

# CITY OF LEMON GROVE

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025





City of Lemon Grove  
Lemon Grove, California

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2025

Prepared by the Finance Department of the City of Lemon Grove



**City of Lemon Grove**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2025**  
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# CITY OF LEMON GROVE

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“Best Climate on Earth”

March 2, 2026

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, 2025.

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Responsibility of both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. Reliability of the information contained in this report is based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Badawi & Associates, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Lemon Grove’s financial statements for the fiscal year ended June 30, 2025. The independent auditor’s report is located at the front of the financial section of this report.

The Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **City History, Location and Government Structure**

The City of Lemon Grove (City or Lemon Grove), was incorporated on July 1, 1977 as a general law city of the State of California and is home to a population of 27,867 residents per the U.S. Census Bureau’s July 1, 2024 estimates. The City 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. 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. There are six City parks and numerous city operated facilities, such as the Recreation Center, Community Center, and Lemon Blossom Hall.

The City operates under the Council-Manager form of government. The City Council is comprised of an elected Mayor and four Council members elected at large for staggered four-year terms of office. The City Council acts as the legislative and policy-making body of the City, enacting all laws, adopting the budget, appointing commission and committee members, 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.

The City 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.

The City provides a full range of services, including: law enforcement and fire protection; community services, which provides parks and facilities for public use, Day Camp programs and special events; community development; engineering; and public works. The City contracts with the San Diego County Sheriff for police protection. The City and the neighboring cities of La Mesa and El Cajon have an agreement to co-manage the fire and emergency medical services under the name Heartland Fire and Rescue. The City is financially accountable for a legally separate wastewater district, Lemon Grove Sanitation District (Sanitation District), a legally separate lighting district, Lemon Grove Roadway Lighting District (Lighting District), and a legally separate housing agency, Lemon Grove Housing Authority (Housing Authority), which are reported separately within the City's financial statements. Additional information on these three legally separate entities can be found in the notes to the financial statements (see note 1.A).

Library services are directly provided by the County of San Diego through one library site and are not included in the financial operations of the City.

The Council is required to adopt an initial budget for the fiscal year before the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, and department (e.g., public works, fire, etc.). Department heads may transfer resources within a department or division as they see fit. Transfers between departments or divisions, however, need special approval from the Council.

## **Local Economy and Economic Outlook**

Lemon Grove is a community with 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. Known for its near-perfect climate, Lemon Grove residents enjoy the City's diverse housing options for owners and renters, strong schools, local parks, and an eclectic blend of shopping and dining offerings.

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 automobiles, general merchandise, 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. Several large businesses have chosen Lemon Grove as a key sales location. These include The Home Depot, Mossy Honda Lemon Grove, Maverick Toyota, Harbor Freight, Sprouts Farmers Market, and RCP Block & Brick

In regards to San Diego region's local economy, the U.S. Bureau of Labor Statistics reported the unemployment rate for the San Diego-Chula Vista-Carlsbad, CA area was 4.9 percent of a 1.7 million labor force at the end of June 2025. The region's unemployment rate was lower than the State of California's unemployment rate of 5.7 percent, and higher than the national unemployment rate of 4.1 percent.

Median households income within Lemon Grove was lower than the county and state as a whole. According to the year 2024 United States Census, the latest data available, Lemon Grove median household income was \$88,009; San Diego County's was \$106,268, while statewide was \$99,122.

In September 2025, the single-family residential median sales price in San Diego County was \$890,000, up 1.71% from a year prior. The single-family residential median sales price for Lemon Grove was \$735,000, an increase of 0.75% from the year prior.

## **Long-Term Financial Planning and Major Initiative**

Lemon Grove's conservative fiscal policies have helped the City build and maintain reserves and management will continue to ensure costs are 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.

The City's reserve policy states that the General Reserve amount should be equal to 25 percent or more of the General Fund adopted operating budget. In the fiscal year 2026 Consolidated Operating and Capital Budget, the City Council approved the transfer of \$1.6 million to the General Reserve using half of the General Fund surplus from fiscal year 2024, according to the reserve policy. That placed the General Reserve at about 27% of the fiscal year 2026 General Fund adopted operating budget.

### Measure T: Lemon Grove Sales Tax Measure

As part of the City Council's strategic priority to facilitate revenue growth, the City Council placed a transactions and uses tax (sales tax) measure on the November 5, 2024 ballot to increase one percent (one cent) sales tax. Local voters approved the sales tax measure, called Measure T: Lemon Grove Sales Tax Measure, by close to 72 percent. Measure T became effective July 1, 2025 and was projected to provide \$5.9 million annually for the next ten years for several essential City services. With the current actual sales data for the first two quarters of fiscal year 2026, it is now projected to provide \$4.9 million in the first year. The City Council appointed a Citizen's Oversight Committee, called Measure T Oversight Committee, comprised of seven members to advise and make recommendations on the spending of the Measure T sales tax revenue.

The fiscal year 2026 consolidated operating and capital budget included a Measure T budget of \$5.3 million, including \$4.2 million on improving infrastructure (fixing streets, adding new storm drains, improving sidewalks and traffic), \$0.6 million on improving public safety by piloting the Community Oriented Policing and Problem Solving (COPPS) program, \$150,000 on the Yiftee Gift Card Program spur economic development within the business community, and \$325,000 on improving Public Works efficiency and staff safety by replacing vehicles and equipment that have exceeded their useful lives.

## **Awards and Acknowledgments**

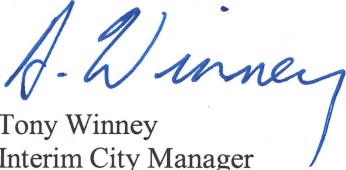
The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to agencies for their Annual Comprehensive Financial Reports if they meet the requirements of the program. In order to be awarded a Certificate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

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR meets the Certificate of Achievement for Excellent in Financial Reporting Program's requirements, and we are submitting it to GFOA to determine its eligibility for the certificate.

The City received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2025 annual consolidated operating and capital improvement budget. This was the third consecutive year that the City has received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of this report was made possible by the skill, effort, and dedication of the entire Finance Department. We would also like to thank all City departments for their assistance in providing the data necessary to prepare this report. Credit must also be given to the Mayor and City Council for their continued support for maintaining the highest standards of professionalism and their prudence in the management of the City's finances.

