124	508,843
Total Deferred Inflows of Resources	1,012,336	363,529	1,375,865
NET POSITION			
Net Investment in Capital Assets	42,609,458	7,308,262	49,917,720
Restricted for:			
Pensions	1,287,512	1,956,146	3,243,658
Transportation	1,273,183	-	1,273,183
Community Development	-	-	-
Public Safety	667,920	-	667,920
Housing	14,193,966	-	14,193,966
Public-access Television	344,410	-	344,410
Unrestricted	1,072,575	21,573,870	22,646,445
Total Net Position	\$ 61,449,024	\$ 30,838,278	\$ 92,287,302

The accompanying notes are an integral part of this statement.

**City of Lemon Grove
Statement of Activities
Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,442,207	\$ 216,043	\$ 6,836	\$ 52,062
Public Safety	11,540,363	757,768	190,126	-
Public Works	4,087,625	499,470	1,083,479	1,103,172
Community Development	1,892,944	1,977,238	1,192,519	-
Total Governmental Activities	18,963,139	3,450,519	2,472,960	1,155,234
Business-type Activities:				
Sanitation	4,513,177	6,966,652	-	-
Total Business-type Activities	4,513,177	6,966,652	-	-
Total Primary Government	\$ 23,476,316	\$ 10,417,171	\$ 2,472,960	\$ 1,155,234

General Revenues:

Taxes:

Property Taxes

Sales Taxes

Transient Occupancy Taxes

Franchise Taxes

Motor Vehicle in Lieu Taxes (Unrestricted)

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year (Restated)

Net Position, End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (1,167,266)	\$ -	\$ (1,167,266)
(10,592,469)	-	(10,592,469)
(1,401,504)	-	(1,401,504)
1,276,813	-	1,276,813
<u>(11,884,426)</u>	<u>-</u>	<u>(11,884,426)</u>
<u>-</u>	<u>2,453,475</u>	<u>2,453,475</u>
<u>-</u>	<u>2,453,475</u>	<u>2,453,475</u>
<u>(11,884,426)</u>	<u>2,453,475</u>	<u>(9,430,951)</u>
3,236,228	-	3,236,228
6,995,948	-	6,995,948
65,549	-	65,549
1,046,054	-	1,046,054
2,918,349	-	2,918,349
136,489	242,052	378,541
487,454	-	487,454
100,000	(100,000)	-
<u>14,986,071</u>	<u>142,052</u>	<u>15,128,123</u>
3,101,645	2,595,527	5,697,172
<u>58,347,379</u>	<u>28,242,751</u>	<u>86,590,130</u>
<u>\$ 61,449,024</u>	<u>\$ 30,838,278</u>	<u>\$ 92,287,302</u>

The accompanying notes are an integral part of this statement.

**City of Lemon Grove
Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund	Special Revenue		Total Non-major Governmental Funds	Totals
		Housing Fund	Transnet Fund		
ASSETS					
Cash and Investments	\$ 9,964,600	\$ 942,887	\$ 390,840	\$ 2,187,560	\$ 13,485,887
Accounts Receivable	1,534,496	-	45,899	455,524	2,035,919
Interest Receivable	-	3,357,787	-	-	3,357,787
Notes and Loans	457,942	9,893,292	-	-	10,351,234
Due from Other Funds	265,467	-	-	-	265,467
Prepaid Items	11,189	-	-	4,263	15,452
Cash and Investments with Fiscal Agents	1,287,512	-	2,585	-	1,290,097
Total Assets	\$ 13,521,206	\$ 14,193,966	\$ 439,324	\$ 2,647,347	\$ 30,801,843
LIABILITIES					
Accounts Payable	\$ 2,203,855	\$ -	\$ 71,198	\$ 263,347	\$ 2,538,400
Accrued Liabilities	105,532	-	1,310	11,599	118,441
Due to Other Funds	-	-	-	265,467	265,467
Deposits Payable	657,684	-	-	127,744	785,428
Total Liabilities	2,967,071	-	72,508	668,157	3,707,736
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	3,595	3,357,787	45,814	345,680	3,752,876
Total Deferred Inflows of Resources	3,595	3,357,787	45,814	345,680	3,752,876
FUND BALANCES (DEFICITS)					
Nonspendable	11,189	-	-	-	11,189
Restricted	1,287,512	10,836,179	321,002	2,022,515	14,467,208
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	9,251,839	-	-	(389,005)	8,862,834
Total Fund Balances (Deficits)	10,550,540	10,836,179	321,002	1,633,510	23,341,231
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,521,206	\$ 14,193,966	\$ 439,324	\$ 2,647,347	\$ 30,801,843

The accompanying notes are an integral part of this statement.

City of Lemon Grove
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Fund Balances of Governmental Funds \$ 23,341,231

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets	\$ 87,117,948	
Accumulated Depreciation	<u>(44,508,490)</u>	42,609,458

In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 3,752,876

Internal service funds are used by management to charge the cost of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 665,068

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences		(593,143)
Total OPEB Liability		(3,099,504)
Net Pension Liability		(6,633,115)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability and Total OPEB Liability are not reported in the funds.

Deferred Outflows - OPEB Related Amounts		535,012
Deferred Outflows - Pension Related Amounts		1,883,477
Deferred Inflows - OPEB Related Amounts		(693,617)
Deferred Inflows - Pension Related Amounts		<u>(318,719)</u>

Net Position of Governmental Activities \$ 61,449,024

The accompanying notes are an integral part of this statement.

City of Lemon Grove
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Revenue		Total Non-major Governmental Funds	Totals
		Housing Fund	Transnet Fund		
REVENUES					
Taxes and Special Assessments	\$ 14,242,673	\$ -	\$ -	\$ 416,464	\$ 14,659,137
Licenses, Fees, and Permits	1,117,737	-	-	-	1,117,737
Fines, Forfeitures and Penalties	1,195,435	-	-	-	1,195,435
Intergovernmental Revenues	827,873	-	776,767	1,377,947	2,982,587
Charges for Services	717,804	-	-	174,996	892,800
Use of Money and Property	307,207	122,013	18	1,085	430,323
Other Revenues	487,457	-	-	5,460	492,917
Total Revenues	18,896,186	122,013	776,785	1,975,952	21,770,936
EXPENDITURES					
Current:					
General Government	1,246,180	-	-	34,927	1,281,107
Public Safety	11,201,995	-	-	204,823	11,406,818
Public Works	1,276,572	-	99,610	1,058,509	2,434,691
Community Development	1,575,339	-	-	188,816	1,764,155
Capital Outlay	-	-	383,799	471,075	854,874
Debt Service:					
Principal	84,558	-	-	-	84,558
Interest	2,131	-	-	-	2,131
Total Expenditures	15,386,775	-	483,409	1,958,150	17,828,334
Excess (Deficiency) of Revenues Over Expenditures	3,509,411	122,013	293,376	17,802	3,942,602
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	194,129	194,129
Transfers Out	(94,129)	-	-	-	(94,129)
Total Other Financing Sources (Uses)	(94,129)	-	-	194,129	100,000
Net Change in Fund Balances	3,415,282	122,013	293,376	211,931	4,042,602
Fund Balances, Beginning of Year (Restated)	7,135,258	10,714,166	27,626	1,421,579	19,298,629
Fund Balances, End of Year	\$ 10,550,540	\$ 10,836,179	\$ 321,002	\$ 1,633,510	\$ 23,341,231

The accompanying notes are an integral part of this statement.

City of Lemon Grove
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 4,042,602

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 these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current year.

Capital outlay	\$ 609,393	
Depreciation expense	<u>(1,712,288)</u>	(1,102,895)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 193,848

The amounts below included in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Capital Lease	84,558
Compensated Absences	(1,513)
Total OPEB Liability	84,385
Net Pension Liability	(625,180)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability and Total OPEB Liability are not reported in the funds. This is the net change in deferred outflows/inflows related to the Net Pension and OPEB liability.

Deferred Outflows - OPEB Related Amounts	72,875
Deferred Outflows - Pension Related Amounts	(10,655)
Deferred Inflows - OPEB Related Amounts	(147,699)
Deferred Inflows - Pension Related Amounts	49,690

Internal service funds are used by management to charge the cost of certain activities, such as risk management, to individual funds. The net revenue (expense) of the internal service funds is recorded with governmental activities. 461,629

Change in Net Position of Governmental Activities \$ 3,101,645

The accompanying notes are an integral part of this statement.

**City of Lemon Grove
Statement of Net Position
Proprietary Funds
June 30, 2021**

	Business-type Activities Sanitation Fund	Governmental Activities Internal Service Fund
ASSETS		
Current Assets:		
Cash and Investments	\$ 24,546,990	\$ 807,943
Accounts Receivable	259,129	3,198
Due from Other Funds	-	-
Prepays	10,016	399
Total Current Assets	<u>24,816,135</u>	<u>811,540</u>
Noncurrent Assets:		
Restricted Cash and Investments	1,956,146	10,000
Capital Assets, Not being depreciated	455,460	-
Capital Assets, Net of Accumulated Depreciation	6,852,802	-
Total Noncurrent Assets	<u>9,264,408</u>	<u>10,000</u>
Total Assets	<u>34,080,543</u>	<u>821,540</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB Related Amounts	133,753	-
Pension Related Amounts	528,913	-
Total Deferred Outflows of Resources	<u>662,666</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	132,871	16,263
Accrued Liabilities	23,162	-
Due to Other Funds	-	-
Compensated Absences	13,977	-
Claims Payable	21,700	86,900
Total Current Liabilities	<u>191,710</u>	<u>103,163</u>
Noncurrent Liabilities:		
Compensated Absences, Noncurrent	62,883	-
Claims Payable, Noncurrent	13,352	53,309
Total OPEB Liability	774,877	-
Net Pension Liability	2,498,580	-
Total Noncurrent Liabilities	<u>3,349,692</u>	<u>53,309</u>
Total Liabilities	<u>3,541,402</u>	<u>156,472</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB Related Amounts	173,405	-
Pension Related Amounts	190,124	-
Total Deferred Inflows of Resources	<u>363,529</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	7,308,262	-
Restricted for Pensions	1,956,146	-
Unrestricted	21,573,870	665,068
Total Net Position	<u>\$ 30,838,278</u>	<u>\$ 665,068</u>

The accompanying notes are an integral part of this statement.

City of Lemon Grove
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2021

	Business-type Activities Sanitation Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Charges for Sales and Services	\$ 6,966,652	\$ -
Other Revenues	-	2,712
Total Operating Revenue	<u>6,966,652</u>	<u>2,712</u>
OPERATING EXPENSES		
Personnel Costs	1,215,258	-
Contractual Services	177,176	66,325
Materials and Supplies	95,112	-
Repairs and Maintenance	109,472	-
Capacity and Treatment	2,745,888	-
Utilities	8,402	-
Insurance and Claims	(84,263)	(523,718)
Depreciation	246,132	-
Total Operating Expenses	<u>4,513,177</u>	<u>(457,393)</u>
Operating Income (Loss)	<u>2,453,475</u>	<u>460,105</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	242,052	1,524
Total Nonoperating Revenues (Expenses)	<u>242,052</u>	<u>1,524</u>
Income (Loss) Before Transfers and Capital Contributions	<u>2,695,527</u>	<u>461,629</u>
Transfers In	-	-
Transfers Out	(100,000)	-
Total Transfers	<u>(100,000)</u>	<u>-</u>
Change in Net Position	2,595,527	461,629
Net Position - Beginning of Year	<u>28,242,751</u>	<u>203,439</u>
Net Position - End of Year	<u>\$ 30,838,278</u>	<u>\$ 665,068</u>

The accompanying notes are an integral part of this statement.

**City of Lemon Grove
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021**

	Business-type Activities Sanitation Fund	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 7,623,181	\$ 318,894
Payments to Suppliers for Goods and Services	(3,130,364)	(144,729)
Payments to Employees for Services	(1,072,375)	-
Net Cash Provided (Used) by Operating Activities	<u>3,420,442</u>	<u>174,165</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Paid to/Received from Other Funds	(100,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(100,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(130,478)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(130,478)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Received	242,052	1,524
Net Cash Provided (Used) by Investing Activities	<u>242,052</u>	<u>1,524</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,432,016	175,689
Cash and Cash Equivalents - Beginning of the Year	23,071,120	642,254
Cash and Cash Equivalents - End of the Year	<u>\$ 26,503,136</u>	<u>\$ 817,943</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Investments	\$ 24,546,990	\$ 807,943
Restricted Cash and Investments	1,956,146	10,000
Total Cash and Cash Equivalents	<u>\$ 26,503,136</u>	<u>\$ 817,943</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 2,453,475	\$ 460,105
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	246,132	-
(Increase) Decrease in Accounts Receivable	656,529	316,182
(Increase) Decrease in Prepaids	(2,893)	(399)
(Increase) Decrease in Deferred Outflows	(50,820)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	76,664	7,668
Increase (Decrease) in Compensated Absences Payable	(10,300)	-
Increase (Decrease) in Claims Payable	(78,728)	(609,391)
Increase (Decrease) in Total OPEB Liability	(21,095)	-
Increase (Decrease) in Net Pension Liability	204,747	-
Increase (Decrease) in Deferred Inflows	20,351	-
Net Cash Provided by Operating Activities	<u>\$ 3,494,062</u>	<u>\$ 174,165</u>

The accompanying notes are an integral part of this statement.

**City of Lemon Grove
Statement of Net Position
Fiduciary Funds
June 30, 2021**

	Successor Agency Private-purpose Trust Fund
ASSETS	
Cash and Investments	\$ 879,477
Cash and Investments with Fiscal Agent	964,415
Property Held for Resale	<u>6,535,362</u>
Total Assets	<u>8,379,254</u>
LIABILITIES	
Interest Payable	303,221
Accounts Payable	-
Due to the City of Lemon Grove	2,879,380
Bonds Payable, Short-term Portion	810,255
Bonds Payable, Long-term Portion	<u>19,287,552</u>
Total Liabilities	<u>23,280,408</u>
NET POSITION	
Net Position Held in Trust for Successor Agency	<u><u>\$ (14,901,154)</u></u>

The accompanying notes are an integral part of this statement.