Respectfully submitted,

  
Tony Winney  
Interim City Manager

  
Stacey Tang  
Finance Director

# City of Lemon Grove Officials & Directors

June 30, 2025

## CITY COUNCIL

### **MAYOR**

Alysson Snow

### **MAYOR PRO TEM**

Jennifer Mendoza

### **COUNCIL MEMBERS**

Yadira Altamirano

Sitivi “Steve” Faiai

Jessica Heredia

## OFFICIALS

### **CITY MANAGER**

Lydia Romero

### **CITY ATTORNEY\***

Kristen S. Steinke

### **CITY CLERK**

Joel G. Pablo

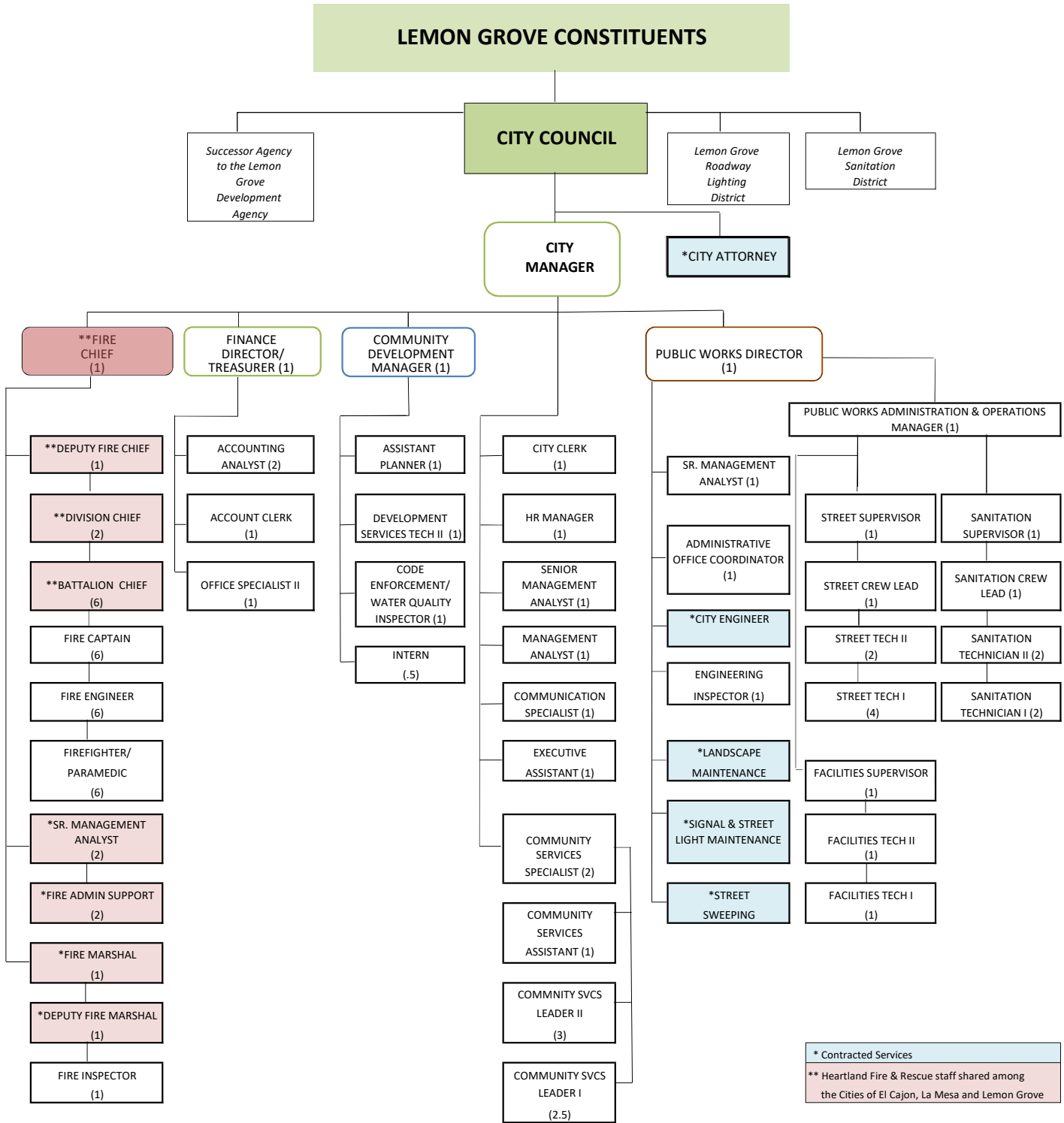
## ADMINISTRATIVE PERSONNEL

City Engineer\* ..... Ed Walton  
Community Development Manager.....Michael Fellows  
Finance Director/Treasurer ..... Stacey Tang  
Fire Chief\*\* ..... Bent Koch  
Public Works Director ..... Izzy Murguia  
Sheriff Substation Commander\* .....Lt. Joe Barry

\* Contracted

\*\* From Heartland Fire and Rescue and shared among the Cities of El Cajon, La Mesa and Lemon Grove.

# City of Lemon Grove Organizational Chart Fiscal Year 2025



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the financial statements of the governmental activities, the 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, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2025, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the required pension and OPEB schedules on pages 5-15 and 75-86 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

To the Honorable Mayor and Members of the City Council  
of the City of Lemon Grove  
Lemon Grove, California  
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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.

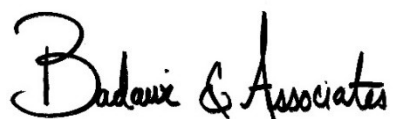
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund statements and the budgetary comparison schedules for the nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2026 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 solely 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 effectiveness of 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.



Badawi & Associates, CPAs  
Emeryville, California  
March 2, 2026

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**CITY OF LEMON GROVE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
FOR THE YEAR ENDED JUNE 30, 2025**

The City of Lemon Grove (City) offers readers this narrative overview and analysis of the financial statements of the City for the year ended June 30, 2025, focusing on why amounts changed from the prior fiscal year. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages iii-vi.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$133.1 million (net position). The net position value increased from the previous fiscal year's net position by \$12.8 million, or 10.6 percent, which was driven by \$9.5 million increase in governmental activities and \$3.3 million increase in business-type activities.
- The City's overall revenues was \$43.9 million compared to expenses of \$31.2 million. Revenues had a net increase of \$6.0 million or 15.8 percent from the prior year mainly driven by a combination of increases in program revenues and investment earnings. Expenses had a net increase of \$4.4 million or 16.2 percent from prior year primarily due to increase in public works activities and sanitation operating costs.
- The City's governmental funds reported a combined ending fund balance of \$34.6 million, an increase from the previous year's balance by \$1.8 million, or 5.5%.
- At the end of the fiscal year, the General Fund's fund balance (the total of the Nonspendable, Restricted, Committed and Unassigned components of fund balance) was \$19.4 million. Of this amount, \$10.9 million was unassigned, or 41.9 percent of total General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements, which consists 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 supplementary information (RSI) and other supplementary information intended to furnish additional detail to support 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, in a manner similar to private-sector business. 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, and community development. The business-type activity of the City is the Lemon Grove Sanitation District.

Included in the government-wide financial statements are two blended 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 entities, their governing boards consist 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. The City also reports a fiduciary component unit, Successor Agency Private-Purpose Trust Fund, which is not included in the government-wide financial statements.

**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 Sundry Grants. Data from the other sixteen governmental funds are combined into a single, aggregated presentation entitled Nonmajor Governmental Funds. Individual fund data for each of these nonmajor 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. 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 fund is 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 financial statements.

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

**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, Housing and Sundry Grants Funds.

Immediately following the required supplementary information are the Nonmajor 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

### Condensed Statement of Net Position (In Thousands)

	Governmental Activities		Business-Type Activities		Citywide Total	
	2025	2024	2025	2024	2025	2024
<b>Assets:</b>						
Current assets	\$ 48,949	\$ 47,730	\$ 37,181	\$ 34,729	\$ 86,130	\$ 82,459
Noncurrent assets	65,698	60,358	10,139	9,120	75,837	69,478
<b>Total Assets</b>	<u>114,647</u>	<u>108,088</u>	<u>47,320</u>	<u>43,849</u>	<u>161,967</u>	<u>151,937</u>
<b>Deferred outflows of resource:</b>	2,746	3,497	1,148	1,481	3,894	4,978
<b>Liabilities:</b>						
Current liabilities	6,904	10,481	237	306	7,141	10,787
Noncurrent liabilities	11,639	11,272	4,157	4,143	15,796	15,415
<b>Total Liabilities</b>	<u>18,543</u>	<u>21,753</u>	<u>4,394</u>	<u>4,449</u>	<u>22,937</u>	<u>26,202</u>
<b>Deferred inflows of resources</b>	9,622	10,094	240	307	9,862	10,401
<b>Net Position:</b>						
Net investment in capital assets	54,849	48,654	8,184	7,179	63,033	55,833
Restricted	24,723	21,303	1,956	1,941	26,679	23,244
Unrestricted	9,656	9,781	33,694	31,454	43,350	41,235
<b>Total Net Position</b>	<u>\$ 89,228</u>	<u>\$ 79,738</u>	<u>\$ 43,834</u>	<u>\$ 40,574</u>	<u>\$ 133,062</u>	<u>\$ 120,312</u>

As the Condensed Statement of Net Position schedule illustrates, fiscal year 2025 reported \$63.0 million as net investment in capital assets, which represents 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, they are not available for future spending.

A portion of the City’s fiscal year 2025 net position is restricted, \$26.7 million, and represents 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.

Unrestricted net position can be used to finance daily operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Fiscal year 2025 unrestricted net position of \$43.4 million is comprised of \$9.7 million from governmental activities and \$33.7 million from business-type activities. Unrestricted net position increased by \$2.1 million or 5.1 percent.

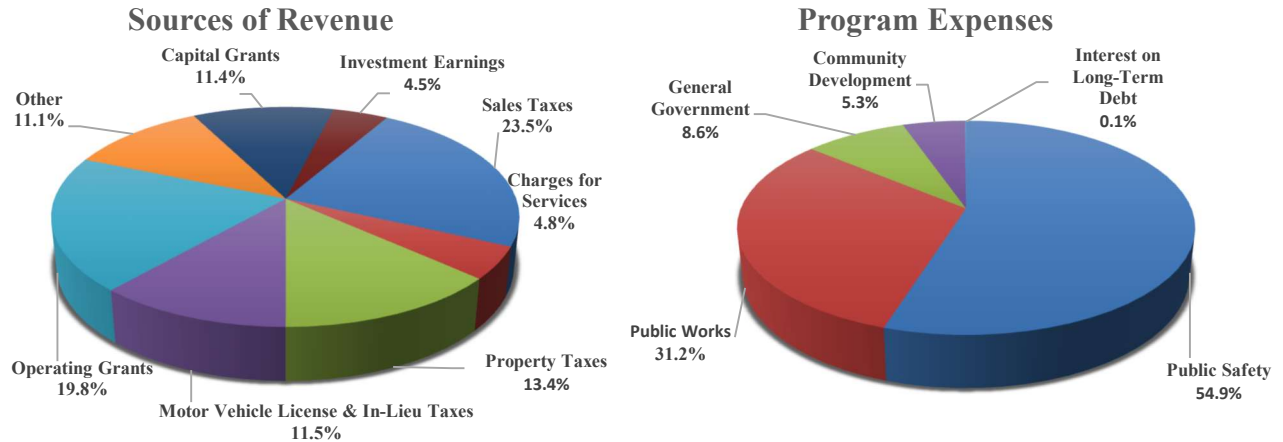
**Statement of Activities:** This statement presents information showing all of the City's revenues and expenses and their impact on net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occurs, *regardless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

**Condensed Statement of Activities**  
(In Thousands)

	Governmental Activities		Business-Type Activities		Citywide Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 1,625	\$ 3,636	\$ 7,177	\$ 7,237	\$ 8,802	\$ 10,873
Operating grants & contributions	6,786	4,089	-	-	6,786	4,089
Capital grants & contributions	3,906	1,189	-	-	3,906	1,189
Total Program Revenues	12,317	8,914	7,177	7,237	19,494	16,151
General revenues:						
Taxes:						
Property taxes	4,587	4,122	-	-	4,587	4,122
Sales taxes	8,044	7,907	-	-	8,044	7,907
Franchise taxes	1,106	1,234	-	-	1,106	1,234
Motor vehicle license & in-lieu tax	3,935	3,709	-	-	3,935	3,709
Other taxes	881	1,240	-	-	881	1,240
Lease Revenue	688	764	-	-	688	764
Investment earnings	1,527	967	1,888	1,508	3,415	2,475
Miscellaneous	1,712	264	-	-	1,712	264
Total general revenues	22,480	20,207	1,888	1,508	24,368	21,715
<b>Total Revenues</b>	<b>34,797</b>	<b>29,121</b>	<b>9,065</b>	<b>8,745</b>	<b>43,862</b>	<b>37,866</b>
<b>Expenses:</b>						
General government	2,194	1,961	-	-	2,194	1,961
Public safety	14,023	13,085	-	-	14,023	13,085
Public works	7,971	5,378	-	-	7,971	5,378
Community development	1,344	1,770	-	-	1,344	1,770
Sanitation	-	-	5,687	4,651	5,687	4,651
Interest on long-term debt	18	21	-	-	18	21
<b>Total Expenses</b>	<b>25,550</b>	<b>22,215</b>	<b>5,687</b>	<b>4,651</b>	<b>31,237</b>	<b>26,866</b>
Excess (deficiency) before transfers	9,247	6,906	3,378	4,094	12,625	11,000
Transfers in (out)	100	100	(100)	(100)	-	-
Change in net position	9,347	7,006	3,278	3,994	12,625	11,000
Beginning net position	79,738	69,251	40,574	36,580	120,312	105,831
Restatements	143	3,481	(18)	-	125	3,481
<b>Net Position</b>	<b>\$ 89,228</b>	<b>\$ 79,738</b>	<b>\$ 43,834</b>	<b>\$ 40,574</b>	<b>\$ 133,062</b>	<b>\$ 120,312</b>

### Governmental Activities:

The governmental activities increased the City's net position by \$9.3 million, which represents the total revenues and net transfers of \$34.8 million exceeded total expenses of \$25.5 million. Below are two charts providing a breakdown of the sources of revenue and program expenses.



### Revenues

Overall, total revenues for the year ended June 30, 2025, increased by \$5.7 million, or 19.5 percent. The following is a list of notable changes compared to the prior year:

- Total program revenues increased by \$3.4 million or 38.2% mainly due to the grants reimbursements for the public works capital maintenance and improvement projects. Public works department experienced staff turnover in prior years, causing many capital maintenance and improvement projects to be deferred. In the current fiscal year, the department was fully staffed and completed and in the process of completing many projects related to facilities, streets, sidewalk and storm drains.
- The overall general revenues increased by about \$2.3 million or 11.2 % due to a combination of a variety of items. Most of the increase, \$1.4 million, is from the miscellaneous revenue category, which included an insurance reimbursement of \$0.8 million for the property damages at the City Hall and Sheriff substation building caused by the January 2024 Storm in the San Diego region. The other increase is investment earnings of \$560 thousands or 57.9%, mainly due to better cash flow.

### Expenses

Total expenses increased by \$3.3 million or 15.0 percent. The following are the notable changes compared to the prior year:

- Public Safety increased by \$0.9 million or 7.2 percent due to increase in the San Diego County Sheriff contract, and overall Fire and animal control operating expenses.
- Public Works represents the bulk of the increase of \$2.6 million or 48.2 percent. As mentioned above in the revenues section, the Public Works Department was fully staffed and able to complete maintenance projects, which increased the associated labor costs and maintenance expenses.

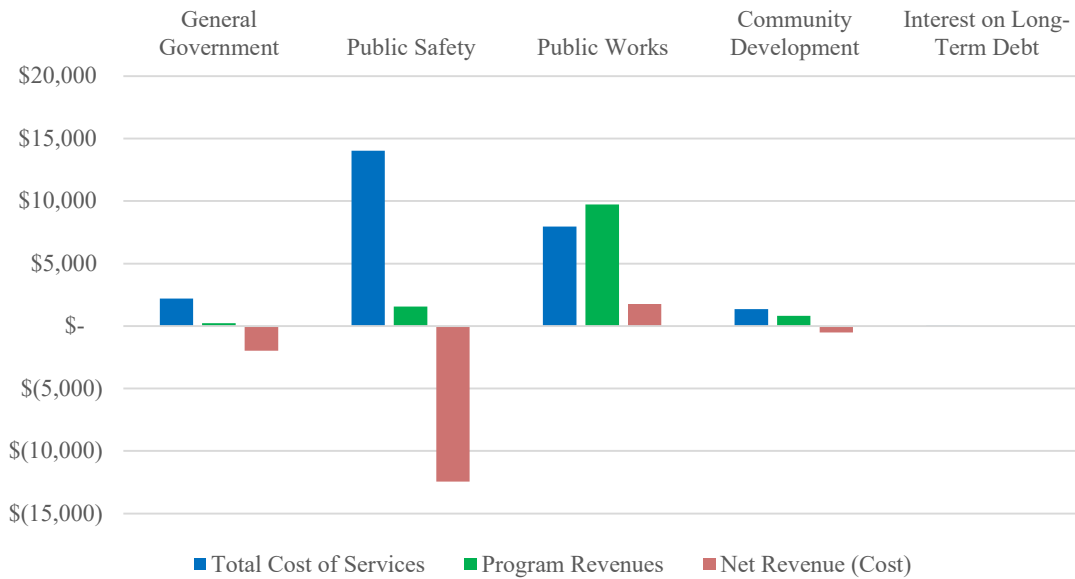
**Net Cost of Governmental Activities:**

The table and chart below matches the cost of services by governmental activity and the related revenues associated with those governmental 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 revenue or cost to the City for the activity of the current and prior fiscal year. Public safety is the major activity supported by general revenues, such as sales and property taxes.

**Net Cost of Governmental Activities**  
(In Thousands)

	<b>Total Cost of Services</b>		<b>Program Revenues</b>		<b>Net Cost</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
General Government	\$ 2,194	\$ 1,961	\$ 215	\$ 2,221	\$ (1,979)	\$ 260
Public Safety	14,023	13,085	1,559	1,004	(12,464)	(12,081)
Public Works	7,971	5,378	9,729	3,468	1,758	(1,910)
Community Development	1,344	1,770	814	2,221	(530)	451
Interest on Long-Term Debt	18	21	-	-	(18)	(21)
<b>Total Governmental Activities</b>	<b>\$ 25,550</b>	<b>\$ 22,215</b>	<b>\$ 12,317</b>	<b>\$ 8,914</b>	<b>\$(13,233)</b>	<b>\$(13,301)</b>

**Total Cost of Services, Program Revenues  
& Net Cost of Governmental Activities**  
(In Thousands)



**Business-Type Activities:**

The business-type activities increased the City’s net position by \$3.3 million. Business-type total revenues exceeded expenses, resulted in a 8.1 percent increase to business-type net position. This activity is the Lemon Grove Sanitation District, which has City staff to maintain the sewers, thus, allowing for more control over expenses and an enhanced ability to grow assets for future needs. The Sanitation District has plans for future capital investments in local transportation lines.

Revenue and Expenses

The following are notable changes compared to last year:

- The \$3.3 million increase in net position was primarily due to Charges for Services or program revenues of \$7.2 million and investment earnings of \$1.8 million exceeded operational expenses of \$5.7 million.
- The total revenues slightly increased by \$320 thousand, mainly from investment earnings as there was no increase in sewer fees.
- The operation expenses increased by \$1.0 million, of which, \$540 thousand was related to annual sewer capacity and treatment costs and \$272 thousand paying into the Pure Water San Diego project. This project would purify and reuse cleaned wastewater.
- 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.

**Net Cost of Business-Type Activities:**

The table and chart below matches the cost of services by business-type activity and the related revenues associated with the business-type activities

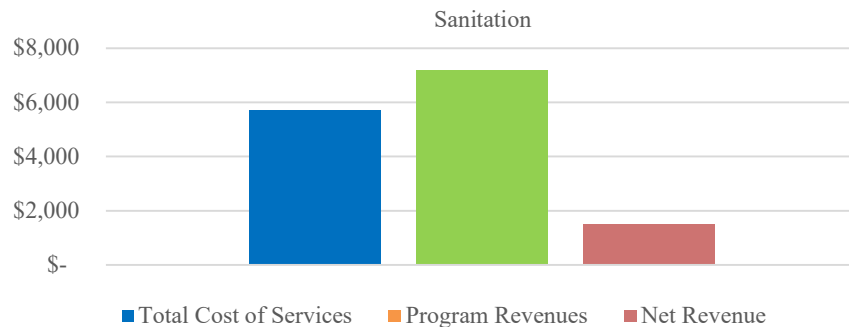
**Net Revenue of Business-Type Activities**

(In Thousands)

	<u>Total Cost of Services</u>		<u>Program Revenues</u>		<u>Net Revenue</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Sanitation	\$ 5,687	\$ 4,651	\$ 7,177	\$ 7,237	\$ 1,490	\$ 2,586
<b>Total Business Activities</b>	<b>\$ 5,687</b>	<b>\$ 4,651</b>	<b>\$ 7,177</b>	<b>\$ 7,237</b>	<b>\$ 1,490</b>	<b>\$ 2,586</b>

**Total Cost of Services, Program Revenues & Net Revenue of Business Activities**

(In Thousands)



## FUND LEVEL FINANCIAL ANALYSIS

### Governmental Funds

The City uses governmental fund accounting to ensure compliance with budgetary allocations and to maintain control over resources that are legally, or otherwise, restricted for specific purposes. The following is a discussion of the significant changes for the City's major funds as shown on the balance sheet for governmental funds in the basic financial statements.

As of June 30, 2025, the City's governmental funds reported a combined ending fund balance of \$34.6 million. The Unassigned fund balance, which represents the amount that is available for spending at the City's discretion, was at \$9.5 million. The remainder of fund balance is Nonspendable, Restricted or Committed to indicate that it is not available for spending outside of their intended purposes.