**City of Lemon Grove
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2021**

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property Taxes	\$ 1,917,419
Interest Revenue	<u>37,720</u>
Total Additions	<u>1,955,139</u>
DEDUCTIONS	
Administration	55,000
Cost of Issuance	-
Interest Expense	<u>777,707</u>
Total Deductions	<u>832,707</u>
Change in Net Position	1,122,432
Net Position - Beginning of Year (Restated)	<u>(16,023,586)</u>
Net Position - End of Year	<u><u>\$ (14,901,154)</u></u>

The accompanying notes are an integral part of this statement.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Lemon Grove, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Lemon Grove was incorporated in 1977, under the laws of the State of California.

The accompanying basic financial statements present the financial activities of the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The City had no discretely presented component units. The blended component units have a June 30 year end. The following entities are reported as blended component units:

The Lemon Grove Sanitation District (Sanitation District): established on June 10, 1982 as part of an annexation/detachment change of organization. The Sanitation District provides sewer services within the City. The City Council acts as the Sanitation District's governing board and exerts significant influence over its operations. The Sanitation District activities are reported in an enterprise fund.

Lemon Grove Landscape and Lighting District (Landscape and Lighting District): established on May 1, 1978 to provide for establishing various street lighting improvements and maintenance for property within the City. The City Council acts as the Landscape and Lighting District's governing board and exerts significant influence over its operations.

Lemon Grove Housing Authority (Housing Authority): established in 2012, subsequent to the dissolution of the former Community Development Agency, to address the City's needs for affordable dwelling accommodations available to persons of low income. The City Council acts as the Housing Authority's Board, and management of the City performs administrative functions of the Authority, and activities are reported in a special revenue fund.

Separate financial statements for these component units are not prepared.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements

The City's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-type Activities for the City accompanied by a total column. These financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

Certain types of transactions reported as program revenues include these three categories: Charges for services, Operating grants and contributions, and Capital grants and contributions.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Certain eliminations have been made regarding interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The City reports the following funds as major governmental funds of the City.

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

Housing Fund accounts for the housing assets transferred from the former Redevelopment Agency, and the revenues and expenditures for the project area related to low- and moderate-income housing.

Transnet Fund accounts for Transnet allocation and street related projects eligible for Transnet funding. This fund is specifically used to finance significant right-of-way improvements (streets and sidewalks), storm drain, and traffic related projects.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-wide Financial Statements.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following proprietary funds:

Sanitation Enterprise Fund accounts for the operation and maintenance of the wastewater system within the City's boundaries.

Internal service fund balances and activities have been combined with governmental activities in the Government-wide Financial Statements, and are comprised of the following:

Self-insurance Internal Service Fund accounts for all financial transactions related to the City's self-insurance program. The service is provided to other City funds or agencies of the City on a cost reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Net Position and a Statement of Changes in Net Position. The City has two types of fiduciary funds – custodial funds (as applicable) and a private-purpose trust fund. Custodial funds are used to account for the assets held for distribution by the City as an agent for another entity for which the City has custodial responsibility and accounts for the flow of assets. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Fiduciary funds are accounted for using the accrual basis of accounting.

The City reports the following fiduciary fund:

Successor Agency to the Lemon Grove Community Development Agency Private-purpose Trust Fund accounts for the balances and activities relating to the dissolution of the former Community Development Agency (Agency), except those accounted for in the Housing Special Revenue Fund of the City.

C. Cash, Cash Equivalents, and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. 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 with varying terms.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

For purposes of the statement of cash flows, cash equivalents are defined as demand deposits and investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, pensions, and for the acquisition and construction of capital projects.

E. Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than two times their regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. Unused sick leave at termination is lost, unless eligible for conversion to retirement credit as provided by the City contract with CalPERS. For safety employees, upon retirement or termination of employment, suppression employees shall be paid for all accrued unfrozen sick leave at the rate of one-half the accumulated time. Pay shall be based upon vested amounts at the employee's pay rate at the time the hours were earned. Upon retirement, employees have the option to apply sick leave toward retirement credit on an hour-for-hour basis. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

F. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls, as follows:

Property Valuations are established by the Assessor of the County of San Diego for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation. The City's share of the \$1.00 varies depending on the tax rate area and it ranges from \$0.0730 to \$0.125. Tax Levy Dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Levy Apportionments: Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees: The State of California FY 1990-91 Budget Act authorized counties to collect an administration fee for collection and distribution of property taxes. Property taxes are recorded net of administration fees withheld during the fiscal year.

The following are significant dates relating to the City's property taxes:

Lien date	March 1
Levy date	June 30
Due date	November 1 and February 1
Collection dates	December 10 and April 10

**City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 (\$100,000 for infrastructure) or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Structures and Improvements	40
Public Domain Infrastructure	50
System Infrastructure	30
Vehicles	3 to 15
Other Equipment and Furnishings	3 to 20
Computer Equipment	3 to 10

H. Interest Payable

In the Government-wide and Proprietary Funds Financial Statements, interest payable on long-term debt is recognized as the liability is incurred.

I. Unavailable and unearned revenue

Unearned revenue is reported for transactions for which revenue has not yet been earned. In the governmental fund financial statements, unavailable revenue is recorded when transactions have not met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable and unearned revenues for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which unearned and unavailable revenues are recorded are grants received but not yet earned or available.

J. Claims and Judgments

The short-term and long-term workers' compensation and general liability claims payable are reported in the Internal Service Fund. The short-term liability which will be liquidated with current financial resources is the amount of settlement reached, but unpaid, related to claims and judgments entered.

K. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and American Institute of Certified Public Accountants (AICPA), requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Long-term Obligations

In the Government-wide Financial Statements and Proprietary Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed when bonds are issued.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses.

M. Net Position

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

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position includes amounts restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Position represents all other amounts that do not meet the definition of net investment in capital assets or restricted net position as defined above.

N. Fund Balances

Non-spendable Fund Balances

These include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact; e.g., the principal of an endowment fund. Examples of “not in spendable form” include inventory, prepaid amounts, property held for resale and other items not expected to be converted to cash. However, if the proceeds from the eventual sale or liquidation of the items would be considered restricted, committed or assigned (as defined further on) then these amounts would be classified as restricted, committed or assigned rather than non-spendable. A debt service reserve fund held by a trustee is an example of fund balance in non-spendable form that is classified as restricted instead of non-spendable since the reserve is eventually liquidated to make the final debt service principal payment.

Restricted Fund Balances

Restricted fund balances have externally enforceable limitations on use. The limitations on use can be imposed by creditors, grantors, or contributors as well as by constitutional provisions, enabling legislation, laws and government regulations.

Committed Fund Balances

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (Ordinance) of the City Council are classified as committed fund balances.

Assigned Fund Balances

Fund balance amounts for which the City Council has expressed intent for use but not taken formal action to commit are reported as assigned under GASB 54.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Unassigned Fund Balance

The residual classification for the General Fund is unassigned fund balance. The General Fund is the only fund that may report a positive unassigned fund balance. Negative fund balance reported in Special Revenue Funds is classified as unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then followed by unrestricted resources in the following order: committed, assigned, and unassigned, as necessary.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports an unamortized deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price, and deferred employer pension contributions as deferred outflows of resources.

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 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 reports two items in this category: unavailable revenues and amounts related to changes in the City's net pension liability that are deferred and amortized over a stated number of years. Unavailable revenues arise only under the modified accrual basis of accounting and, accordingly, are reported only in the governmental funds. The governmental funds report unavailable revenue from grants, sales tax revenues, and other applicable revenues.

These amounts are deferred and will be recognized as inflows of resources in the period that the amounts become available. The City also reports deferred inflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

P. Pensions

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

Q. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 87 – Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

GASB 91 – Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

Cash and investments within the basic financial statements are reported as follows:

	Government-wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and Investments	\$ 14,293,830	\$ 24,546,990	\$ 879,477	\$ 39,720,297
Restricted Cash and Investments	1,300,097	1,956,146	964,415	4,220,658
Total Cash and Investments	\$ 15,593,927	\$ 26,503,136	\$ 1,843,892	\$ 43,940,955

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

Cash on Hand	\$ 1,900
Deposits with Financial Institutions	5,166,021
Deposits with Fiscal Agent	24,859
Total Cash on Hand and Deposits	5,192,780
Local Agency Investment Fund	28,530,487
Certificates of Deposit	5,118,377
US Agency Securities	865,119
Total Investments	34,513,983
Investments with Fiscal Agent:	
Mutual Funds	3,269,778
Money Market Mutual Funds	964,414
Total Fiscal Agent Investments	4,234,192
Total Cash and Investments	\$ 43,940,955

B. Deposits

The carrying amount of the City's deposits was \$5,192,780 at June 30, 2021. Bank balances before reconciling items amounted to \$5,205,809 at June 30, 2021. The City has not waived the collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. Amounts are collateralized with securities held by the pledging financial institution in the City's name.

The California Government Code (Code) requires California banks and savings and loan associations to secure the City's deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposits.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

2. CASH AND INVESTMENTS – Continued

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments Authorized by the California Government Code and the City’s Investment Policy

The table below identifies the investment types that are authorized for the City of Lemon Grove by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where 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 trustee that are governed by the 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	Maximum Maturity	Maximum Percentage/Amount of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	\$75 million	None
Certificates of Deposit	5 years	30%	None
Mutual Funds	N/A	None	None
US Government Securities	5 years	None	None
US Agency Securities	5 years	75%	None
Local Agency Bonds	5 years	15%	None
State of California Obligations	5 years	15%	None
CalTrust	5 years	60%	None

D. 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 flows and liquidity needed for operations.

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

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 28,530,487	\$ 28,530,487	\$ -	\$ -
Certificate of Deposits	5,118,377	839,100	2,458,023	1,821,254
US Agency Securities	865,119	-	-	865,119
Held by Fiscal Agents:				
Mutual Funds	3,269,778	3,269,778	-	-
Money Market Mutual Funds	964,414	964,414	-	-
Total	\$ 38,748,175	\$ 33,603,779	\$ 2,458,023	\$ 2,686,373

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

2. CASH AND INVESTMENTS – Continued

E. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by bond trustees) do not include any investments that are highly sensitive to interest rate fluctuations.

F. 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. 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 fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	AAA	Unrated
Local Agency Investment Fund	\$ 28,530,487	N/A	\$ -	\$ 28,530,487
Certificate of Deposits	5,118,377	N/A	-	5,118,377
US Agency Securities	865,119	N/A	865,119	
Held by Fiscal Agents:				
Mutual Funds	3,269,778	N/A	-	3,269,778
Money Market Mutual Funds	964,414	AAA	964,414	-
Total	\$ 38,748,175		\$ 1,829,533	\$ 36,918,642

G. Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. The City has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments by reporting unit (primary government, governmental activities, business type activities, fiduciary funds, major funds, non-major funds in the aggregate).

H. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

I. External Investment Pools

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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 upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

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

J. Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

2. CASH AND INVESTMENTS – Continued

Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Restricted cash and investments included money market accounts and guaranteed investment contracts which are not subject to fair value measurement. The City has the following recurring fair value measurements as of June 30, 2021:

- Mutual Funds of \$3,269,778 are valued using quoted market prices (Level 1 inputs).
- Certificates of Deposit of \$5,118,377 are valued using a matrix pricing model (Level 2 inputs).

The City's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that are calculated based on the total fair market value of the pool. LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets, and investments categorized as Level 2, such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices derived principally from, or corroborated by, observable market data by correlation to other means.

3. NOTES RECEIVABLE

As of June 30, 2021, Notes Receivable of \$9,893,292 consisted of the following:

Hitzke Development Corporation

During the fiscal year ended June 30, 2009, the City entered into Owner Participation Agreements with Hitzke Development Corporation (Developer) for the development of several projects within the City's project area. In addition, the City executed promissory notes with the Developer with amounts not-to-exceed (excluding accrued interest) \$2,763,292 for Citronica One, \$2,500,000 for Citronica Two, and \$1,500,000 for Citronica Three, all at 3.0% interest and secured by a deed of trust for each note creating a valid lien upon the Developer's interest in the development parcels. The funds are being used to construct a 54-unit mixed-use affordable housing project. The notes call for funds to be advanced to the borrower for the purchase of several parcels to be used for the projects. In addition, the funds can be used for certain pre-development costs.

During the fiscal year ended June 30, 2013, the City executed another promissory note with the Developer in an amount not-to-exceed (excluding interest) \$1,323,031 for Citronica One. The notes are due and payable two (2) years from the date of the execution of the notes or rolled over as additional assistance into the development and disposition agreement. As of June 30, 2021, the City had advanced \$6,763,292 to the borrower. In addition, \$2,215,667 of cumulative interest is accrued as of June 30, 2021.

Community Collective

The City issued a Note to Community Collective in an amount not-to-exceed \$3,130,000 at 3.0% interest secured by a deed of trust, assignment of rents, a security agreement and fixture filing. Community Collective is using the funds to construct a mixed-use, multi-family residential housing project for extremely low, very low, and low-income persons. The Note calls for funds to be advanced to the borrower for costs related to the project as the costs are incurred by the borrower. The note is due and payable in full in fifty-five (55) years from the date of the note or upon sale or refinancing of the project. In the event there is surplus cash (as defined in the note), Community Collective shall pay the City one-half of the available surplus cash.

As of June 30, 2021, the City had advanced \$3,130,000 to the borrower. In addition, \$1,142,120 of cumulative interest is accrued as of June 30, 2021.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

4. DUE FROM SUCCESSOR AGENCY

The General Fund previously advanced the former Lemon Grove Community Development Agency amounts to fund various redevelopment projects. The advances payable had no stated interest rate. During fiscal year 2012, following the dissolution of California redevelopment agencies, the payable was transferred from the former Agency to the Successor Agency Private-purpose Trust Fund. The repayment of the original advances is currently uncertain and is subject to approval by the State Department of Finance under applicable redevelopment agency dissolution law. As of June 30, 2021, the amount due from the Successor Agency was \$3,219,687 and is offset by an allowance for doubtful accounts, except for \$457,942, which was approved for repayment in 2020-21.