#### Governmental Funds Changes in Fund Balances (In Thousands)

	General Fund		Housing Fund		TransNet Fund		Sundry Grants Fund		Nonmajor Governmental Funds	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>										
General revenues	\$ 21,347	\$ 22,044	\$ 210	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 758	\$ 274
Charges for Services	630	580	-	-	-	-	-	-	112	354
Intergovernmental Revenues	3,947	609	-	-	3,454	590	584	176	1,971	2,232
<b>Total Revenues</b>	<b>25,924</b>	<b>23,233</b>	<b>210</b>	<b>150</b>	<b>3,454</b>	<b>590</b>	<b>584</b>	<b>176</b>	<b>2,841</b>	<b>2,860</b>
<b>Expenditures:</b>										
Current	21,156	19,762	-	-	238	282	55	370	1,641	1,053
Capital Outlay	4,676	95	-	-	2,080	784	649	555	703	779
Debt	103	103	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>25,935</b>	<b>19,960</b>	<b>-</b>	<b>-</b>	<b>2,318</b>	<b>1,066</b>	<b>704</b>	<b>925</b>	<b>2,344</b>	<b>1,832</b>
Net Transfers	104	104	-	-	-	-	-	-	(4)	(4)
Debt Issuance	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 93</b>	<b>\$ 3,377</b>	<b>\$ 210</b>	<b>\$ 150</b>	<b>\$ 1,136</b>	<b>\$ (476)</b>	<b>\$ (120)</b>	<b>\$ (749)</b>	<b>\$ 493</b>	<b>\$ 1,024</b>

#### Fund Balances (In Thousands)

	General Fund		Housing Fund		TransNet Fund		Sundry Grants Fund		Nonmajor Governmental Funds	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>FUND BALANCE</b>										
Nonspendable	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4
Restricted	2,180	1,587	11,460	11,250	502	-	-	-	4,676	3,766
Committed	6,326	4,334	-	-	-	-	-	-	-	-
Unassigned	10,863	13,354	-	-	-	(634)	(1,177)	(1,057)	(228)	185
<b>Total FUND BALANCE</b>	<b>\$19,369</b>	<b>\$ 19,276</b>	<b>\$11,460</b>	<b>\$11,250</b>	<b>\$ 502</b>	<b>\$ (634)</b>	<b>\$ (1,177)</b>	<b>\$ (1,057)</b>	<b>\$ 4,448</b>	<b>\$ 3,955</b>

**General Fund:** This fund is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is always reported as a major fund. For fiscal year 2025, the General Fund reported \$25.9 million in total revenues and also \$25.9 million in expenditures. After accounting for net other financing sources of \$0.1 million, the fund balance for the General Fund increased by \$0.1 million for the fiscal year.

At June 30, 2025, total revenues had a net increase of \$2.6 million or 11.6% from the prior fiscal year primarily from the increase in intergovernmental revenues of \$3.3 million. As mentioned above in the governmental activities section, with the public works department fully staffed, many capital maintenance and improvement projects were completed and some were funded with the American Rescue Plan Act (ARPA) grant fund. Specifically, \$1.6 million of the revenue was from ARPA for the city facilities improvements, including replacements of the roofs, HVAC systems and rollup doors. Additionally, \$1.7 million was from ARPA for the street and storm drain improvement projects, including the Connect Main Street Project.

Fiscal year 2025 expenditures increased by \$6.0 million or 29.9% in comparison to the prior fiscal year mainly due to increases in capital outlay of \$4.6 million and public safety of \$0.9 million. The reasons for those increases are similar to what has been discussed in the governmental activities section above.

Total fund balance as of June 30, 2025, was \$19.3 million, composed of \$36.0 million in assets offset with \$5.0 million in liabilities and \$11.7 million in deferred inflows of resources related to leases and unavailable revenues. Total fund balance included \$2.2 million of restricted amount, which was restricted for pension related expenditures and others. Committed fund balance totaled \$6.3 million, which was the general fund reserve. This portion of fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council and remains binding unless removed in the same manner. The final component of total fund balance is unassigned fund balance, totaling \$10.9 million, which represented the portion of fund balance that was available for appropriation for any purpose.

**Housing Fund:** This fund is restricted for low to moderate income housing projects. In current fiscal year, total revenues increased by \$60 thousand or 40.0 percent, mainly from investment earnings, and no changes to expenditures due to no activities. Total fund balance as of June 30, 2025 was \$11.5 million, increased by \$210 thousand or 1.9 percent, composed of 15.4 million in assets offset with \$4.0 million in unavailable revenue. The entire fund balance was restricted.

**TransNet Fund:** This fund accounts for proceeds distributed by San Diego Association of Governments (SANDAG) for local street and road improvements funded through the transactions and use tax approved by San Diego County voters in 2004 for regional transportation projects (the TransNet Extension Ordinance). This fund was reported as a nonmajor fund in the prior fiscal year.

In current year, this fund not only provided funding for the annual street maintenance program, but also provided partial funding of \$384 thousands towards several storm drain improvement projects, which were emergency projects as a result of the damages caused by the January 2024 Storm. Additionally, TransNet Smart Growth Incentive Program (SGIP) funded \$0.9 million in the Connect Main Street Project's Phases 1 and 2. The Connect Main Street Project is a multi-phased project that seeks to transform an approximately two-mile stretch of Main Street from Broadway to the southern City limits.

At June 30, 2025, total revenues were increased by \$2.9 million or 485.6 percent from prior fiscal year mainly due to the increased activities in street and storm drain maintenance and improvement projected as mentioned above and including revenue to cure the deficit fund balance from prior fiscal year. Similarly, total expenditures were increased by \$1.3 million or 117.3 percent from the prior fiscal year due to the increased activities as discussed above.

Fiscal year 2025 total fund balance was increased by \$1.1 million resulted in a positive \$0.5 million fund balance comparing to a deficit fund balance of \$0.6 million in the prior fiscal year. The entire fund balance was restricted and composed of \$1.5 million in assets offset with \$783 thousand in liabilities and \$242 thousand in unavailable revenue.

**Sundry Grants:** This fund accounts for local, state and federal grants being administered by the City. Almost all the grants in this fund are reimbursable based, which the expenditures are made by the City first and then funding is requested for reimbursement. Due to the timing of expenditures and reimbursements, this fund typically ended the year with a negative fund balance or deficit.

As of June 30, 2025, total revenues was increased by \$409 thousand or 232.4 percent from prior fiscal year due mainly to recognizing revenue that was previously unavailable because of the timing of when the reimbursement revenue was received, which was more than 60 days after the close of the fiscal year.

Total expenditures was decreased by \$221 thousand or 23.9 percent from prior fiscal year mainly due to a couple one-time grants fully expensed in prior fiscal year.

At the end of current fiscal year, the fund balance was a deficit of \$1.2 million, composed of \$1.4 million in assets offset with \$1.3 million in liabilities and \$1.3 million in unavailable revenue. Because the fund balance was a deficit, it was classified as unassigned, otherwise, it would have been restricted.

## Propriety Fund

**Sanitation Fund:** As mentioned above in the propriety funds and the business-type activities sections, the Lemon Grove Sanitation District is an enterprise fund and this is the only enterprise fund. Please refer to the business-type activities section above for the discussion of this fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The capital assets of the City are those assets that are used in the performance of City functions. Capital assets include land, building, improvements, vehicles, machinery, equipment, infrastructure and construction in progress. Total capital assets, net of depreciation, had a net increase of \$7.1 million or 12.6 percent to a total of \$63.5 million.

#### Capital Assets Net of Depreciation (In Thousands)

	Governmental Activities		Business-Type Activities		Citywide Total	
	2025	2024	2025	2024	2025	2024
Land & Improvements	\$ 17,957	\$ 17,957	\$ 4	\$ 4	\$ 17,961	\$ 17,961
Construction in Progress	1,252	1,148	657	529	1,909	1,677
Buildings & Improvements	3,301	1,420	-	-	3,301	1,420
Vehicles, Machinery & Equipment	1,004	1,070	748	90	1,752	1,160
Infrastructure	31,794	27,598	6,775	6,556	38,569	34,154
<b>Net Capital Assets</b>	<b>\$ 55,308</b>	<b>\$ 49,193</b>	<b>\$ 8,184</b>	<b>\$ 7,179</b>	<b>\$ 63,492</b>	<b>\$ 56,372</b>

The increase in net capital assets is mainly due to the increase of \$1.9 million in the city facilities improvements as discussed in the general fund section above, and the increase of \$4.4 million in infrastructure related to many completed street, sidewalks and storm drain projects as discussed throughout in the above sections. The City continues to reinvest in core infrastructure, particularly storm drains and street improvements following the January 2024 storm events.

## Debt Administration

At June 30, 2025, the City had a total \$16.0 million debt, of which \$11.8 million in governmental debt and \$4.2 million in business-type debt. The total long-term liabilities amount remain relatively the same from year to year. The majority of the debt, \$14.6 million, was comprised of total OPEB and net pension liabilities, which decreased by \$\$217 thousand or 1.5 percent from the prior fiscal year. The City does maintain a trust fund outside of CalPERS to partially offset the net pension liability. The balance in this account at June 30, 2025 was \$2.6 million. Another item to note is the compensated absences balance, which was increased by \$316 thousand or 53.8 percent, mainly due to the implementation of the GASB Statement No. 101, Compensated Absence in the current fiscal year. See Note 1.Q for more detail of this GASB 101 requirement.

### Outstanding Long-Term Liabilities (In Thousands)

	Governmental Activities		Business-Type Activities		Citywide Total	
	2025	2024	2025	2024	2025	2024
Financed Purchase	\$ 458	\$ 540	\$ -	\$ -	\$ 458	\$ 540
Compensated Absences	803	527	100	60	903	587
Total OPEB Liability	2,241	2,331	560	583	2,801	2,914
Net Pension Liability	8,248	8,321	3,535	3,566	11,783	11,887
Claims Payable	124	108	-	-	124	108
<b>Total Liabilities</b>	<b>\$ 11,874</b>	<b>\$ 11,827</b>	<b>\$ 4,195</b>	<b>\$ 4,209</b>	<b>\$ 16,069</b>	<b>\$ 16,036</b>

**Required Supplementary Information:** The required supplementary information is comprised of budgetary comparisons for the General Fund, Housing Fund, and Sundry Grants 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 2024. A revised mid-year budget was adopted in March 2025.

The General Fund Budgetary Comparison Schedule shows that, for the fiscal year ended June 30, 2025, General Fund actual revenues and transfers exceeded final budget by \$5.4 million, while the expenditures came in \$3.2 million under final budget. The actual revenues and expenditures resulted in a net surplus of \$90 thousands.

## 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. Any questions concerning any of the information provided in this report or requests for additional financial information, contact the City's Finance Department, at the City of Lemon Grove, 3232 Main Street, Lemon Grove, CA 91945 or go online at <https://www.lemongrove.ca.gov>.

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# BASIC FINANCIAL STATEMENTS

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Lemon Grove**  
**Statement of Net Position**  
**June 30, 2025**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 28,114,204	\$ 36,695,311	\$ 64,809,515
Receivables:			
Accounts	3,074,966	218,481	3,293,447
Interest	4,181,329	266,826	4,448,155
Leases	105,376	-	105,376
Due from other government	3,580,354	-	3,580,354
Total current assets	39,056,229	37,180,618	76,236,847
Noncurrent assets:			
Restricted cash and investments	943,252	1,955,501	2,898,753
Notes and loans receivable	9,893,292	-	9,893,292
Leases Receivable	9,447,247	-	9,447,247
Capital assets:			
Nondepreciable	19,209,403	661,075	19,870,478
Depreciable	87,004,590	17,205,570	104,210,160
Less accumulated depreciation	(50,906,437)	(9,683,004)	(60,589,441)
Total capital assets	55,307,556	8,183,641	63,491,197
Total noncurrent assets	75,591,347	10,139,142	85,730,489
<b>Total assets</b>	114,647,576	47,319,760	161,967,336
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	2,584,055	1,107,452	3,691,507
Deferred outflows - OPEB	162,345	40,587	202,932
<b>Total deferred outflows of resources</b>	2,746,400	1,148,039	3,894,439
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	4,448,254	181,389	4,629,643
Accrued liabilities	70,921	17,372	88,293
Deposits payable	425,727	-	425,727
Unearned revenue	1,706,241	-	1,706,241
Interest payable	17,611	-	17,611
Total OPEB liability- current portion	151,240	37,810	189,050
Long-term debt - current portion	84,717	-	84,717
Total current liabilities	6,904,711	236,571	7,141,282
Noncurrent liabilities:			
Compensated absences	803,037	99,954	902,991
Claims payable	124,125	-	124,125
Net pension liability	8,247,717	3,534,736	11,782,453
Total OPEB liability	2,090,074	522,518	2,612,592
Long-term debt	373,683	-	373,683
Total noncurrent liabilities	11,638,636	4,157,208	15,795,844
<b>Total liabilities</b>	18,543,347	4,393,779	22,937,126
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - Lease	8,742,869	-	8,742,869
Deferred inflows of resources - Pension	115,020	49,293	164,313
Deferred inflows of resources - OPEB	764,152	191,038	955,190
<b>Total deferred inflows of resources</b>	9,622,041	240,331	9,862,372
<b>NET POSITION</b>			
Net investment in capital assets	54,849,156	8,183,641	63,032,797
Restricted for:			
Transportation	4,139,738	-	4,139,738
Community development	2,734,695	-	2,734,695
Public safety	180,115	-	180,115
Housing	15,294,476	-	15,294,476
Public-access television	194,420	-	194,420
Total restricted	22,543,444	-	22,543,444
Unrestricted	11,835,988	35,650,048	47,486,036
<b>Total net position</b>	\$ 89,228,588	\$ 43,833,689	\$ 133,062,277

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Statement of Activities**  
**For the year ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	\$ 2,194,019	\$ 166,822	\$ 14,348	\$ 34,195	\$ 215,365
Public safety	14,022,538	608,705	950,557	-	1,559,262
Public works	7,971,167	232,355	5,623,675	3,872,350	9,728,380
Community development	1,344,502	616,661	197,399	-	814,060
Interest on long-term debt	18,196	-	-	-	-
Total governmental activities	25,550,422	1,624,543	6,785,979	3,906,545	12,317,067
<b>Business-type Activities:</b>					
Sanitation	5,686,931	7,176,918	-	-	7,176,918
Total business-type activities	5,686,931	7,176,918	-	-	7,176,918
<b>Total primary government</b>	<b>\$ 31,237,353</b>	<b>\$ 8,801,461</b>	<b>\$ 6,785,979</b>	<b>\$ 3,906,545</b>	<b>\$ 19,493,985</b>

**General Revenues:**

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Motor vehicle license and in-lieu taxes

Other Taxes

**Total taxes**

Lease Revenue

Investment earnings

Miscellaneous

Transfers

**Total general revenues and transfers**

**Change in net position**

Net position - beginning of year

**Restatements**

Net position - beginning of year, as restated

Net position - end of year

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,978,654)	\$ -	\$ (1,978,654)
(12,463,276)	-	(12,463,276)
1,757,213	-	1,757,213
(530,442)	-	(530,442)
(18,196)	-	(18,196)
(13,233,355)	-	(13,233,355)
-	1,489,987	1,489,987
-	1,489,987	1,489,987
(13,233,355)	1,489,987	(11,743,368)
4,586,990	-	4,586,990
8,043,547	-	8,043,547
54,592	-	54,592
1,106,594	-	1,106,594
3,934,844	-	3,934,844
826,823	-	826,823
18,553,390	-	18,553,390
688,337	-	688,337
1,526,901	1,887,618	3,414,519
1,711,762	-	1,711,762
100,000	(100,000)	-
22,580,390	1,787,618	24,368,008
9,347,035	3,277,605	12,624,640
79,737,903	40,573,958	120,311,861
143,650	(17,874)	125,776
79,881,553	40,556,084	120,437,637
\$ 89,228,588	\$ 43,833,689	\$ 133,062,277

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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**City of Lemon Grove**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	General Fund	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Housing Fund	TransNet Fund	Sundry Grants Fund		
<b>ASSETS:</b>						
Cash and investments	\$ 20,147,481	\$ 1,555,495	\$ 778,108	\$ 49,475	\$ 5,126,684	\$ 27,657,243
Accounts receivable	2,658,855	-	-	10,884	214,747	2,884,486
Interest receivable	140,130	3,999,288	-	-	36,717	4,176,135
Lease receivable	9,552,623	-	-	-	-	9,552,623
Notes and loans	-	9,893,292	-	-	-	9,893,292
Due from other funds	1,315,608	-	-	-	-	1,315,608
Due from other government	1,280,674	-	746,715	1,325,172	227,793	3,580,354
Restricted cash	916,238	-	2,673	-	24,341	943,252
<b>Total assets</b>	<b>\$ 36,011,609</b>	<b>\$ 15,448,075</b>	<b>\$ 1,527,496</b>	<b>\$ 1,385,531</b>	<b>\$ 5,630,282</b>	<b>\$ 60,002,993</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 3,342,278	\$ -	\$ 782,712	\$ 72,544	\$ 248,109	\$ 4,445,643
Accrued liabilities	62,478	-	549	-	7,894	70,921
Due to other funds	-	-	-	1,092,985	222,623	1,315,608
Deposits payable	93,974	-	-	-	331,753	425,727
Unearned revenue	1,475,783	-	-	86,317	144,141	1,706,241
<b>Total liabilities</b>	<b>4,974,513</b>	<b>-</b>	<b>783,261</b>	<b>1,251,846</b>	<b>954,520</b>	<b>7,964,140</b>
<b>Deferred Inflows of Resources</b>						
Deferred inflows - Leases	8,742,869	-	-	-	-	8,742,869
Unavailable revenue	2,925,170	3,988,116	242,355	1,310,797	227,793	8,694,231
<b>Total deferred inflows of resources</b>	<b>11,668,039</b>	<b>3,988,116</b>	<b>242,355</b>	<b>1,310,797</b>	<b>227,793</b>	<b>17,437,100</b>
<b>Fund Balances:</b>						
Restricted	916,238	11,459,959	501,880	-	4,676,025	17,554,102
Committed	6,326,276	-	-	-	-	6,326,276
Unassigned	12,126,543	-	-	(1,177,112)	(228,056)	10,721,375
<b>Total fund balances</b>	<b>19,369,057</b>	<b>11,459,959</b>	<b>501,880</b>	<b>(1,177,112)</b>	<b>4,447,969</b>	<b>34,601,753</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 36,011,609</b>	<b>\$ 15,448,075</b>	<b>\$ 1,527,496</b>	<b>\$ 1,385,531</b>	<b>\$ 5,630,282</b>	<b>\$ 60,002,993</b>

**City of Lemon Grove**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2025**

**Total Fund Balances - Total Governmental Funds** \$ 34,601,753

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Nondepreciable	19,209,403
Depreciable, net	36,098,153
	55,307,556