5. CAPITAL ASSETS

The following represents the capital asset activity for the fiscal year ended June 30, 2021:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$ 7,520,853	\$ -	\$ -	\$ 7,520,853
Construction in Progress	-	486,192	-	486,192
Total Capital Assets, Not Being Depreciated	7,520,853	486,192	-	8,007,045
Capital Assets, Being Depreciated:				
Buildings and Improvements	9,869,981	68,181	-	9,938,162
Vehicles and Equipment	2,759,234	50,996	(68,583)	2,741,647
Infrastructure	66,427,070	4,024	-	66,431,094
Total Capital Assets, Being Depreciated	79,056,285	123,201	(68,583)	79,110,903
Less Accumulated Depreciation:				
Buildings and Improvements	(7,233,589)	(223,119)	-	(7,456,708)
Vehicles and Equipment	(2,061,928)	(174,450)	68,583	(2,167,795)
Infrastructure	(33,569,268)	(1,314,719)	-	(34,883,987)
Total Accumulated Depreciation	(42,864,785)	(1,712,288)	68,583	(44,508,490)
Capital Assets Being Depreciated, Net	36,191,500	(1,589,087)	-	34,602,413
Total Capital Assets - Governmental Activities	\$ 43,712,353	\$ (1,102,895)	\$ -	\$ 42,609,458
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$ 3,724	\$ -	\$ -	\$ 3,724
Construction in Progress	321,258	130,478	-	451,736
Total Capital Assets, Not Being Depreciated	324,982	130,478	-	455,460
Capital Assets, Being Depreciated:				
Machinery and Equipment	1,371,762	25,061	(29,607)	1,367,216
Infrastructure	14,670,661	-	-	14,670,661
Total Capital Assets, Being Depreciated	16,042,423	25,061	(29,607)	16,037,877
Less Accumulated Depreciation:				
Machinery and Equipment	(1,153,850)	(90,250)	29,607	(1,214,493)
Infrastructure	(7,789,639)	(180,943)	-	(7,970,582)
Total Accumulated Depreciation	(8,943,489)	(271,193)	29,607	(9,185,075)
Capital Assets Being Depreciated, Net	7,098,934	(246,132)	-	6,852,802
Total Capital Assets - Business-type Activities	\$ 7,423,916	\$ (115,654)	\$ -	\$ 7,308,262

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

5. CAPITAL ASSETS – Continued

Depreciation expense was allocated to the various governmental activities functions as follows:

General Government	\$ 44,632
Public Safety	131,414
Public Works	1,407,453
Community Development	128,789
Total Governmental Depreciation	\$ 1,712,288

6. LONG TERM DEBT

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowing:					
Capital Lease Payable	\$ 84,558	\$ -	\$ (84,558)	\$ -	\$ -
Compensated Absences	591,630	19,797	(18,284)	593,143	22,050
Total OPEB Liability	3,183,889	-	(84,385)	3,099,504	-
Net Pension Liability	6,007,935	625,180	-	6,633,115	-
Claims Payable	749,600	-	(609,391)	140,209	86,900
Total	\$ 10,617,612	\$ 644,977	\$ (796,618)	\$ 10,465,971	\$ 108,950
Business-type Activities:					
Compensated Absences	\$ 87,160	\$ 22,744	\$ (33,044)	\$ 76,860	\$ 13,977
Total OPEB Liability	795,972	-	(21,095)	774,877	-
Net Pension Liability	2,293,833	204,747	-	2,498,580	-
Claims Payable	187,400	-	(152,348)	35,052	21,700
Total	\$ 3,364,365	\$ 227,491	\$ (206,487)	\$ 3,385,369	\$ 35,677

For governmental activities, compensated absences, the OPEB liability and the net pension liability are generally liquidated by the General Fund.

Fiduciary Fund Long-term Debt

A summary of the Successor Agency Fiduciary Fund long-term debt for the 2020-2021 fiscal year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
Series 2014, Refunding	\$ 5,165,000	\$ -	\$ (130,000)	\$ 5,035,000	\$ 135,000
Series 2019, Refunding	15,500,000	-	(825,000)	14,675,000	640,000
Premium	423,062	-	(35,255)	387,807	35,255
Total	\$ 21,088,062	\$ -	\$ (990,255)	\$ 20,097,807	\$ 810,255

2014 Tax Allocation Refunding Bonds: In August 2014, the Successor Agency issued \$5,740,000 of Tax Allocation Bonds with interest rates varying from 2.00% to 5.00% and payable semi-annually on February 1 and August 1 of each year. The bonds mature annually at various amounts through August 1, 2037. The Bond proceeds were used to refund previously outstanding Tax Allocation Bonds. Future debt service requirements are as follows:

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

6. LONG TERM DEBT – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 135,000	\$ 196,993	\$ 331,993
2023	135,000	192,605	327,605
2024	145,000	186,786	331,786
2025	140,000	179,661	319,661
2026	150,000	172,411	322,411
2027	165,000	165,877	330,877
2028	165,000	160,205	325,205
2029	170,000	154,215	324,215
2030	835,000	135,456	970,456
2031	875,000	102,300	977,300
2032	910,000	66,600	976,600
2033	505,000	38,300	543,300
2034	345,000	21,300	366,300
2035	360,000	7,200	367,200
Totals	<u>\$ 5,035,000</u>	<u>\$ 1,779,909</u>	<u>\$ 6,814,909</u>

2019 Tax Allocation Refunding Bonds: In December 2019, the Successor Agency issued \$15,500,000 of Tax Allocation Refunding Bonds (2019 Bonds) with interest rates varying from 2.2% to 4.00%, payable semi-annually on February 1 and August 1 of each year. The bonds mature annually at various amounts through August 1, 2037. The 2019 Bond proceeds were placed in escrow to fully refund previously outstanding 2007 and 2010 Tax Allocation Bonds. As a result, the 2007 and 2010 Tax Allocation Bonds have been removed from the Successor Agency financial statements.

Future debt service requirements for the 2019 Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 640,000	\$ 522,121	\$ 1,162,121
2023	665,000	500,626	1,165,626
2024	675,000	478,195	1,153,195
2025	725,000	454,433	1,179,433
2026	745,000	429,040	1,174,040
2027	765,000	402,434	1,167,434
2028	795,000	374,556	1,169,556
2029	815,000	345,411	1,160,411
2030	350,000	324,912	674,912
2031	350,000	312,903	662,903
2032	370,000	299,832	669,832
2033	845,000	277,774	1,122,774
2034	1,055,000	243,279	1,298,279
2035	1,095,000	204,246	1,299,246
2036	1,535,000	154,794	1,689,794
2037	1,590,000	94,591	1,684,591
2038	1,660,000	31,980	1,691,980
Totals	<u>\$ 14,675,000</u>	<u>\$ 5,451,127</u>	<u>\$ 20,126,127</u>

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

7. DEFINED BENEFIT PENSION PLAN

General Information about the Defined Benefit Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68.

Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five rate plans (three miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2019 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2019 actuarial valuation report. This report is a publicly available valuation report that can be obtained at the CalPERS' website under Forms and Publications.

The rate plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	Miscellaneous Tier II	Miscellaneous PEPRA
Hire date	Prior to November 12, 2005	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55 single highest year	2% @ 60 36 month average	2% @ 62 36 month average
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2% to 2.5%	1.092% to 2.418%	1% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	12.361% + \$421,810	8.794% + \$1,305	7.732% + \$1,658
	Safety	Safety PEPRA	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	
Benefit formula	3% @ 55 single highest year	2.7% @ 57 36 month average	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50	50	
Monthly benefits, as a % of eligible compensation	2.4% to 3%	2% to 2.7%	
Required employee contribution rates	9%	12%	
Required employer contribution rates	21,746% + \$165,890	13.044% + \$2,387	

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

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

7. DEFINED BENEFIT PENSION PLAN – Continued

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

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$573,324 in fiscal year 2021.

The City's contributions to the Plan for the year ended June 30, 2021 were \$1,154,805.

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

As of June 30, 2020, the City reported a liability of \$9,131,695 for its proportionate share of the net pension liability. The City's net pension liability for the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the Plan's net pension liability as of June 30, 2019 and 2020 was as follows:

Proportion - June 30, 2019	0.08102%
Proportion - June 30, 2020	0.08393%
Change - Increase (Decrease)	0.00291%

For the year ended June 30, 2021, the City recognized pension expense of \$1,896,524. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,154,805	\$ -
Differences between actual and expected experience	537,082	-
Changes in assumptions	-	55,413
Change in employer's proportion	387,819	-
Differences between the employer's contributions and the employer's proportionate share of contributions	81,794	453,430
Net differences between projected and actual earnings on plan investments	250,890	-
Total	\$ 2,412,390	\$ 508,843

The \$1,154,805 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2022	\$ 158,693
2023	265,890
2024	202,634
2025	121,525
2026	-
Thereafter	-

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

7. DEFINED BENEFIT PENSION PLAN – Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

- (1) Depending on age, service and type of employment
(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

- (1) An expected inflation of 2.0% used for this period.
(2) An expected inflation of 2.92% used for this period.

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

**City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021**

7. DEFINED BENEFIT PENSION PLAN – Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.15%	
Net Pension Liability	\$		14,242,133
Current Discount Rate		7.15%	
Net Pension Liability	\$		9,131,695
1% Increase		8.15%	
Net Pension Liability	\$		4,918,526

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2021, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2021.

8. OTHER POST EMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description - The City provides medical coverage for retirees and their spouses. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS). The plan is a single-employer defined benefit post-employment healthcare benefits plan. The City’s health plan does not issue a publicly available financial report, and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided - Employees are eligible for retiree health benefits if they retire from the City on or after age 50 and 5 years of service (age 52 for Miscellaneous PEPRA employees), and continue health insurance through a City-sponsored health insurance plan. The City will contribute set amounts (as required by CalPERS) towards the health insurance premiums (currently \$255 for Miscellaneous employees and \$350 for Safety employees).

Employees Covered by Benefit Terms – As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees		
currently receiving benefits		39
Active employees		53
		92

Contributions – The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contributions to the Plan are based on the costs to provide the benefits as described above on a pay as you go basis. For the fiscal year ended June 30, 2021, the City’s pay-as-you-go costs were \$206,291.

Total OPEB Liability - The City’s Total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

8. OTHER POST EMPLOYMENT BENEFITS – Continued

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry-age, Level Percent of Pay
Mortality	2017 CalPERS Experience Study
Age at Retirement	50
Health Care Trend Rate	4% for 2021-2023, 5.2% for 2024-2069, 4% thereafter
Inflation Rate	2.75%
Salary Changes	3.00%
Discount Rate:	
As of 6/30/17	3.60%, net of investment expense, including inflation
As of 6/30/18	3.90%, net of investment expense, including inflation
As of 6/30/19	3.50%, net of investment expense, including inflation
As of 6/30/20	2.60%, net of investment expense, including inflation
As of 6/30/21	1.92%, net of investment expense, including inflation
Medical CPI	3.50%

Discount Rate – The discount rate used to measure the total OPEB liability was 1.92 percent and is based on the Fidelity General Obligations AA – 20 Years index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 3,979,861
Changes in the year:	
Service cost	165,231
Interest on the total OPEB liability	88,935
Differences between expected and actual experience	(453,019)
Changes in assumptions	299,664
Benefit payments, including implicit subsidy	(206,291)
Net changes	(105,480)
Balance at June 30, 2021	\$ 3,874,381

Changes of assumptions reflect a change in the discount rate from 3.60 percent at July 1, 2017 to 3.90 percent at June 30, 2018, 3.50 percent at June 30, 2019, 2.20 percent at June 30, 2020, and 1.92 percent at June 30, 2021.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate - The following presents the Total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (.92%)	Discount Rate (1.92%)	1% Increase (2.92%)
Total OPEB liability	\$ 4,455,422	\$ 3,874,381	\$ 3,404,730

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the Total OPEB liability, as well as what the City's Total OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

**City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021**

8. OTHER POST EMPLOYMENT BENEFITS – Continued

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	\$ 3,559,040	\$ 3,874,381	\$ 4,369,192

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the City recognized OPEB expense of \$194,341. As of June 30, 2021, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 839,047
Changes in assumptions	668,765	27,975
Total	\$ 668,765	\$ 867,022

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2022	\$	(59,823)
2023		(30,472)
2024		(66,139)
2025		(27,883)
2026		(13,940)
Thereafter		-

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City currently carries insurance.

Risk Pool Membership

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The Authority arranges and administers programs for the pooling of self-insured losses, purchases excess insurance and reinsurance, and arranges for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Authority's Board of Directors. The Board operates through a nine-member Executive Committee.

Primary Liability program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$50 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance.

**City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021**

9. RISK MANAGEMENT – Continued

Workers Compensation program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

Excess Workers' Compensation Program

The City has a retained limit of \$150,000 per occurrence for workers' compensation claims. The Authority's pooled retention is \$1 million per occurrence with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Pollution Legal Liability Insurance Program.

The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The policy limit is \$5,000,000 per member.

Crime Insurance Program.

Formerly called Blanket Fidelity Bond, this policy covers faithful performance, depositor's forgery, theft of money and securities, and computer fraud related to the transfer of money. The deductible is \$5,000.

Property Insurance

Property insurance is provided through *Public Risk Innovation, Solutions, and Management* (formerly CSAC Excess Insurance Authority). Insurance protection is underwritten by several insurance companies. There is a \$5,000 deductible per occurrence.

Claims Liability

Claims liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and pay-out amounts), and other economic and social factors. Settlements have not exceeded coverage for each of the past three fiscal years. The City's claims activity is reported in internal service funds. The following is a summary of changes in claims liabilities for the past three years:

	Fiscal Year Ending June 30,		
	2021	2020	2019
Beginning of Year	\$ 937,000	\$ 698,350	\$ 554,327
Incurred Claims	58,885	397,163	599,526
Claim Payments and changes in estimates	(820,624)	(158,513)	(455,503)
End of Year	\$ 175,261	\$ 937,000	\$ 698,350

**City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021**

10. FUND BALANCES

The details of fund balances as of June 30, 2021 are as follows:

	General Fund	Housing Fund	Transnet Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepaid Items	\$ 11,189	\$ -	\$ -	\$ -	\$ 11,189
Restricted for:					
Pensions	1,287,512	-	-	-	1,287,512
Housing	-	10,836,179	-	-	10,836,179
Public Safety	-	-	-	667,920	667,920
Streets and Transportation	-	-	321,002	956,660	1,277,662
Community Development	-	-	-	344,410	344,410
Parks and Recreation	-	-	-	53,525	53,525
Unassigned	9,251,839	-	-	(389,005)	8,862,834
Total Fund Balances	\$ 10,550,540	\$ 10,836,179	\$ 321,002	\$ 1,633,510	\$ 23,341,231

11. JOINT POWERS AUTHORITY

The City is a member of the Heartland Communications Facility Authority (HCFA). HCFA was created to equip, maintain, operate and staff a facility which provides emergency call receiving and dispatching services to participating agencies. No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2021. Complete financial statements may be obtained at the City of El Cajon, Finance City, 200 E. Main Street, El Cajon, CA 92020.