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 525,899

Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements. 8,694,231

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

Deferred outflows of resources related to pension	2,584,055
Deferred outflows of resources related to OPEB	162,345
Deferred inflows of resources related to pension	(115,020)
Deferred inflows of resources related to OPEB	(764,152)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Interest payable	(17,611)
Long-term debt - due within one year	(84,717)
Total OPEB liability - due within one year	(151,240)
Compensated absences - due in more than one year	(803,037)
Long-term debt - due in more than one year	(373,683)
Net pension liability	(8,247,717)
Total OPEB liability	(2,090,074)
	(11,768,079)

**Net Position of Governmental Activities** \$ 89,228,588

# City of Lemon Grove

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2025

	General Fund	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Housing Fund	TransNet Fund	Sundry Grants Fund		
<b>REVENUES:</b>						
Taxes and special assessments	\$ 18,202,544	\$ -	\$ -	\$ -	\$ 500,049	\$ 18,702,593
Licenses, fees and permits	579,788	-	-	-	-	579,788
Fines, forfeitures and penalties	111,858	-	-	-	-	111,858
Intergovernmental revenues	3,947,156	-	3,453,915	584,350	1,971,003	9,956,424
Charges for services	630,040	-	-	-	111,759	741,799
Use of money and property	1,752,414	210,092	190	-	244,648	2,207,344
Other revenues	700,104	-	-	-	13,780	713,884
<b>Total revenues</b>	<b>25,923,904</b>	<b>210,092</b>	<b>3,454,105</b>	<b>584,350</b>	<b>2,841,239</b>	<b>33,013,690</b>
<b>EXPENDITURES:</b>						
Current:						
General government	2,034,099	-	-	-	8,277	2,042,376
Public safety	13,655,280	-	-	42,227	2,848	13,700,355
Public works	4,260,982	-	238,211	-	1,580,531	6,079,724
Community development	1,206,271	-	-	12,858	49,091	1,268,220
Capital outlay	4,675,788	-	2,080,428	648,944	703,003	8,108,163
Debt service:						
Principal	81,498	-	-	-	-	81,498
Interest	21,326	-	-	-	-	21,326
<b>Total expenditures</b>	<b>25,935,244</b>	<b>-</b>	<b>2,318,639</b>	<b>704,029</b>	<b>2,343,750</b>	<b>31,301,662</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(11,340)</b>	<b>210,092</b>	<b>1,135,466</b>	<b>(119,679)</b>	<b>497,489</b>	<b>1,712,028</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	213,600	-	-	-	279,280	492,880
Transfers out	(109,280)	-	-	-	(283,600)	(392,880)
<b>Total other financing sources (uses)</b>	<b>104,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,320)</b>	<b>100,000</b>
<b>Net change in fund balances</b>	<b>92,980</b>	<b>210,092</b>	<b>1,135,466</b>	<b>(119,679)</b>	<b>493,169</b>	<b>1,812,028</b>
<b>FUND BALANCES:</b>						
Beginning of year	19,276,077	11,249,867	-	(1,057,433)	3,321,214	32,789,725
Restatement	-	-	(633,586)	-	633,586	-
Beginning of year, as restated	19,276,077	11,249,867	(633,586)	(1,057,433)	3,954,800	32,789,725
End of year	\$ 19,369,057	\$ 11,459,959	\$ 501,880	\$ (1,177,112)	\$ 4,447,969	\$ 34,601,753

# City of Lemon Grove

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities For the year ended June 30, 2025

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,812,028</b>
Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of the amount related to internal service funds.	8,108,163
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.	(1,739,909)
Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.	(91,365)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	81,498
Interest expense was reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on interest payable accruals.	3,130
Current year employer pension and OPEB contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	1,173,964
Pension and OPEB expenses were reported in the Government-Wide Statement of Activities did not require the use of current financial resources, and therefore were not reported as expenditures in governmental funds.	(1,637,149)
Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available were reclassified as revenues in the Government-Wide Financial Statements.	1,544,305
Internal service funds were used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue of the internal service funds was reported with governmental activities.	92,370
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 9,347,035</b>

**City of Lemon Grove**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

	Business-Type Activities Sanitation Fund	Governmental Activities Internal Service Fund
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 36,695,311	\$ 456,961
Accounts receivable	218,481	190,480
Interest receivable	266,826	5,194
Total current assets	37,180,618	652,635
Noncurrent:		
Restricted cash and investments	1,955,501	-
Leases		
Capital assets:		
Nondepreciable capital assets	661,075	-
Depreciable capital assets	17,205,570	-
Accumulated depreciation	(9,683,004)	-
Net capital assets	8,183,641	-
Total noncurrent assets	10,139,142	-
<b>Total assets</b>	47,319,760	652,635
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - pension	1,107,452	-
Deferred outflows - OPEB	40,587	-
<b>Total deferred outflows of resources</b>	1,148,039	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	181,389	2,611
Accrued liabilities	17,372	-
Total OPEB liability- current	37,810	-
Total current liabilities	236,571	2,611
Noncurrent liabilities:		
Compensated absences	99,954	-
Claims payable	-	124,125
Net pension liability	3,534,736	-
Total OPEB liability	522,518	-
Total noncurrent liabilities	4,157,208	124,125
<b>Total liabilities</b>	4,393,779	126,736
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pension	49,293	-
Deferred inflows - OPEB	191,038	-
<b>Total deferred inflows of resources</b>	240,331	-
<b>NET POSITION</b>		
Net investment in capital assets	8,183,641	-
Unrestricted	35,650,048	525,899
<b>Total net position</b>	\$ 43,833,689	\$ 525,899

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2025**

	Business-Type Activities Sanitation Fund	Governmental Activities Internal Service Fund
<b>OPERATING REVENUES:</b>		
Charges for sales and services	\$ 7,172,544	\$ -
Other revenues	4,374	203,851
<b>Total operating revenues</b>	<b>7,176,918</b>	<b>203,851</b>
<b>OPERATING EXPENSES:</b>		
Personnel costs	1,612,439	-
Contractual services	276,391	2,584
Materials and supplies	114,685	-
Repairs and maintenance	436,964	-
Transport, capacity and treatment	2,960,321	-
Utilities	6,914	-
Insurance and claims	85,985	144,508
Depreciation	193,232	-
<b>Total operating expenses</b>	<b>5,686,931</b>	<b>147,092</b>
<b>Operating income (loss)</b>	<b>1,489,987</b>	<b>56,759</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	1,887,618	35,611
<b>Total nonoperating revenues (expenses)</b>	<b>1,887,618</b>	<b>35,611</b>
<b>Income before contributions and transfers</b>	<b>3,377,605</b>	<b>92,370</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>		
Transfers out	(100,000)	-
<b>Total contributions and transfers</b>	<b>(100,000)</b>	<b>-</b>
<b>Change in net position</b>	<b>3,277,605</b>	<b>92,370</b>
<b>NET POSITION:</b>		
Beginning of year	40,573,958	433,529
Restatements	(17,874)	-
Beginning of year, as restated	40,556,084	433,529
End of year	<b>\$ 43,833,689</b>	<b>\$ 525,899</b>

See accompanying Notes to Basic Financial Statements.

**City of Lemon Grove**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2025**

	Business-Type Activities Sanitation Fund	Governmental Activities Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$ 7,455,360	\$ 18,793
Payments to suppliers for goods and services	(3,921,588)	(130,365)
Payments to employees for services	(1,378,089)	-
<b>Net cash provided by (used in) operating activities</b>	<b>2,155,683</b>	<b>(111,572)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash paid to/received from other funds	(100,000)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(100,000)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(1,198,260)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,198,260)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	1,620,792	30,417
<b>Net cash provided by (used in) investing activities</b>	<b>1,620,792</b>	<b>30,417</b>
<b>Net cash flows</b>	<b>2,478,215</b>	<b>(81,155)</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>36,172,597</b>	<b>538,116</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 38,650,812</b>	<b>\$ 456,961</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 1,489,987	\$ 56,759
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	193,232	-
(Increase) decrease in accounts receivable	278,442	(185,058)
(Increase) decrease in prepaids	800	-
(Increase) decrease in deferred outflows	333,199	-
Increase (decrease) in accounts payable and accrued liabilities	(41,128)	45
Increase (decrease) in compensated absences payable	22,043	-
Increase (decrease) in claims payable	-	16,682
Increase (decrease) in total OPEB liability	(22,471)	-
Increase (decrease) in net pension liability	(31,518)	-
Increase (decrease) in deferred inflows	(66,903)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,155,683</b>	<b>\$ (111,572)</b>

See accompanying Notes to Basic Financial Statements.

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**City of Lemon Grove**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2025**

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	Private-Purpose Trust Fund <hr/> Successor Agency of the Former RDA <hr/>
<b>ASSETS</b>	
Cash and investments	\$ 471,855
Cash and investments with fiscal agents	<hr/> 835,429
<b>Total assets</b>	<hr/> <b>1,307,284</b> <hr/>
<b>LIABILITIES</b>	
Interest payable	257,597
Due to the City of Lemon Grove	771,438
Long-term liabilities:	
Long-term debt - due within one year	895,000
Long-term debt - due in more than one year	<hr/> 15,801,787
<b>Total liabilities</b>	<hr/> <b>17,725,822</b> <hr/>
<b>NET POSITION</b>	
Restricted for:	
Net position held in trust for Sucessor Agency	<hr/> (16,418,538)
<b>Total Net Position</b>	<hr/> <b>\$ (16,418,538)</b> <hr/>

**City of Lemon Grove**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2025**

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	Private-Purpose Trust Fund <hr/> Successor Agency of the Former RDA <hr/>
<b>ADDITIONS:</b>	
Property taxes	\$ 2,050,409
Interest revenue	<hr/> 53
<b>Total additions</b>	<hr/> <b>2,050,462</b> <hr/>
<b>DEDUCTIONS:</b>	
Administration	54,999
Interest expense	<hr/> 585,620
<b>Total deductions</b>	<hr/> <b>640,619</b> <hr/>
<b>Change in net position</b>	1,409,843
<b>NET POSITION:</b>	
Beginning of year	<hr/> (17,828,381)
End of year	<hr/> <b>\$ (16,418,538)</b> <hr/>

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

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.