The City is a member of Heartland Fire Training Authority (HFTA). The purpose of 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, as amended, by a Joint Powers Agreement (JPA) between a number of cities and fire protection districts in San Diego County. For the current fiscal year, the JPA members consist of the Cities of El Cajon, La Mesa, Lemon Grove, and Santee, the Fire Protection Districts of Alpine, Bonita-Sunnyside, Lakeside, and San Miguel, the Viejas Band of Kumeyaay Indians, and the Barona Band of Mission Indians. One elected official from each member agency is appointed to the HFTA Commission. The Commission approves an annual budget based on the costs of operating the facility and providing training to member agency personnel. Lemon Grove's membership cost was \$17,449 for the fiscal year ending June 30, 2021.

Annual financial statements may be obtained from HFTA, c/o City of El Cajon, Finance Department, 200 Civic Center Way, El Cajon, CA 92020.

The Lemon Grove Sanitation District is a participant in the Metropolitan Wastewater Joint Powers Authority (JPA), a coalition of municipalities and special districts that share the use of the City of San Diego's Metropolitan Sewerage System. The Sanitation District pays a quarterly amount based on estimates of the District's cost to use the wastewater facilities in advance of each fiscal year. The estimated payments are subject to adjustment once the actual usage figures are known and may result in a refund or an additional payment due to the City of San Diego. Complete financial statements may be obtained at 276 Fourth Avenue, Chula Vista, CA 91910.

12. SUCCESSOR AGENCY FOR THE FORMER REDEVELOPMENT AGENCY

A. Background

On December 29, 2011, the California Supreme Court upheld Assembly Bill X126 (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 since the City had previously reported its redevelopment agency as a blended component unit in the City's financial statements.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

12. SUCCESSOR AGENCY FOR THE FORMER REDEVELOPMENT AGENCY – Continued

The Bill provides that upon dissolution of the redevelopment agency, either the City or another unit of local government will agree to serve as the “Successor Agency” to hold the assets of the dissolved redevelopment agency until they are distributed to other units of state and local government. On January 17, 2012, the City Council adopted Resolution No. 3071, electing to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California were prohibited from entering 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 subsequent years, Successor Agencies are only allocated revenue in the amount that is necessary to pay the estimated annual payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The California Department of Finance has approved the Lemon Grove Successor Agency’s Long-range Management Plan and has also issued a Finding of Completion. The State continues to monitor the Recognized Obligation Payment Schedule (ROPS) that is filed annually by the Successor Agency.

13. COMMITMENTS AND CONTINGENCIES

A. Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that maybe disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

B. Successor Agency

Amounts paid and accrued for the year ended June 30, 2021 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the fiduciary for the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City.

The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

C. Other Commitments and Contingencies

The City is a defendant in various pending lawsuits of a nature common to many similar jurisdictions. City management and legal counsel estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the City’s financial statements.

14. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The \$265,467 reported in the General Fund as due from other funds represents amounts due from nonmajor governmental funds. These represent temporary, interfund borrowings resulting from routine cash flows and are expected to be repaid within the next fiscal year.

City of Lemon Grove
Notes to the Financial Statements
Year Ended June 30, 2021

14. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

The following is a summary of interfund transfers for the 2020-21 fiscal year:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 94,129
	Sanitation Fund	100,000
		\$ 194,129

Transfers of \$94,129 and \$100,000 were made from the General Fund and Sanitation Fund, respectively, to nonmajor governmental funds to fund various project costs.

15. DEFICIT FUND BALANCES

Deficit fund balances in the nonmajor governmental funds will be eliminated through future collection and recognition of applicable revenues.

16. PRIOR PERIOD ADJUSTMENTS

Beginning Net Position for Governmental Activities was increased, and beginning net position for the Successor Agency Private-purpose Trust Fund was decreased, by \$4,172,984, as a result of transferring housing loans and related accrued interest to the City's Housing Special Revenue Fund. Beginning Fund Balance in the Housing Fund was increased by \$3,200,230 as a result of this same transaction.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$ 12,006,454	\$ 13,126,178	\$ 14,242,673	\$ 1,116,495
Licenses, Fees, and Permits	474,000	800,500	1,117,737	317,237
Fines, Forfeitures and Penalties	97,250	64,250	1,195,435	1,131,185
Intergovernmental Revenues	37,000	845,294	827,873	(17,421)
Charges for Services	574,438	651,938	717,804	65,866
Use of Money and Property	310,000	213,000	307,207	94,207
Other Revenues	10,000	16,500	487,457	470,957
Total Revenues	<u>13,509,142</u>	<u>15,717,660</u>	<u>18,896,186</u>	<u>3,178,526</u>
EXPENDITURES				
Current:				
General Government	1,207,661	1,317,474	1,246,180	71,294
Public Safety	11,204,526	11,347,868	11,201,995	145,873
Public Works	1,332,828	1,849,170	1,276,572	572,598
Community Development	637,085	1,377,085	1,575,339	(198,254)
Capital Outlay	-	-	-	-
Debt Service	86,690	86,690	86,689	1
Total Expenditures	<u>14,468,790</u>	<u>15,978,287</u>	<u>15,386,775</u>	<u>591,512</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(959,648)</u>	<u>(260,627)</u>	<u>3,509,411</u>	<u>3,770,038</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(94,129)	(94,129)	(94,129)	-
Total Other Financing Sources (Uses)	<u>(94,129)</u>	<u>(94,129)</u>	<u>(94,129)</u>	<u>-</u>
Net Change in Fund Balances	(1,053,777)	(354,756)	3,415,282	3,770,038
Fund Balance, Beginning of Year	<u>7,135,258</u>	<u>7,135,258</u>	<u>7,135,258</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,081,481</u>	<u>\$ 6,780,502</u>	<u>\$ 10,550,540</u>	<u>\$ 3,770,038</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Special Revenue Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	-	-	122,013	122,013
Other Revenues	-	-	-	-
Total Revenues	-	-	122,013	122,013
EXPENDITURES				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	122,013	122,013
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	122,013	122,013
Fund Balance, Beginning of Year	10,714,166	10,714,166	10,714,166	-
Fund Balance, End of Year	<u>\$ 10,714,166</u>	<u>\$ 10,714,166</u>	<u>\$ 10,836,179</u>	<u>\$ 122,013</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Transnet Special Revenue Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 688,000	\$ 688,000	\$ 776,767	\$ 88,767
Use of Money and Property	2,500,000	2,500,000	18	(2,499,982)
Total Revenues	<u>3,188,000</u>	<u>3,188,000</u>	<u>776,785</u>	<u>(2,411,215)</u>
EXPENDITURES				
Current:				
Public Works	97,318	97,318	99,610	(2,292)
Capital Outlay	3,135,677	3,135,677	383,799	2,751,878
Total Expenditures	<u>3,232,995</u>	<u>3,232,995</u>	<u>483,409</u>	<u>2,749,586</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(44,995)</u>	<u>(44,995)</u>	<u>293,376</u>	<u>338,371</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(44,995)	(44,995)	293,376	338,371
Fund Balance, Beginning of Year	<u>27,626</u>	<u>27,626</u>	<u>27,626</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (17,369)</u>	<u>\$ (17,369)</u>	<u>\$ 321,002</u>	<u>\$ 338,371</u>

**City of Lemon Grove
Required Supplementary Information
Year Ended June 30, 2021**

**Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Years***

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2020	0.083928%	\$ 9,131,695	\$ 3,993,095	228.69%	76.06%
2019	0.081020%	8,301,768	3,915,557	212.02%	77.21%
2018	0.077492%	7,557,212	4,285,339	176.35%	77.89%
2017	0.077492%	7,685,061	4,129,783	186.09%	76.39%
2016	0.077112%	6,672,556	3,966,818	168.21%	74.06%
2015	0.102377%	7,027,037	4,140,577	169.71%	78.40%
2014	0.101819%	6,335,672	3,916,214	161.78%	79.82%

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%

**City of Lemon Grove
Required Supplementary Information
Year Ended June 30, 2021**

**Schedule of Pension Plan Contributions
Last 10 Years***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 1,154,805	\$ (1,154,805)	\$ -	\$ 3,981,855	29.00%
2020	1,049,105	(1,049,105)	-	3,993,095	26.27%
2019	962,913	(962,913)	-	3,915,557	24.59%
2018	894,949	(894,949)	-	4,285,339	20.88%
2017	813,911	(813,911)	-	4,129,783	19.71%
2016	909,279	(2,737,595)	(1,828,316)	3,966,818	69.01%
2015	929,245	(1,194,245)	(265,000)	3,854,444	30.98%

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/13, 6/30/14, 6/30/15, 6/30/16, 6/30/17, 6/30/18, and 6/30/19

**City of Lemon Grove
Required Supplementary Information
Year Ended June 30, 2021**

**Schedule of Changes in the City's
Total OPEB Liability and Related Ratios
Last Ten Years (or years for which information is available)**

	Measurement Period			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 165,231	\$ 116,516	\$ 114,804	\$ 111,460
Interest on total OPEB liability	88,935	144,633	152,187	144,569
Differences between expected and actual experience	(453,019)	(768,359)	(14,999)	(6,897)
Changes of assumptions	299,664	577,083	193,343	(139,883)
Benefit payments	(206,291)	(217,799)	(224,968)	(219,256)
Net change in total OPEB liability	(105,480)	(147,926)	220,367	(110,007)
Total OPEB liability - beginning	3,979,861	4,127,787	3,907,420	4,017,427
Total OPEB liability - ending (a)	<u>\$ 3,874,381</u>	<u>\$ 3,979,861</u>	<u>\$ 4,127,787</u>	<u>\$ 3,907,420</u>
Covered-employee payroll	\$ 3,981,855	\$ 3,995,000	\$ 4,347,161	\$ 4,220,545
Total OPEB liability as a percentage of covered-employee payroll	97.30%	99.62%	94.95%	92.58%

Notes to the schedule:

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

Changes of assumptions - Changes of assumptions reflect a change in the discount rate from 3.60 percent at July 1, 2017 to 3.90 percent at June 30, 2018, 3.50 percent at June 30, 2019, 2.20 percent at June 30, 2020, and 1.92 percent at June 30, 2021.

**City of Lemon Grove
Required Supplementary Information
Year Ended June 30, 2021**

1. BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgetary Control and Budgetary Accounting*

The City Council approves each fiscal year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the council. Supplemental appropriations, where required during the period, are also approved by the Council. Budget transfers that affect the total appropriations for any fund require City Council approval. Budget transfers within a budget code with no change in appropriation within the budget code are approved by the City Manager only and do not require approval by the City Council. A budget code could be a program, or a division of a City, or a City. In most cases, expenditures may not legally exceed appropriations at the budget code level for the General Fund, and fund level for Special Revenue, Capital Projects, and Debt Service Funds.

At fiscal year-end, all operating budget appropriations lapse with the exception of encumbered and continuing appropriations.

Budgets are adopted for all funds. During 2020-21, the City made adjustments to the original budget, increasing the budgeted expenditures in the General Fund by approximately \$1.5 million, mostly due to the receipt of CARES Act funding.

B. *Encumbrances*

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, and Capital Projects funds. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at fiscal year-end are completed. They do not constitute expenditures or estimated liabilities.

C. *Continuing Appropriations*

The unexpected and unencumbered appropriations that are available and recommended for continuation are approved by the City Council for carryover to the following fiscal year.

D. *Budget Basis of Accounting*

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP).

SUPPLEMENTARY INFORMATION

**City of Lemon Grove
Non-major Governmental Funds
Year Ended June 30, 2021**

Special Revenue Funds

Gas Tax Fund is supported by revenue from the State gas tax fund. Fund proceeds may be used to research, plan, construct, improve, maintain and operate local streets.

Parkland Dedication Fund accounts for fees in-lieu of dedicating park land that are to be used for the purchase of park land, the development of new parks, or the major rehabilitation of existing parks.

Supplemental Law Enforcement Service Fund accounts for State grant proceeds to be used to augment the staffing level of Sheriff deputies.

Sundry Grants Fund accounts for grants currently being administered by the City.

CDBG Fund accounts for grant proceeds from the Community Development Block Grant program. Funds are expended and then reimbursed by the County of San Diego.

TDA Fund accounts for transit proceeds allocated from MTS for maintenance of landscaping along the trolley corridor and maintenance of trolley stations and bus shelters throughout the City.

Lighting District Fund accounts for activities relating to the Roadway Lighting District which provides for street light benefits and enhanced lighting benefits.

Storm Water Fund accounts for designated storm water program fees and support the City's storm water program - a State and Federal mandated program.

Household Hazardous Waste Fund accounts for the City's household hazardous waste disposal program. This program is supported by AB 939 funds which are collected for this and recycling related programs. The City relies on this fund for contractual services to provide household hazardous waste events and to promote a higher level of recycling within the City.

Wild Flower Assessment Fund accounts for the Wildflower Landscaping Maintenance Assessment District.

PEG (Public/Education/Government) Fund accounts for designated monies from cable franchisees that operate within the City. The use of these monies is restricted to capital items that enhance or facilitate public access to government information.

Serious Traffic Offender Fund accounts for impound fees to pay for Sheriff traffic division overtime and other traffic related expenses.

Capital Project Funds

Sidewalk Reserve Fund accounts for amounts restricted for larger sidewalk projects.

Main Street Promenade CFD Fund accounts for voter-approved assessments for capital improvements.

Safety Capital Purchases Fund accounts for one-time "SAFE" program monies restricted for public safety capital expenditures.

Transportation Mitigation Fund accounts for fees related to the passage of the Transnet extension. These fees represent per housing unit fees for new residential development. Expenditures from this fund are to be used to initiate street improvement projects on a major arterial within the City.

**City of Lemon Grove
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2021**

	Special Revenue			
	Gas Tax	Parkland Dedication	Supplemental Law Enforcement Service	Sundry Grants
ASSETS				
Cash and Investments	\$ 804,763	\$ 97,168	\$ 50,136	\$ -
Accounts Receivable	90,040	58	-	235,912
Prepays	517	-	-	-
Total Assets	<u>\$ 895,320</u>	<u>\$ 97,226</u>	<u>\$ 50,136</u>	<u>\$ 235,912</u>
LIABILITIES				
Accounts Payable	\$ 20,747	\$ 43,701	\$ -	\$ 112,840
Accrued Liabilities	8,411	-	-	-
Deposits	-	-	-	-
Due to Other Funds	-	-	-	121,119
Unearned Revenue	-	-	-	-
Total Liabilities	<u>29,158</u>	<u>43,701</u>	<u>-</u>	<u>233,959</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants Receivable	-	-	-	235,912
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,912</u>
FUND BALANCE (DEFICITS)				
Restricted	866,162	53,525	50,136	-
Committed	-	-	-	-
Unassigned	-	-	-	(233,959)
Total Fund Balances	<u>866,162</u>	<u>53,525</u>	<u>50,136</u>	<u>(233,959)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 895,320</u>	<u>\$ 97,226</u>	<u>\$ 50,136</u>	<u>\$ 235,912</u>

Special Revenue

CDBG	TDA	Lighting District	Storm Water	Household Hazardous Waste	Wild Flower Assessment
\$ -	\$ -	\$ 374,418	\$ 48,424	\$ 316,019	\$ -
-	109,768	3,329	-	2,111	-
-	-	-	3,746	-	-
<u>\$ -</u>	<u>\$ 109,768</u>	<u>\$ 377,747</u>	<u>\$ 52,170</u>	<u>\$ 318,130</u>	<u>\$ -</u>
\$ 5,201	\$ 4,661	\$ 23,121	\$ 28,929	\$ 1,922	\$ 305
7	451	1,313	775	516	73
-	-	-	-	127,744	-
32,076	109,135	-	-	-	3,137
-	-	-	-	-	-
<u>37,284</u>	<u>114,247</u>	<u>24,434</u>	<u>29,704</u>	<u>130,182</u>	<u>3,515</u>
-	109,768	-	-	-	-
-	109,768	-	-	-	-
-	-	353,313	22,466	187,948	-
-	-	-	-	-	-
<u>(37,284)</u>	<u>(114,247)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,515)</u>
<u>(37,284)</u>	<u>(114,247)</u>	<u>353,313</u>	<u>22,466</u>	<u>187,948</u>	<u>(3,515)</u>
<u>\$ -</u>	<u>\$ 109,768</u>	<u>\$ 377,747</u>	<u>\$ 52,170</u>	<u>\$ 318,130</u>	<u>\$ -</u>

Continued

**City of Lemon Grove
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2021**

	Special Revenue		Capital Projects	
	PEG (Public/ Education/ Government)	Serious Traffic Offender Program	Sidewalk Reserve	Main Street Promenade CFD
ASSETS				
Cash and Investments	\$ 334,770	\$ 39,138	\$ -	\$ 33,344
Accounts Receivable	12,563	1,678	-	19
Prepays	-	-	-	-
Total Assets	\$ 347,333	\$ 40,816	\$ -	\$ 33,363
LIABILITIES				
Accounts Payable	\$ 2,923	\$ -	\$ -	\$ 18,997
Accrued Liabilities	-	53	-	-
Deposits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	2,923	53	-	18,997
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants Receivable	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCE (DEFICITS)				
Restricted	344,410	40,763	-	14,366
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	344,410	40,763	-	14,366
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 347,333	\$ 40,816	\$ -	\$ 33,363

<u>Capital Projects</u>		<u>Total Non-major Governmental Funds</u>
<u>Safety Capital Purchases</u>	<u>Transportation Mitigation</u>	
\$ 13,294	\$ 76,086	\$ 2,187,560
-	46	455,524
-	-	4,263
<u>\$ 13,294</u>	<u>\$ 76,132</u>	<u>\$ 2,647,347</u>
\$ -	\$ -	\$ 263,347
-	-	11,599
-	-	127,744
-	-	265,467
-	-	-
-	-	668,157
-	-	345,680
-	-	345,680
13,294	76,132	2,022,515
-	-	-
-	-	(389,005)
<u>13,294</u>	<u>76,132</u>	<u>1,633,510</u>
<u>\$ 13,294</u>	<u>\$ 76,132</u>	<u>\$ 2,647,347</u>

City of Lemon Grove
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2021

	Special Revenue			
	Gas Tax	Parkland Dedication	Supplemental Law Enforcement Service	Sundry Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	1,082,688	-	156,726	38,335
Charges for Services	-	17,100	-	-
Use of Money and Property	(230)	88	-	(16)
Other	-	-	-	-
Total Revenues	<u>1,082,458</u>	<u>17,188</u>	<u>156,726</u>	<u>38,319</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	160,000	42,671
Public Works	545,835	-	-	-
Community Development	-	-	-	70,891
Capital Outlay	<u>49,793</u>	<u>68,181</u>	<u>-</u>	<u>235,912</u>
Total Expenditures	<u>595,628</u>	<u>68,181</u>	<u>160,000</u>	<u>349,474</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>486,830</u>	<u>(50,993)</u>	<u>(3,274)</u>	<u>(311,155)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	586,830	(50,993)	(3,274)	(311,155)
Fund Balances, Beginning of Year	<u>279,332</u>	<u>104,518</u>	<u>53,410</u>	<u>77,196</u>
Fund Balances, End of Year	<u>\$ 866,162</u>	<u>\$ 53,525</u>	<u>\$ 50,136</u>	<u>\$ (233,959)</u>

Special Revenue

CDBG	TDA	Lighting District	Storm Water	Household Hazardous Waste	Wild Flower Assessment
\$ -	\$ -	\$ 362,091	\$ -	\$ 26,437	\$ 10,547
60,340	39,858	-	-	-	-
-	-	-	70,935	-	-
-	-	474	15	356	11
-	-	-	-	-	-
<u>60,340</u>	<u>39,858</u>	<u>362,565</u>	<u>70,950</u>	<u>26,793</u>	<u>10,558</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	32,020	305,887	142,613	-	8,963
81,256	-	-	-	36,669	-
501	82,227	-	-	-	-
<u>81,757</u>	<u>114,247</u>	<u>305,887</u>	<u>142,613</u>	<u>36,669</u>	<u>8,963</u>
<u>(21,417)</u>	<u>(74,389)</u>	<u>56,678</u>	<u>(71,663)</u>	<u>(9,876)</u>	<u>1,595</u>
-	-	-	94,129	-	-
-	-	-	-	-	-
-	-	-	94,129	-	-
<u>(21,417)</u>	<u>(74,389)</u>	<u>56,678</u>	<u>22,466</u>	<u>(9,876)</u>	<u>1,595</u>
<u>(15,867)</u>	<u>(39,858)</u>	<u>296,635</u>	<u>-</u>	<u>197,824</u>	<u>(5,110)</u>
<u>\$ (37,284)</u>	<u>\$ (114,247)</u>	<u>\$ 353,313</u>	<u>\$ 22,466</u>	<u>\$ 187,948</u>	<u>\$ (3,515)</u>

Continued

City of Lemon Grove
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2021

	Special Revenue		Capital Projects	
	PEG (Public/ Education/ Government)	Serious Traffic Offender Program	Sidewalk Reserve	Main Street Promenade CFD
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 17,389
Intergovernmental Revenues	-	-	-	-
Charges for Services	51,732	-	-	-
Use of Money and Property	330	37	(86)	28
Other	-	5,460	-	-
Total Revenues	<u>52,062</u>	<u>5,497</u>	<u>(86)</u>	<u>17,417</u>
EXPENDITURES				
Current:				
General Government	34,927	-	-	-
Public Safety	-	2,152	-	-
Public Works	-	-	-	22,105
Community Development	-	-	-	-
Capital Outlay	-	-	5,832	-
Total Expenditures	<u>34,927</u>	<u>2,152</u>	<u>5,832</u>	<u>22,105</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>17,135</u>	<u>3,345</u>	<u>(5,918)</u>	<u>(4,688)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	17,135	3,345	(5,918)	(4,688)
Fund Balances, Beginning of Year	<u>327,275</u>	<u>37,418</u>	<u>5,918</u>	<u>19,054</u>
Fund Balances, End of Year	<u>\$ 344,410</u>	<u>\$ 40,763</u>	<u>\$ -</u>	<u>\$ 14,366</u>

<u>Capital Projects</u>		<u>Total Non-major Governmental Funds</u>
<u>Safety Capital Purchases</u>	<u>Transportation Mitigation</u>	
\$ -	\$ -	\$ 416,464
-	-	1,377,947
-	35,229	174,996
-	78	1,085
-	-	5,460
-	35,307	1,975,952
-	-	34,927
-	-	204,823
1,086	-	1,058,509
-	-	188,816
28,629	-	471,075
29,715	-	1,958,150
(29,715)	35,307	17,802
-	-	194,129
-	-	-
-	-	194,129
(29,715)	35,307	211,931
43,009	40,825	1,421,579
<u>\$ 13,294</u>	<u>\$ 76,132</u>	<u>\$ 1,633,510</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue	\$ 1,084,890	\$ 1,082,688	\$ (2,202)
Use of Money and Property	2,000	(230)	(2,230)
Total Revenues	<u>1,086,890</u>	<u>1,082,458</u>	<u>(4,432)</u>
EXPENDITURES			
Current:			
Public Works	727,720	545,835	181,885
Capital Outlay	630,000	49,793	580,207
Total Expenditures	<u>1,357,720</u>	<u>595,628</u>	<u>762,092</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(270,830)</u>	<u>486,830</u>	<u>757,660</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	100,000	100,000	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balances	(170,830)	586,830	757,660
Fund Balance, Beginning of Year	<u>279,332</u>	<u>279,332</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 108,502</u>	<u>\$ 866,162</u>	<u>\$ 757,660</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Parkland Dedication Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 4,500	\$ 17,100	\$ 12,600
Use of Money and Property	700	88	(612)
Total Revenues	<u>5,200</u>	<u>17,188</u>	<u>11,988</u>
EXPENDITURES			
Capital Outlay	<u>100,000</u>	<u>68,181</u>	<u>31,819</u>
Total Expenditures	<u>100,000</u>	<u>68,181</u>	<u>31,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(94,800)</u>	<u>(50,993)</u>	<u>43,807</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(94,800)	(50,993)	43,807
Fund Balance, Beginning of Year	<u>104,518</u>	<u>104,518</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 9,718</u>	<u>\$ 53,525</u>	<u>\$ 43,807</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Supplemental Law Enforcement Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 156,727	\$ 156,726	\$ (1)
Total Revenues	<u>156,727</u>	<u>156,726</u>	<u>(1)</u>
EXPENDITURES			
Current:			
Public Safety	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,273)</u>	<u>(3,274)</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(3,273)	(3,274)	(1)
Fund Balance, Beginning of Year	<u>53,410</u>	<u>53,410</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 50,137</u>	<u>\$ 50,136</u>	<u>\$ (1)</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Sundry Grants Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 1,710,283	\$ 38,335	\$ (1,671,948)
Use of Money and Property	750	(16)	(766)
Total Revenues	<u>1,711,033</u>	<u>38,319</u>	<u>(1,672,714)</u>
EXPENDITURES			
Current:			
Public Safety	65,347	42,671	22,676
Community Development	179,446	70,891	108,555
Capital Outlay	<u>1,420,755</u>	<u>235,912</u>	<u>1,184,843</u>
Total Expenditures	<u>1,665,548</u>	<u>349,474</u>	<u>1,316,074</u>
Excess (Deficiency) of Revenues over Expenditures	<u>45,485</u>	<u>(311,155)</u>	<u>(356,640)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	45,485	(311,155)	(356,640)
Fund Balance, Beginning of Year	<u>77,196</u>	<u>77,196</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 122,681</u></u>	<u><u>\$ (233,959)</u></u>	<u><u>\$ (356,640)</u></u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue	\$ 427,855	\$ 60,340	\$ (367,515)
Total Revenues	<u>427,855</u>	<u>60,340</u>	<u>(367,515)</u>
EXPENDITURES			
Community Development	<u>427,484</u>	<u>81,757</u>	<u>345,727</u>
Total Expenditures	<u>427,484</u>	<u>81,757</u>	<u>345,727</u>
Excess (Deficiency) of Revenues over Expenditures	<u>371</u>	<u>(21,417)</u>	<u>(21,788)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	371	(21,417)	(21,788)
Fund Balance, Beginning of Year	<u>(15,867)</u>	<u>(15,867)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (15,496)</u>	<u>\$ (37,284)</u>	<u>\$ (21,788)</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - TDA Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue	\$ 39,165	\$ 39,858	\$ 693
Use of Money and Property	200	-	(200)
Total Revenues	<u>39,365</u>	<u>39,858</u>	<u>493</u>
EXPENDITURES			
Current:			
Public Works	33,631	32,020	1,611
Capital Outlay	<u>87,740</u>	<u>82,227</u>	<u>5,513</u>
Total Expenditures	<u>121,371</u>	<u>114,247</u>	<u>7,124</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(82,006)</u>	<u>(74,389)</u>	<u>7,617</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(82,006)	(74,389)	7,617
Fund Balance, Beginning of Year	<u>(39,858)</u>	<u>(39,858)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (121,864)</u></u>	<u><u>\$ (114,247)</u></u>	<u><u>\$ 7,617</u></u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Lighting District Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 348,019	\$ 362,091	\$ 14,072
Use of Money and Property	7,075	474	(6,601)
Total Revenues	<u>355,094</u>	<u>362,565</u>	<u>7,471</u>
EXPENDITURES			
Current:			
Public Works	<u>343,822</u>	<u>305,887</u>	<u>37,935</u>
Total Expenditures	<u>343,822</u>	<u>305,887</u>	<u>37,935</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11,272</u>	<u>56,678</u>	<u>45,406</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	11,272	56,678	45,406
Fund Balance, Beginning of Year	<u>296,635</u>	<u>296,635</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 307,907</u>	<u>\$ 353,313</u>	<u>\$ 45,406</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Storm Water Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 61,000	\$ 70,935	\$ 9,935
Use of Money and Property	-	15	15
Total Revenues	<u>61,000</u>	<u>70,950</u>	<u>9,950</u>
EXPENDITURES			
Current:			
Public Works	<u>155,129</u>	<u>142,613</u>	<u>12,516</u>
Total Expenditures	<u>155,129</u>	<u>142,613</u>	<u>12,516</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(94,129)</u>	<u>(71,663)</u>	<u>22,466</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	94,129	94,129	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>94,129</u>	<u>94,129</u>	<u>-</u>
Net Change in Fund Balances	-	22,466	22,466
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 22,466</u></u>	<u><u>\$ 22,466</u></u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Household Hazardous Waste Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 23,000	\$ 26,437	\$ 3,437
Use of Money and Property	1,000	356	(644)
Other	-	-	-
Total Revenues	<u>24,000</u>	<u>26,793</u>	<u>2,793</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Community Development	87,774	36,669	51,105
Total Expenditures	<u>87,774</u>	<u>36,669</u>	<u>51,105</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(63,774)</u>	<u>(9,876)</u>	<u>53,898</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(63,774)	(9,876)	53,898
Fund Balance, Beginning of Year	197,824	197,824	-
Fund Balance, End of Year	<u>\$ 134,050</u>	<u>\$ 187,948</u>	<u>\$ 53,898</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Wildflower Assessment Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 10,670	\$ 10,547	\$ (123)
Use of Money and Property	20	11	(9)
Total Revenues	<u>10,690</u>	<u>10,558</u>	<u>(132)</u>
EXPENDITURES			
Current:			
Public Works	9,471	8,963	508
Community Development	-	-	-
Total Expenditures	<u>9,471</u>	<u>8,963</u>	<u>508</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,219</u>	<u>1,595</u>	<u>376</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,219	1,595	376
Fund Balance, Beginning of Year	<u>(5,110)</u>	<u>(5,110)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (3,891)</u></u>	<u><u>\$ (3,515)</u></u>	<u><u>\$ 376</u></u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - PEG Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 56,000	\$ 51,732	\$ (4,268)
Use of Money and Property	5,500	330	(5,170)
Total Revenues	<u>61,500</u>	<u>52,062</u>	<u>(9,438)</u>
EXPENDITURES			
Current:			
General Government	40,000	34,927	5,073
Capital Outlay	5,500	-	5,500
Total Expenditures	<u>45,500</u>	<u>34,927</u>	<u>10,573</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,000</u>	<u>17,135</u>	<u>1,135</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	16,000	17,135	1,135
Fund Balance, Beginning of Year	<u>327,275</u>	<u>327,275</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 343,275</u>	<u>\$ 344,410</u>	<u>\$ 1,135</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Serious Traffic Offender Special Revenue Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ 500	\$ 37	\$ (463)
Other	4,290	5,460	1,170
Total Revenues	4,790	5,497	707
EXPENDITURES			
Current:			
Public Safety	7,792	2,152	5,640
Total Expenditures	7,792	2,152	5,640
Excess (Deficiency) of Revenues Over Expenditures	(3,002)	3,345	6,347
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(3,002)	3,345	6,347
Fund Balance, Beginning of Year	37,418	37,418	-
Fund Balance, End of Year	\$ 34,416	\$ 40,763	\$ 6,347