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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

Governmental Fund Financial Statements, Continued

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.

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

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.

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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

Governmental Fund Financial Statements, Continued

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 private-purpose trust fund. 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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Cash, Cash Equivalents, and Investments, Continued**

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.

**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 under GASB 101- LIFO Method**

City implemented GASB 101 during the year which require liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Under GASB 101, Compensated absences convertible to CalPERS's service credits is excluded from liability. City adopted LIFO flow assumption. Compensated absences include vacation, holiday for safety employees, compensatory time and sick leave accruals liability.

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 what is allowed in their labor agreement or the personnel manual. Vacation, holiday and compensatory time off was recorded for all accrued hours along with related liabilities.

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 with at least five years of service. For safety employees, upon retirement or termination of employment, fire suppression employees shall be paid for all one-half their accrued unused sick leave hours. 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. Under GASB 101, 50% of the vested sick leaves were recorded as liability along with non-vested sick leaves based on usage percentage calculated based on historical data along with related liabilities.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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
Collections dates	December 10 and April 10

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**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, streetlights, 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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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.

**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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*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.

**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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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**

In 2025, the City adopted the following new accounting standard to conform to the following Governmental Accounting Standards Board Statements:

- **GASB Statement No. 101 - Compensated Absence** - The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. City successfully implemented GASB 101 during the City's fiscal year ending June 30, 2025.
- **GASB Statement 102 - Certain Risk Disclosures** - The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. City didn't have any risk disclosure for the year ending June 30, 2025.

**R. Future Accounting Pronouncements**

New accounting standards expected to be adopted in future years are as follow:

- **GASB Statement 103 - Financial Reporting Model Improvements** - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are going to be effective for the City's fiscal year ending June 30, 2026.
- **GASB Statement 104 - Disclosure of Certain Capital Assets** - The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are going to be effective for the City's fiscal year ending June 30, 2026.
- **GASB Statement 105 - Subsequent Events** - The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this statement are going to be effective for the City's fiscal year ending June 30, 2027.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**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	\$ 28,114,204	\$ 36,695,311	\$ 471,855	\$ 65,281,370
Restricted Cash and Investments	943,252	1,955,501	835,429	3,734,182
Total Cash and Investments	\$ 29,057,456	\$ 38,650,812	\$ 1,307,284	\$ 69,015,552

Cash and investments as of June 30, 2025 consist of the following:

Cash on Hand	\$ 1,900
Deposits with Financial Institutions	24,152,401
Total Cash on Hand and Deposits	24,154,301
Local Agency Investment Fund	34,982,069
Certificates of Deposit	4,902,409
US Agency Securities	1,242,591
Total Investments	41,127,069
Restricted Cash and Investments :	
Mutual Funds	835,429
Cash and Investment with Fiscal Agents:	
Money Market Mutual Fnds	2,898,753
Total Cash and Investments	\$ 69,015,552

**B. Deposits**

The carrying amount of the City's deposits was \$24,152,401 at June 30, 2025. Bank balances before reconciling items amounted to \$24,212,399 at June 30, 2025. 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 Basic Financial Statements**  
**For the year ended June 30, 2025**

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**2. CASH AND INVESTMENTS, Continued**

***B. Deposits, 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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**2. CASH AND INVESTMENTS, Continued**

**D. Disclosures Relating to Interest Rate Risk, Continued**

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	\$ 34,982,069	\$ 34,982,069	\$ -	\$ -
Certificate of Deposits	4,902,409	-	1,207,198	3,695,211
US Agency Securities	1,242,591	-	1,242,591	-
<b>Total</b>	<b>\$ 41,127,069</b>	<b>\$ 34,982,069</b>	<b>\$ 2,449,789</b>	<b>\$ 3,695,211</b>

**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	AA+	Unrated
		Legal Rating		
Local Agency Investment Fund	\$ 34,982,069	N/A	\$ -	\$ 34,982,069
Certificate of Deposit	4,902,409	N/A	-	4,902,409
US Agency Securities	1,242,591	N/A	1,242,591	-
<b>Total</b>	<b>\$ 41,127,069</b>		<b>\$ 1,242,591</b>	<b>\$ 39,884,478</b>

**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).

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**2. CASH AND INVESTMENTS, Continued**

**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.

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, 2025:

- US Agency Securities of \$1,242,591 are valued using quoted market prices (Level 2 inputs).
- Certificates of Deposit of \$4,902,409 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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**3. NOTES RECEIVABLE**

As of June 30, 2025, 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, 2025, the City had advanced \$6,763,292 to the borrower. In addition, \$2,736,445 of cumulative interest is accrued as of June 30, 2025.

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, 2025, the City had advanced \$3,130,000 to the borrower. In addition, \$1,251,671 of cumulative interest is accrued as of June 30, 2025.

**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, 2025, the amount due from the Successor Agency was \$771,438 and is offset by an allowance for doubtful accounts.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**5. LEASES RECEIVABLE**

Pursuant to GASB 87, the City has the following lease receivables:

**Outfront Media LLC:**

On 10/15/2019, the City entered into a Digital Billboard lease agreement with Outfront Media LLC. Under the lease, the lessee pays the City \$27,083 per month from 6/10/2022 – 5/10/2023 and with 3% increase each year from 6/10/2023 – 6/10/2052. Term of the lease is 20 years with two additional successive extension periods of 5 years. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%. In fiscal year 2025, the City recognized \$63,235 of lease revenue and \$282,419 of interest revenue under the lease.

**Mossy Automotive Group LLC:**

On 10/20/2020, the City entered into a lease with Mossy Automotive Group, LLC for space located at Northeast corner of Lemon Grove Boulevard and North Avenue. Under the lease, the lessee pays the City \$2,500 per month with 2% increase each year from 11/1/2021 – 11/1/2030. Lease agreement is renewal for 9 years after the 1<sup>st</sup> initial lease term. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2%. In fiscal year 2025, the City recognized \$28,480 of lease revenue and \$3,780 of interest revenue under the lease.

Year Ending June 30,	Outfront Media LLC		Mossy Automotive Group		Leases Receivable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 75,672	\$ 280,353	\$ 29,704	\$ 3,199	\$ 105,376	\$ 283,552	\$ 388,928
2027	88,801	277,903	30,967	2,593	119,768	280,496	400,264
2028	102,656	275,050	32,266	1,962	134,922	277,012	411,934
2029	117,266	271,771	33,611	1,305	150,877	273,076	423,953
2030	132,665	268,043	34,992	620	167,657	268,663	436,320
2031-2035	924,410	1,266,825	11,899	50	936,309	1,266,875	2,203,184
2036-2040	1,449,168	1,091,074	-	-	1,449,168	1,091,074	2,540,242
2041-2045	2,118,521	826,316	-	-	2,118,521	826,316	2,944,837
2046-2050	2,965,362	448,515	-	-	2,965,362	448,515	3,413,877
2051-2052	1,404,663	42,832	-	-	1,404,663	42,832	1,447,495
<b>Total</b>	<b>\$ 9,379,184</b>	<b>\$ 5,048,682</b>	<b>\$ 173,439</b>	<b>\$ 9,729</b>	<b>\$ 9,552,623</b>	<b>\$ 5,058,411</b>	<b>\$ 14,611,034</b>

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**6. CAPITAL ASSETS**

The following represents the capital asset activity for the year ended June 30, 2025:

Governmental Activities	Restated Beginning Balance	Additions	Deletions	Transfer	Ending Balance
Capital Assets, Not Being Depreciated:					
Land and Improvements	\$ 17,957,139	\$ -	\$ -	\$ -	\$ 17,957,139
Construction in Progress	1,706,059	1,237,265	-	(1,691,060)	1,252,264
Total Capital Assets, Not Being Depreciated	19,663,198	1,237,265	-	(1,691,060)	19,209,403
Capital Assets, Being Depreciated:					
Buildings and Improvements	9,876,800	1,578,067	-	448,871	11,903,738
Vehicles and Equipment	3,437,280	59,924	(343,813)	-	3,153,391
Infrastructure	65,472,365	5,232,907	-	1,242,189	71,947,461
Total Capital Assets, Being Depreciated	78,786,445	6,870,898	(343,813)	1,691,060	87,004,590
Less Accumulated Depreciation:					
Building and Improvements	(8,457,320)	(145,939)	-	-	(8,603,259)
Vehicles and Equipment	(2,366,990)	(126,482)	343,813	-	(2,149,659)
Infrastructure	(38,686,030)	(1,467,489)	-	-	(40,153,519)
Total Accumulated Depreciation	(49,510,340)	(1,739,910)	343,813	-	(50,906,437)
Capital Assets Being Depreciated, Net	29,276,105	5,130,988	-	1,691,060	36,098,153
Total Capital Assets - Governmental Activities	\$ 48,939,303	\$ 6,368,253	\$ -	\$ -	\$ 55,307,556