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Sidewalk Reserve Capital Projects Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	\$ -	\$ (86)	\$ (86)
Total Revenues	-	(86)	(86)
EXPENDITURES			
Capital Outlay	5,500	5,832	(332)
Total Expenditures	5,500	5,832	(332)
Excess (Deficiency) of Revenues over Expenditures	(5,500)	(5,918)	(418)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(5,500)	(5,918)	(418)
Fund Balance, Beginning of Year	5,918	5,918	-
Fund Balance, End of Year	\$ 418	\$ -	\$ (418)

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Main Street Promenade Community Facilities District
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 17,350	\$ 17,389	\$ 39
Use of Money and Property	100	28	(72)
Total Revenues	<u>17,450</u>	<u>17,417</u>	<u>(33)</u>
EXPENDITURES			
Current:			
Public Works	<u>23,500</u>	<u>22,105</u>	<u>1,395</u>
Total Expenditures	<u>23,500</u>	<u>22,105</u>	<u>1,395</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,050)</u>	<u>(4,688)</u>	<u>1,362</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(6,050)	(4,688)	1,362
Fund Balance, Beginning of Year	<u>19,054</u>	<u>19,054</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 13,004</u></u>	<u><u>\$ 14,366</u></u>	<u><u>\$ 1,362</u></u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Safety Capital Purchases Capital Projects Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Current:			
Public Works	2,100	1,086	1,014
Capital Outlay	41,242	28,629	12,613
Total Expenditures	43,342	29,715	13,627
Excess (Deficiency) of Revenues over Expenditures	(43,342)	(29,715)	13,627
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(43,342)	(29,715)	13,627
Fund Balance, Beginning of Year	43,009	43,009	-
Fund Balance, End of Year	<u>\$ (333)</u>	<u>\$ 13,294</u>	<u>\$ 13,627</u>

City of Lemon Grove
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Transportation Mitigation Capital Project Fund
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 5,000	\$ 35,229	\$ 30,229
Use of Money and Property	40	78	38
Total Revenues	<u>5,040</u>	<u>35,307</u>	<u>30,267</u>
EXPENDITURES			
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,040</u>	<u>35,307</u>	<u>30,267</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,040	35,307	30,267
Fund Balance, Beginning of Year	<u>40,825</u>	<u>40,825</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 45,865</u></u>	<u><u>\$ 76,132</u></u>	<u><u>\$ 30,267</u></u>

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Statistical Section (Unaudited)

The Statistical Section presents information as required by GASB Statement No. 44. In addition to utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information, the statistical data presented in this section helps users assess the City's economic condition. Ten-year trend information has been provided when available. The statistical tables are footnoted to indicate sources and when accounting data or other information is unavailable.

The requirement is to provide ten years of data when available for the trend tables in the statistical section. The City of Lemon Grove only has reliable available data going back to FY2013 for some of the trend tables, therefore these impacted tables are provided presenting 8 prior years plus the current year information. Other statistical tables present data only for years with available information.

Contents

Financial Trends: these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

- Net Position by Category
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- Tax Revenue by Source

Revenue Capacity: these schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.

- Assessed Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections
- Taxable Sales by Category
- Top 25 Sales Tax Producers

Debt Capacity: 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.

- Ratios of Outstanding Debt by Type
- Overlapping Tax and Assessment Debt
- Legal Debt Margin Information – City

Demographic and Economic Information: these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

- Demographic and Economic Statistics
- Principal Employers by Employee Size

Operating Information: these schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides.

- Full-Time Equivalent Employees by Function
- Operating Indicators by Function
- Capital Assets Statistics by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial report for the relevant year.

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City of Lemon Grove

Net Position by Category (Unaudited)

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Invested in capital assets, net of related debt	42,884,125	\$42,652,240	\$ 41,846,096	\$ 41,548,007
Restricted	9,048,663	8,040,322	13,303,682	10,320,943
Unrestricted	5,782,409	6,357,413	(292,780)	5,342,344
Total governmental activities net position	57,715,197	57,049,975	54,856,998	57,211,294
Business-type Activities				
Invested in capital assets, net of related debt	5,287,794	5,850,826	5,650,270	5,708,030
Restricted		-	-	-
Unrestricted	13,849,119	15,314,047	14,949,807	15,409,379
Total business-type activities net position	19,136,913	21,164,873	20,600,077	21,117,409
Primary Government				
Net investment in capital assets	48,171,919	48,503,066	47,496,366	47,256,037
Restricted	9,048,663	8,040,322	13,303,682	10,320,943
Unrestricted	19,631,528	21,671,460	14,657,027	20,751,723
Total primary government net position	\$ 76,852,110	\$78,214,848	\$ 75,457,075	\$ 78,328,703

City of Lemon Grove

Net Position by Category (Unaudited) (continued)

Last Nine Fiscal Years

(accrual basis of accounting)

		Fiscal Year			
2017	2018	2019	2020	2021	
\$ 43,454,713	\$ 44,357,536	\$ 45,064,416	\$ 43,627,795	\$ 42,609,458	
10,630,122	11,151,485	11,012,460	12,081,617	17,766,991	
2,132,098	(1,700,781)	(760,899)	(1,535,017)	1,072,575	
<u>56,216,933</u>	<u>53,808,240</u>	<u>55,315,977</u>	<u>54,174,395</u>	<u>61,449,024</u>	
6,589,829	7,056,706	7,174,106	7,423,916	7,308,262	
-	-	553,967	1,140,548	1,956,146	
15,351,794	15,314,047	16,569,600	19,678,287	21,573,870	
<u>21,941,623</u>	<u>22,370,753</u>	<u>24,297,673</u>	<u>28,242,751</u>	<u>30,838,278</u>	
50,044,542	51,414,242	52,238,522	51,051,711	49,917,720	
10,630,122	11,151,485	11,566,427	13,222,165	19,723,137	
17,483,892	13,613,266	15,808,701	18,143,270	22,646,445	
<u>\$ 78,158,556</u>	<u>\$ 76,178,993</u>	<u>\$ 79,613,650</u>	<u>\$ 82,417,146</u>	<u>\$ 92,287,302</u>	

City of Lemon Grove

Changes in Net Position (Unaudited)

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General Government	922,962	1,990,375	1,995,938	913,892
Public Safety	8,681,889	8,802,464	9,146,101	8,858,907
Public Works	1,821,778	3,386,086	1,613,433	3,975,465
Community Development	495,097	974,490	2,226,068	1,299,116
Interest on long-term debt	3,133	2,766	789	-
Total governmental activities expenses	<u>11,924,859</u>	<u>15,156,181</u>	<u>14,982,329</u>	<u>15,047,380</u>
Business-type activities:				
Sanitation	4,364,996	4,657,485	3,948,291	5,194,291
Total business-type activities expenses	<u>4,364,996</u>	<u>4,657,485</u>	<u>3,948,291</u>	<u>5,194,291</u>
Total primary government expenses	<u>16,289,855</u>	<u>\$ 19,813,666</u>	<u>\$ 18,930,620</u>	<u>\$ 20,241,671</u>
Program Revenues				
Governmental activities:				
Charges for Services				
General Government	87,334	415,728	359,414	468,405
Public Safety	406,164	395,513	943,754	518,866
Public Works	334,038	353,144	708,119	637,507
Community Development	339,475	306,285	250,573	216,744
Operating Grants and Contributions	535,785	1,609,715	2,329,068	1,424,488
Capital Grants and Contributions	1,805,280	4,578,565	1,540,883	2,043,592
Total governmental activities program revenues	<u>3,508,076</u>	<u>7,658,950</u>	<u>6,131,811</u>	<u>5,309,602</u>
Business-type activities:				
Charges for Services	<u>5,571,705</u>	<u>5,872,436</u>	<u>6,573,926</u>	<u>6,312,436</u>
Total business-type activities program revenues	<u>5,571,705</u>	<u>5,872,436</u>	<u>6,573,926</u>	<u>6,312,436</u>
Total primary government program revenues	<u>9,079,781</u>	<u>\$ 13,531,386</u>	<u>\$ 12,705,737</u>	<u>\$ 11,622,038</u>
Net (Expense)/Revenue				
Governmental activities	(8,416,783)	(7,497,231)	(8,850,518)	(9,737,778)
Business-type activities	<u>1,206,709</u>	<u>1,214,951</u>	<u>2,625,635</u>	<u>1,118,145</u>
Total primary government net (expense)/revenue	<u>(7,210,074)</u>	<u>(6,282,280)</u>	<u>(6,224,883)</u>	<u>(8,619,633)</u>

City of Lemon Grove

Changes in Net Position (Unaudited) (continued)

Last Nine Fiscal Years

(accrual basis of accounting)

		Fiscal Year				
2017	2018	2019	2020	2021		
1,543,159	2,788,081	935,586	2,094,451	1,442,207		
9,884,392	10,703,373	11,255,122	11,348,111	11,540,363		
4,990,867	3,129,413	4,410,543	5,378,126	4,087,625		
882,340	767,367	751,601	904,438	1,892,944		
-	-	-	-	-		
17,300,758	17,388,234	17,352,852	19,725,126	18,963,139		
4,690,722	4,642,513	5,489,606	3,421,848	4,513,177		
4,690,722	4,642,513	5,489,606	3,421,848	4,513,177		
\$ 21,991,480	\$ 22,030,747	\$ 22,842,458	\$ 23,146,974	\$ 23,476,316		
419,353	329,566	768,795	761,102	216,043		
744,377	1,080,647	752,784	535,471	757,768		
109,556	114,917	501,379	438,199	499,470		
583,702	778,438	767,271	1,396,593	1,977,238		
712,587	1,190,544	1,705,356	1,618,626	2,472,960		
4,991,543	1,851,065	1,041,111	964,895	1,155,234		
7,561,118	5,345,177	5,536,696	5,714,886	7,078,713		
6,121,851	6,470,933	6,846,373	6,821,770	6,966,652		
6,121,851	6,470,933	6,846,373	6,821,770	6,966,652		
\$ 13,682,969	\$ 11,816,110	\$ 12,383,069	\$ 12,536,656	\$ 14,045,365		
(9,739,640)	(12,043,057)	(11,816,156)	(14,010,240)	(11,884,426)		
1,431,129	1,828,420	1,356,767	3,399,922	2,453,475		
(8,308,511)	(10,214,637)	(10,459,389)	(10,610,318)	(9,430,951)		

City of Lemon Grove

Changes in Net Position (Unaudited) (continued)

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	4,082,435	4,013,905	3,786,926	2,650,773
Sales Taxes	3,897,070	4,294,760	3,800,925	5,388,718
Transient Occupancy Taxes	36,756	39,392	44,525	53,184
Franchise Taxes	889,320	923,592	962,845	965,068
Motor Vehicle in Lieu Taxes	13,395	11,086	2,027,437	2,135,491
Investment Earnings	374,463	38,158	10,795	261,750
Miscellaneous	144,389	27,986	-	131,113
Transfers	-	1,506,682	648,500	652,400
Total governmental activities	<u>9,437,828</u>	<u>10,855,561</u>	<u>11,281,953</u>	<u>12,238,497</u>
Business-type Activities:				
Investment Earnings	33,710	33,680	36,677	131,711
Transfers	-	-	(648,500)	(652,400)
Total business-type activities	<u>33,710</u>	<u>33,680</u>	<u>(611,823)</u>	<u>(520,689)</u>
Total primary government	<u>9,471,538</u>	<u>10,889,241</u>	<u>10,670,130</u>	<u>11,717,808</u>
Change in Net Position				
Governmental activities	1,021,045	3,358,330	2,431,435	2,500,719
Business-type activities	1,240,419	1,248,631	2,013,812	597,456
Total primary government	<u>\$ 2,261,464</u>	<u>\$ 4,606,961</u>	<u>\$ 4,445,247</u>	<u>\$ 3,098,175</u>

City of Lemon Grove

Changes in Net Position (Unaudited) (continued)

Last Nine Fiscal Years

(accrual basis of accounting)

Fiscal Year				
2017	2018	2019	2020	2021
2,454,561	2,643,372	2,860,769	2,953,361	3,236,228
5,176,561	5,430,108	5,991,547	5,490,759	6,995,948
52,043	53,413	53,761	46,322	65,549
938,714	994,365	1,021,549	999,889	1,046,054
2,272,050	2,443,116	2,621,478	2,768,743	2,918,349
28,321	51,876	150,581	196,550	136,489
497,209	64,370	465,704	263,034	487,454
652,400	589,294	(22,536)	150,000	100,000
<u>12,071,859</u>	<u>12,269,914</u>	<u>13,142,853</u>	<u>12,868,658</u>	<u>14,986,071</u>
103,386	154,186	547,617	695,156	242,052
(652,400)	(589,294)	22,536	(150,000)	(100,000)
<u>(549,014)</u>	<u>(435,108)</u>	<u>570,153</u>	<u>545,156</u>	<u>142,052</u>
<u>11,522,845</u>	<u>11,834,806</u>	<u>13,713,006</u>	<u>13,413,814</u>	<u>15,128,123</u>
2,332,219	226,857	1,326,697	(1,141,582)	3,101,645
882,115	1,393,312	1,926,920	3,945,078	2,595,527
<u>\$ 3,214,334</u>	<u>\$ 1,620,169</u>	<u>\$ 3,253,617</u>	<u>\$ 2,803,496</u>	<u>\$ 5,697,172</u>

City of Lemon Grove

Fund Balances, Governmental Funds (Unaudited)

Last Nine Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	3,191,052	3,210,420	3,272,823	3,820,517
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	2,894,023	3,411,395	4,234,784	4,641,085
Total General Fund	<u>6,085,075</u>	<u>6,621,815</u>	<u>7,507,607</u>	<u>8,461,602</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	1,228,606	1,028,146	8,613,964	8,665,398
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(1,379,913)	(1,202,533)	(128,680)	(933,889)
Total all other governmental funds	<u>(151,307)</u>	<u>(174,387)</u>	<u>8,485,284</u>	<u>7,731,509</u>
Total Governmental Funds	<u>\$ 5,933,768</u>	<u>\$ 6,447,428</u>	<u>\$ 15,992,891</u>	<u>\$ 16,193,111</u>

City of Lemon Grove

Fund Balances, Governmental Funds (Unaudited)(continued)

Last Nine Fiscal Years

(modified accrual basis of accounting)

Fiscal Year				
2017	2018	2019	2020	2021
8,578	20,828	110,275	7,479	11,189
-	-	94,048	904,422	1,287,512
-	-	-	-	
-	-	-	-	
5,288,540	5,455,171	6,076,600	6,223,357	9,251,839
5,297,118	5,475,999	6,280,923	7,135,258	10,550,540
-	-	-	-	
9,111,912	9,250,604	8,705,792	9,023,976	13,179,696
-	-	-	-	
-	-	-	-	
(789,480)	(1,490,516)	(241,905)	(60,835)	(389,005)
8,322,432	7,760,088	8,463,887	8,963,141	12,790,691
<u>\$ 13,619,550</u>	<u>\$ 13,236,087</u>	<u>\$ 14,744,810</u>	<u>\$ 16,098,399</u>	<u>\$ 23,341,231</u>

City of Lemon Grove

Changes in Fund Balances, Governmental Funds (Unaudited)

Last Nine Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues:				
Taxes and Special Assessments	8,977,850	9,579,850	10,622,661	11,193,234
Licenses and Permits	405,363	415,580	743,558	673,798
Fines, Forfeitures and Penalties	72,081	83,373	112,387	125,713
Intergovernmental Revenues	2,089,065	2,773,635	3,345,711	2,511,161
Charges for Services	951,298	553,785	807,764	760,934
Use of Money and Property	337,227	340,992	259,035	291,651
Other	145,296	152,180	874,148	319,463
Total Revenues	12,978,180	13,899,395	16,765,264	15,875,954
Expenditures:				
Current:				
General Government	868,059	1,878,121	1,811,784	1,863,692
Public Safety	8,608,385	8,800,837	9,146,101	9,281,387
Public Works	1,890,995	2,043,575	1,613,433	2,611,575
Community Development	2,084,534	879,634	1,248,142	1,173,838
Capital Outlay	941,622	1,217,629	719,280	1,400,021
Debt Service:				
Principal	18,916	19,391	22,622	22,621
Interest	3,675	3,231	-	-
Total Expenditures	14,416,186	14,842,418	14,561,362	16,353,134
Excess of Revenues over (under) Expenditures	(1,438,006)	(943,023)	2,203,902	(477,180)
Other Financing Sources (Uses)				
Transfers In	-	1,506,682	828,500	890,035
Transfers Out	-	(50,000)	(180,000)	(212,635)
Total Other Financing Sources (Uses)	-	1,456,682	648,500	677,400
Net Change in Fund Balances	(1,438,006)	\$ 513,659	\$ 2,852,402	\$ 200,220
Debt service as percentage of noncapital expenditure	0.1%	0.1%	0.2%	0.2%

City of Lemon Grove

Changes in Fund Balances, Governmental Funds (Unaudited)(continued)

Last Nine Fiscal Years

(modified accrual basis of accounting)

		Fiscal Year				
	2017	2018	2019	2020	2021	
	11,202,092	11,882,362	12,884,470	12,594,392	14,659,137	
	464,877	549,632	600,647	628,891	1,117,737	
	229,624	277,486	260,211	1,056,195	1,195,435	
	5,527,465	1,984,927	3,750,197	2,686,985	2,982,587	
	628,332	1,013,845	936,030	706,169	892,800	
	290,784	317,528	460,303	572,568	430,323	
	504,153	89,166	508,735	295,809	492,917	
	<u>18,847,327</u>	<u>16,114,946</u>	<u>19,400,593</u>	<u>18,541,009</u>	<u>21,770,936</u>	
	1,172,468	1,541,965	925,148	1,001,126	1,281,107	
	9,734,317	10,569,610	11,117,735	11,210,825	11,406,818	
	2,914,942	2,530,657	2,975,335	2,720,567	2,434,691	
	750,176	628,428	624,516	777,353	1,764,155	
	4,152,944	1,730,355	2,181,072	1,440,861	854,874	
	76,545	78,474	80,452	82,479	84,558	
	10,143	8,214	6,236	4,209	2,131	
	<u>18,811,535</u>	<u>17,087,703</u>	<u>17,910,494</u>	<u>17,237,420</u>	<u>17,828,334</u>	
	35,792	(972,757)	1,490,099	1,303,589	3,942,602	
	1,011,863	869,589	107,340	176,161	194,129	
	(359,463)	(280,295)	(88,716)	(126,161)	(94,129)	
	<u>652,400</u>	<u>589,294</u>	<u>18,624</u>	<u>50,000</u>	<u>100,000</u>	
	<u>\$ 688,192</u>	<u>\$ (383,463)</u>	<u>\$ 1,508,723</u>	<u>\$ 1,353,589</u>	<u>\$ 4,042,602</u>	
	0.5%	0.5%	0.5%	0.5%	0.5%	

City of Lemon Grove

Tax Revenues by Source, Governmental Activities (Unaudited)

Last Nine Fiscal Years

(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales</u>	<u>Transient Occupancy</u>	<u>Franchises</u>	<u>Motor Vehicle In Lieu</u>	<u>Total</u>
2013	2,035,659	3,897,070	36,756	889,320	1,886,844	8,745,649
2014	2,064,568	4,294,760	39,392	923,592	1,940,667	9,262,979
2015	3,786,926	3,800,925	44,525	962,845	2,027,437	10,622,658
2016	2,650,773	5,388,718	53,184	965,068	2,135,491	11,193,234
2017	2,454,561	5,176,561	52,043	938,714	2,272,050	10,893,929
2018	2,643,372	5,430,108	53,413	994,365	2,443,116	11,564,374
2019	2,860,769	5,991,547	53,761	1,021,549	2,621,478	12,549,104
2020	2,953,361	5,490,759	46,322	999,889	2,768,743	12,259,074
2021	3,236,228	6,995,948	65,549	1,046,054	2,918,349	14,262,128
Change 2013-2021	59%	80%	78%	18%	55%	63%

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City of Lemon Grove

Assessed Value Taxable Property (Unaudited)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Dry Farm</u>	<u>Institutional</u>	<u>Recreational</u>
2012	1,212,005,662	252,141,378	48,966,060	49,073	6,265,085	551,145
2013	1,224,815,038	249,255,589	49,342,083	50,054	1,526,895	562,164
2014	1,267,321,315	248,065,737	48,706,700	51,054	2,148,703	573,402
2015	1,335,707,940	253,580,009	49,419,280	51,285	2,984,786	576,000
2016	1,416,970,329	260,281,533	50,122,395	52,308	3,046,070	661,045
2017	1,513,015,900	267,766,616	52,321,004	53,105	1,440,009	596,460
2018	1,640,935,901	280,511,732	55,264,075	54,166	1,401,823	608,386
2019	1,768,300,999	306,952,073	58,396,558	55,249	1,429,855	620,550
2020	1,868,579,982	315,378,878	59,081,156	56,353	1,458,450	712,183
2021	1,977,527,606	325,886,979	62,536,537	104,500	4,087,617	645,613

Source: San Diego County Assessor 2010/11 - 2020/21 Combined Tax Rolls

City of Lemon Grove

Assessed Value of Taxable Property (Unaudited)(continued) Last Ten Fiscal Years

Fiscal Year	Vacant	SBE Nonunitary	Unsecured	Total	Total Direct Rate
2012	20,513,105	185,698	53,101,284	1,593,778,490	0.3184%
2013	20,793,432	185,698	55,502,436	1,602,033,389	0.3179%
2014	26,370,679	185,698	54,255,944	1,647,679,232	0.1577%
2015	25,721,861	185,698	53,060,383	1,721,287,242	0.1529%
2016	29,711,514	185,698	52,105,351	1,813,136,243	0.1527%
2017	30,538,789	185,698	53,011,755	1,918,929,336	0.1521%
2018	28,155,314	185,698	55,245,950	2,062,363,045	0.1517%
2019	21,703,893	310,770	57,193,680	2,214,963,627	0.1517%
2020	24,732,809	310,770	62,404,902	2,332,713,463	0.1502%
2021	24,681,534	310,770	65,758,892	2,461,540,048	0.1516%

THE CITY OF LEMON GROVE

DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER \$100 OF TAXABLE VALUE) (Unaudited)

Last 10 Fiscal Years										
Agency	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Grossmont Healthcare District Bond	0.00000	0.02005	0.02005	0.02005	0.02352	0.02352	0.02352	0.02352	0.02490	0.02490
Grossmont Healthcare District Prop G 6-06-06	0.02005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Grossmont High Bond	0.06121	0.06103	0.06167	0.06118	0.06053	0.05717	0.06613	0.06482	0.06704	0.06326
Grossmont-Cuyamaca Community College	0.03082	0.03173	0.04752	0.04650	0.04539	0.04005	0.04671	0.04225	0.04038	0.03797
Lemon Grove School Bond	0.05890	0.06212	0.06229	0.05963	0.08611	0.08472	0.08466	0.08179	0.08239	0.08166
Metropolitan Water District	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct & Overlapping² Tax Rates	1.17468	1.17843	1.19503	1.19086	1.21905	1.20896	1.22452	1.21588	1.21821	1.21129
City's Share of 1% Levy Per Prop 13³	0.15842	0.15842	0.15842	0.15842	0.15842	0.15842	0.15842	0.15842	0.15842	0.15842
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.00370									
Total Direct Rate⁵	0.31489	0.31398	0.15296	0.15289	0.15270	0.15214	0.15168	0.15165	0.15164	0.15157

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

City of Lemon Grove

Principal Property Tax Payers (Unaudited) Current and Ten Years Ago

	2012		2021	
	Taxable Assessed Value	% of Total Assessed Valuation	Taxable Assessed Value	% of Total Assessed Valuation
Principal Taxpayers				
EDCO Disposal Corporation	\$ 15,753,715	0.99%	\$ 25,296,332	1.03%
Celsius Lemon Grove LLC			23,337,139	0.95%
Home Depot USA Inc	15,772,547	0.99%	21,999,422	0.89%
Starboard Lemon Grove Dst			20,375,191	0.83%
Miller Family Real Estate			19,818,600	0.81%
TC Hillside Terrace LLC			16,646,892	0.68%
ACI Real Estate Spe 142 LLC			14,637,797	0.59%
Terrace Gardens LLC	12,006,792	0.75%	14,065,642	0.57%
William O Kobusch Revocable Trust	13,021,566	0.82%	11,890,087	0.48%
3240 Olive Property LLC			10,650,000	0.43%
ASP Realty	13,085,000	0.82%		
Retail Portfolio 30-1 LLC	14,210,215	0.89%		
TRCMM LLC	13,354,125	0.84%		
Lemon Grove Holdings LLC	9,453,569	0.59%		
Food 4 Less of California Inc	8,203,927	0.51%		
Rekab Properties	7,061,149	0.44%		
Principal Taxpayer's Totals	\$ 121,922,605	7.64%	\$ 178,717,102	7.26%

Source: San Diego County Assessor Tax Rolls and HdL Coren & Cone

City of Lemon Grove

Property Tax Levies and Collections (Unaudited) Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	% of Levy		Amount	% of Levy
2012	1,897,594	1,849,484	97.5%	39,850	1,889,334	99.6%
2013	1,948,684	1,903,574	97.7%	40,561	1,944,135	99.8%
2014	2,039,893	1,986,818	97.4%	34,829	2,021,648	99.1%
2015	2,075,906	2,040,187	98.3%	28,944	2,069,131	99.7%
2016	2,199,719	2,163,332	98.3%	26,963	2,190,295	99.6%
2017	2,341,473	2,298,563	98.2%	26,163	2,324,726	99.3%
2018	2,490,166	2,449,526	98.4%	28,992	2,478,518	99.5%
2019	2,651,596	2,601,502	98.1%	24,641	2,626,144	99.0%
2020	3,002,906	2,933,825	97.7%	30,888	2,964,713	98.7%
2021	3,155,096	3,089,988	97.9%	44,705	3,134,693	99.4%

Source: County of San Diego Tax/Revenue Accountability Report

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City of Lemon Grove

Taxable Sales by Category (Unaudited)

Last Ten Calendar Years

(In Thousands, Adjusted for Economic Data)

	Fiscal Year			
	2011	2012	2013	2014
Auto Dealers and Supplies	\$ 88,075	\$ 90,933	\$ 118,538	\$ 136,415
Building Materials	78,842	83,986	92,104	94,237
Eating and Drinking Places	31,830	32,554	34,559	37,616
Other Retail Stores	27,557	28,452	34,928	38,557
Food Stores	16,688	22,472	24,998	32,684
Service Stations	53,613	50,277	46,260	45,027
General Merchandise	12,095	11,974	11,854	11,967
Apparel Stores	6,724	6,811	6,217	7,450
All Other Outlets	52,060	59,132	70,783	83,585
Total Taxable Sales	<u>\$ 367,484</u>	<u>\$ 386,591</u>	<u>\$ 440,241</u>	<u>\$ 487,538</u>

Sources: State Board of Equalization, California Department of Taxes and Fees
Administration, State Controller's Office, The HDL Companies

Note: Due to Confidentiality Issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

City of Lemon Grove

Taxable Sales by Category (Unaudited)(Continued)

Last Ten Calendar Years

(In Thousands, Adjusted for Economic Data)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 133,969	\$ 131,294	\$ 150,839	\$ 150,410	\$ 146,263	\$ 158,022
105,437	110,581	118,172	124,696	122,655	133,194
41,080	43,288	46,063	47,662	49,072	50,050
40,031	39,627	44,904	40,414	34,663	39,821
31,743	31,651	31,425	33,475	31,104	27,811
39,217	37,937	39,398	44,735	41,640	26,645
12,784	13,385	13,200	13,225	11,453	9,150
7,743	7,820	7,837	6,647	4,648	3,656
85,714	91,075	99,691	102,902	109,107	166,611
<u>\$ 497,718</u>	<u>\$ 506,658</u>	<u>\$ 551,529</u>	<u>\$ 564,166</u>	<u>\$ 550,605</u>	<u>\$ 614,960</u>

City of Lemon Grove

Top 25 Sales Tax Producers (Unaudited) Current and Ten Years Ago

Fiscal Year 2011-12		Fiscal Year 2020-21	
Business Name	Business Category	Business Name	Business Category
99 Cents Only	Variety Stores	Albertsons	Grocery Stores
Albertsons	Grocery Stores	Arco AM PM	Service Stations
Arco	Service Stations	Boulevard	Cannabis Related
Arco AM PM	Service Stations	Chevron	Service Stations
Bob Baker Toyota	New Motor Vehicle Dealers	Discount Tire	Automotive Supply Stores
Chevron	Service Stations	EW Truck & Equipment Company	New Motor Vehicle Dealers
Culligan Water	Repair Shop/Equip Rentals	Food 4 Less	Grocery Stores
DCH Honda	New Motor Vehicle Dealers	Golden State Gasoline	Service Stations
Discount Tire	Automotive Supply Stores	GTM Discount General Store	Variety Stores
EW Truck & Equipment Company	New Motor Vehicle Dealers	Harbor Freight Tools	Building Materials
Factory 2 U	Family Apparel	Home Depot	Building Materials
Federal Arco	Service Stations	Honda Lease Trust	Auto Lease
Food 4 Less	Grocery Stores	In N Out Burger	Quick Service Restaurants
Golden State Gasoline	Service Stations	Jack in the Box	Quick Service Restaurants
Grove Market	Convenience Stores/Liquor	Larry H Miller Toyota Lemon Grove	New Motor Vehicle Dealers
GTM Discount General Store	Variety Stores	Lidos Italian Food	Casual Dining
Home Depot	Building Materials	McDonalds	Quick Service Restaurants
In N Out Burger	Quick Service Restaurants	Mossy Honda Lemon Grove	New Motor Vehicle Dealers
Jack in the Box	Quick Service Restaurants	Petco	Specialty Stores
McDonalds	Quick Service Restaurants	RCP Block & Brick	Contractors
RCP Block & Brick	Contractors	Shell	Service Stations
Rite Aid	Drug Stores	Sprouts Farmers Market	Grocery Stores
Texaco	Service Stations	Texaco	Service Stations
Thompson Building Materials	Building Materials	Thompson Building Materials	Building Materials
USA Gas	Service Stations	Toyota Lease Trust	Auto Lease

Notes: Businesses Listed Alphabetically

Percent of Fiscal Year Total Sales Tax Paid By Top 25 Accounts = 75.38% in FY 2011-12; 75.72% in FY 2020-21

Sources: State Board of Equalization, California Department of Taxes and Fees
Administration, State Controller's Office, The HDL Companies

City of Lemon Grove

Ratios of Outstanding Debt by Type (Unaudited) Last Ten Fiscal Years

Fiscal Year	Capital Lease	Redevelopment Bonds	Total	Population	Debt Per Capita	Percent of Assessed Value ¹
2012	81,446	-	81,446	25,603	3	0.01%
2013	62,500	-	62,500	25,554	2	0.00%
2014	42,644	-	42,644	25,928	2	0.00%
2015	21,833	-	21,833	25,856	1	0.00%
2016	-	-	-	26,611	0	0.00%
2017	325,963	-	325,963	26,795	12	0.02%
2018	247,489	-	247,489	26,834	9	0.01%
2019	167,037	-	167,037	27,208	6	0.01%
2020	84,557	-	84,557	26,526	3	0.00%
2021	-	-	-	26,345	0	0.00%

¹Assessed value has been used because the value or personal income is not readily available in California

City of Lemon Grove

Overlapping Tax and Assessment Debt (Unaudited)

2020-21 Assessed Valuation: \$2,462,002,677

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/21	% Applicable (1)	City's Share of Debt 6/30/21
Metropolitan Water District	\$26,830,000	7.50%	\$ 20,123
Grossmont-Cuyamaca Community College District	398,340,377	4.338	17,280,006
Grossmont Union High School District	611,620,166	4.464	27,302,724
Lemon Grove School District	25,555,955	73.782	18,855,695
City of Lemon Grove	0	100.	0
Grossmont Healthcare District	252,257,076	4.096	<u>10,332,450</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$73,790,998
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	\$211,585,000	0.420%	\$ 888,657
San Diego County Pension Obligation Bonds	400,125,000	0.420	1,680,525
San Diego County Superintendent of Schools Certificates of Participation	8,585,000	0.420	36,057
Grossmont Union High School District General Fund Obligations	33,185,000	4.464	<u>1,481,378</u>
TOTAL OVERLAPPING GENERAL FUND DEBT			\$4,086,617
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$19,710,000	100. %	\$19,710,000
COMBINED TOTAL DEBT			\$97,587,615 (2)

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$0).....0.00%
 Total Direct Overlapping Tax and Assessment Debt.....3.00%
 Combined Total Debt3.96%

Ratio to Successor Agency Redevelopment Incremental Valuation (\$534,991,220):

Total Overlapping Tax Increment Debt3.68%

KD:(\$500)

Source: California Municipal Statistics

City of Lemon Grove

Legal Debt Margin (Unaudited) June 30, 2021

Net assessed value of all taxable property	\$ 2,461,540,048
Conversion percentage	<u>25.00%</u>
Adjusted assessed valuation	615,385,012
Debt limit percentage	<u>15.00%</u>
Debt limit	92,307,752
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 92,307,752</u></u>

The City of Lemon Grove has had no indebtedness applicable to the limit during the past ten fiscal years

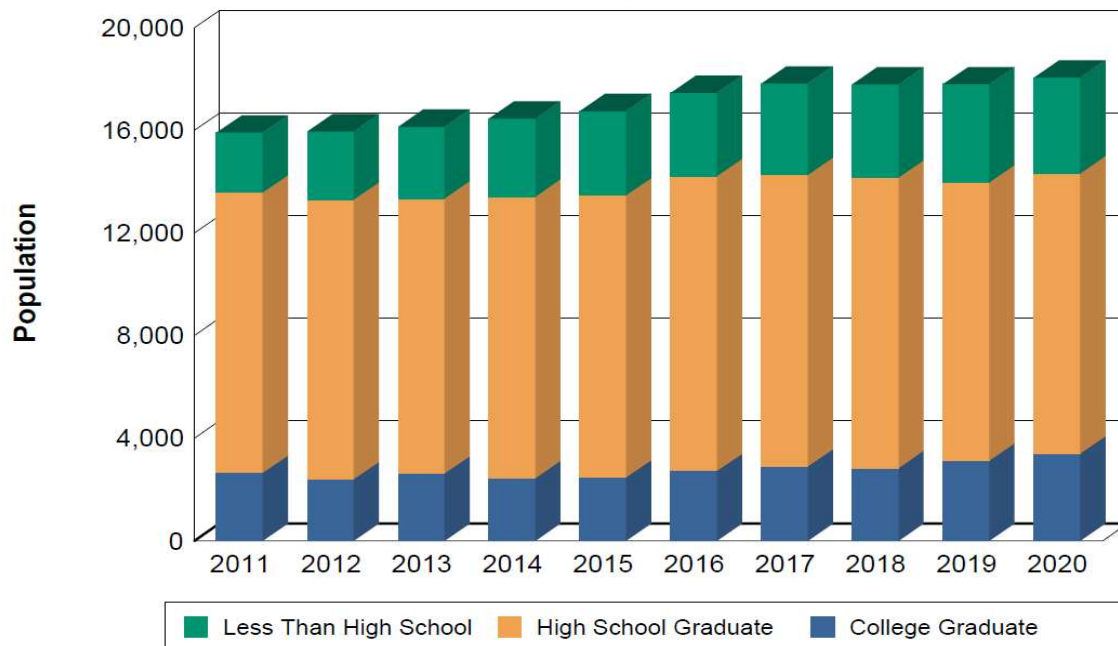
The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with 1981-82 fiscal year, each parcel is assessed at 100% of market value (as of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

City of Lemon Grove

Demographic and Economic Statistics (Unaudited) Last Ten Years

Calendar Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate
2011	25,603	\$550,746	\$21,511	12.4%
2012	25,554	\$557,026	\$21,798	8.7%
2013	25,928	\$568,108	\$21,911	7.6%
2014	25,856	\$572,245	\$22,132	8.4%
2015	26,611	\$568,975	\$21,381	6.8%
2016	26,795	\$587,240	\$21,916	6.2%
2017	26,834	\$610,981	\$22,768	4.7%
2018	27,208	\$605,847	\$22,267	3.8%
2019	26,526	\$641,998	\$24,202	3.7%
2020	26,345	\$664,816	\$25,235	11.7%

Education Level Attained for Population 25 and Over



Sources: HdL Coren & Cone report prepared on 09/17/21

Population: California State Department of Finance. Unemployment Data: California Employment Development Department.

2000-2009 Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries.

2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey.

City of Lemon Grove

Principal Employers by Employee Size (Unaudited) Last Four Calendar Years

Employer	2018	2019	2020	2021
EDCO Waste Services	1,000 - 4,999	1,000 - 4,999	1,000 - 4,999	1,000 - 4,999
Home Depot	250 - 499	250 - 499	250 - 499	250 - 499
Lemon Grove School District	250 - 499	250 - 499	250 - 499	250 - 499
Albertsons	100 - 249	100 - 249	100 - 249	100 - 249
Aztec Landscaping	100 - 249	100 - 249	100 - 249	100 - 249
Bella Vista Health Center	100 - 249	100 - 249	100 - 249	100 - 249
Lemon Grove Care & Rehab Center	100 - 249	100 - 249	100 - 249	100 - 249
Trident Maritime Systems	100 - 249	100 - 249	100 - 249	100 - 249
Larry H Miller Toyota	50 - 99	50 - 99	50 - 99	50 - 99
Mossy Honda Lemon Grove	50 - 99	50 - 99	50 - 99	50 - 99

Source: City of Lemon Grove and Reference Solutions

City of Lemon Grove

Full-Time Equivalent City Government Employees by Function (Unaudited) Last Four Fiscal Years

Function	Fiscal Year			
	2018	2019	2020	2021
General Government	12	12	12	9
Public Safety (Fire)	22.5	21.5	21.5	20
Community Development	6	6	6	5
Public Works	18.5	17.5	17.5	11
Community Services	7.5	7.5	7.5	7
Sanitation District	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total	71.5	69.5	69.5	57

Source: City Organizational Chart and Classification Summary published in the Annual Budget

City of Lemon Grove

Operating Indicators by Function (Unaudited) Last Three Fiscal Years

	Fiscal Year		
	2019	2020	2021
Public Safety			
Calls for Service	13,102	12,660	12,684
Deputy Initiated Actions	7,508	6,886	5,522
Misdemeanor Arrests	726	805	599
Felony Arrests	639	623	1,053
Traffic Citations Written	1,215	641	1,043
Fire			
Fire Calls	114	35	60
EMS Calls	3,289	3,174	3,474
<u>Other Calls</u>	<u>321</u>	<u>556</u>	<u>751</u>
Total Emergency Calls	3,724	3,765	4,285
Fire Inspections	433	736	404
Community Development			
Engineering Permits Issued	127	82	127
Planning Permits Issued	52	60	103
Building Permits Issued	756	653	885
Public Works			
Street Resurfacing (lane miles)	10.86	27	0
Potholes Patched	249	236	1420
Graffiti Removal	443	219	765
Illegal Dumps Cleared	457	394	294
Wastewater			
Average Daily Transportation & Treatment (million gallons)	2.285	2.000	1.965

Source: City of Lemon Grove Operating Departments & Lemon Grove Sheriff Substation

City of Lemon Grove

Capital Asset Statistics by Function (Unaudited)

Last Three Fiscal Years

	Fiscal Year		
	2019	2020	2021
Public Safety			
Number of Law Enforcement Stations	1	1	1
Number of Fire Stations	1	1	1
Public Works			
Miles of Streets	62	62	70
Number of St Lights (city owned)	450	450	450
Community Services			
Number of Parks	6	6	6
Acres of Parks	14.2	14.2	14.2
Recreation & Senior Centers	2	2	2
Utilities			
Miles of Sanitary Sewer	67	67	67
Miles of Storm Sewer System	25	25	25

Source: City of Lemon Grove Operating Departments