Business-type Activities	Beginning Balance	Additions	Deletions	Transfer	Ending Balance
Capital Assets, Not Being Depreciated:					
Land and Improvements	\$ 3,724	\$ -	\$ -	\$ -	\$ 3,724
Construction in Progress	528,505	128,846	-	-	657,351
Total Capital Assets, Not Being Depreciated	532,229	128,846	-	-	661,075
Capital Assets, Being Depreciated:					
Machinery and Equipment	1,058,940	670,717	-	-	1,729,657
Infrastructure	15,077,216	398,697	-	-	15,475,913
Total Capital Assets, Being Depreciated	16,136,156	1,069,414	-	-	17,205,570
Less Accumulated Depreciation:					
Machinery and Equipment	(969,019)	(12,551)	-	-	(981,570)
Infrastructure	(8,520,753)	(180,681)	-	-	(8,701,434)
Total Accumulated Depreciation	(9,489,772)	(193,232)	-	-	(9,683,004)
Capital Assets Being Depreciated, Net	6,646,384	876,182	-	-	7,522,566
Total Capital Assets - Business-type Activities	\$ 7,178,613	\$ 1,005,028	\$ -	\$ -	\$ 8,183,641

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

General Government	\$ 31,880
Public Safety	156,290
Public Works	1,485,426
Community Development	66,314
Total Government Depreciation	<u>\$ 1,739,910</u>

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**7. LONG-TERM DEBT**

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Financed Purchase	\$ 539,898	\$ -	\$ (81,498)	\$ 458,400	\$ 84,717
Compensated Absences	527,367	275,670*	-	803,037	-
Total OPEB Liability	2,331,197	-	(89,883)	2,241,314	151,240
Net Pension Liability	8,321,258	-	(73,541)	8,247,717	-
Claims Payable	107,443	16,682	-	124,125	-
<b>Total</b>	<b>\$ 11,827,163</b>	<b>\$ 292,352</b>	<b>\$ (244,922)</b>	<b>\$ 11,874,593</b>	<b>\$ 235,957</b>
<b>Business-type Activities</b>					
Compensated Absences	\$ 60,037	39,917*	\$ -	\$ 99,954	\$ -
Total OPEB Liability	582,799	-	(22,471)	560,328	37,810
Net Pension Liability	3,566,254	-	(31,518)	3,534,736	-
<b>Total</b>	<b>\$ 4,209,090</b>	<b>\$ 39,917</b>	<b>\$ (53,989)</b>	<b>\$ 4,195,018</b>	<b>\$ 37,810</b>

\* The change in the compensated absences liability is presented as a net change

**REV Financial Services Financed Purchase:** On July 10, 2022, the City entered into a financing purchase agreement with REV Financial Services, LLC (Lender) in the amount of \$618,299, bearing an interest rate of 3.95%. The funds were used to finance the purchase of one fire truck. Principal and interest payments are due annually, commencing July 2023, maturing in July 2029.

As of June 30, 2025, the outstanding balance of the debt, including accrued interest was \$476,011.

The annual debt service requirements to mature the debts outstanding at June 30, 2025 were as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2026	\$ 84,717	\$ 18,107	\$ 102,824
2027	88,064	14,760	102,824
2028	91,542	11,282	102,824
2029	95,158	7,666	102,824
2030	98,919	3,907	102,826
	<b>\$ 458,400</b>	<b>\$ 55,722</b>	<b>\$ 514,122</b>

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**7. LONG-TERM DEBT, Continued**

**Fiduciary Fund Long-term Debt**

A summary of the Successor Agency Fiduciary Fund long-term debt for the fiscal year 2025 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
Series 2014, Refunding	\$ 4,620,000	\$ -	\$ (140,000)	\$ 4,480,000	\$ 150,000
Series 2019, Refunding	12,695,000	-	(725,000)	11,970,000	745,000
Premium	282,042	-	(35,255)	246,787	-
	<u>\$ 17,597,042</u>	<u>\$ -</u>	<u>\$ (900,255)</u>	<u>\$ 16,696,787</u>	<u>\$ 895,000</u>

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:

Fiscal Year Ending June 30,	Principal	Interest	Total
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
2031-2035	2,995,000	235,700	3,230,700
	<u>\$ 4,480,000</u>	<u>\$ 1,023,864</u>	<u>\$ 5,503,864</u>

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**7. LONG-TERM DEBT, Continued**

**Fiduciary Fund Long-term Debt, Continued**

**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
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
2031-2035	3,715,000	1,338,034	5,053,034
2036-2040	4,785,000	281,365	5,066,365
	<u>\$11,970,000</u>	<u>\$ 3,495,752</u>	<u>\$ 15,465,752</u>

**8. DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Defined Benefit Pension Plan**

*Plan Description* - 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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**8. DEFINED BENEFIT PENSION PLAN, Continued**

**A. General Information about the Defined Benefit Pension Plan, Continued**

*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, 2024 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2024, 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, 2025, 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	36 month average	2% @ 62 36 month average
Benefit vesting schedule	5 years service	5 years service	5 years services
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%	7.75%
Required employer contribution rates	14.13%+\$655,578	10.15%+\$3,402	7.87%+\$5,170
	Safety	Safety PEPRA	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	
Benefit formula	3% @ 55	2.7% @ 57	
Benefit vesting schedule	single highest year	36 month average	
Benefit payments	5 years service	5 years service	
Retirement age	50	52	
Monthly benefits, as a % of eligible compensation	2.4% to 3%	2% to 2.7%	
Required employee contribution rates	9%	13.75%	
Required employer contribution rates	24.33%+\$259,408	13.76%+\$2,855	

*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 Basic Financial Statements**  
**For the year ended June 30, 2025**

**8. DEFINED BENEFIT PENSION PLAN, Continued**

**A. General Information about the 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 \$ 1,085,390 in fiscal year 2025.

The City's contributions to the Plan for the year ended June 30, 2025, were \$1,637,751.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2025, the City reported a liability of \$11,782,453 for its proportionate share of the net pension liability. The City's net pension liability for the Plan is measured as of June 30, 2024, 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, 2023 rolled forward to June 30, 2024 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, 2023, and 2024 was as follows:

Proportion - June 30, 2023	0.09529%
Proportion - June 30, 2024	0.09716%
Change - Increase (Decrease)	<u>0.00187%</u>

For the year ended June 30, 2025, the City recognized pension expense of \$2,409,855. At June 30, 2025, 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	\$ 1,637,751	\$ -
Differences between actual and expected experience	1,001,706	37,225
Changes in assumptions	299,104	-
Changes in employer's proportion	107,000	-
Differences between employer's contribution and the employer's proportionate share of contributions	-	127,088
Net differences between projected and actual earnings on plan investments	645,946	-
Total	<u>\$ 3,691,507</u>	<u>\$ 164,313</u>

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**8. DEFINED BENEFIT PENSION PLAN, Continued**

*A. General Information about the Defined Benefit Pension Plan, Continued*

The \$1,637,751 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, 2026. 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,	
2026	\$ 644,998
2027	1,457,647
2028	8,064
2029	(221,266)

Actuarial Assumptions - The total pension liabilities in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions:

Valuation dates	June 30, 2023
Measurement date	June 30 2024
Actuarial cost method	Entry-age-normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	Varies by Entry age and service
Investment rate of return	6.90%
Mortality rate table (1)	Derived using CalPERS' Membership Data for all Funds

1-The Mortality table was developed based on CalPERS specific data. The rate incorporate generational mortality to capture ongoing mortality improvement using 80% of scale MP 2020 published by the society of Actuaries. For more details refer to the 2021 experience study report that can be found on the CalPERS website.

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 - In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**8. DEFINED BENEFIT PENSION PLAN, Continued**

**A. General Information about the Defined Benefit Pension Plan, Continued**

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

Asset Class <sup>1</sup>	Assumed asset allocation	Real return <sup>1,2</sup>
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-Cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate -The discount rate used to measure the total pension liability as of the measurement date of June 30, 2024, for the Plan was 6.90%. 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. A detailed report testing these projections can be obtained from the CalPERS website.

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		5.90%
Net Pension Liability	\$	18,300,482
Current Discount Rate		6.90%
Net Pension Liability	\$	11,782,453
1% Increase		7.90%
Net Pension Liability	\$	6,429,788

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**8. DEFINED BENEFIT PENSION PLAN, Continued**

*B. Payable to the Pension Plan*

At June 30, 2025, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2025.

**9. OTHER POST EMPLOYEE BENEFITS**

*A. 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 per month for Miscellaneous employees and up to \$200 per month plus the effective PEMHCA (Public Employee's Medical & Hospital Care Act) minimum employer contribution amount.. In calendar year 2024, it was \$157 per month and calendar year 2025 was \$158 per month for Safety employees).

Employees Covered by Benefit Terms - As of the June 30, 2025, 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	59
	98
	98

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, 2025, the City’s pay-as-you-go costs were \$137,691.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**9. OTHER POST EMPLOYEE BENEFITS, Continued**

**A. General Information About the OPEB Plan, Continued**

Total OPEB Liability - The City's Total OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation dated June 30, 2025, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2025
Measurement Date	July 1, 2024 to June 30, 2025
Actuarial Cost Method	Entry-age, Level Percent of Pay
Salary Changes	3.00%
Inflation Rate	2.50%
Age at Retirement	50
Health Care Trend Rate	7.50 percent for 2025 decreasing to 5.80 percent for 2029, 5.50 percent for 2030-2034, 4.70 percent for 2035-2044, 4.60 percent for 2045-2054, 4.50 percent for 2055-2074, and 4.00 percent for 2075 and later years; Medicare ages: 5.50 percent 2025, 5.00 percent for 2026, 4.75 percent for 2027, 4.50 percent for 2028-2074, and 4.00 percent for 2075 and later years.
Pre-retirement Mortality	Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019). Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Post-retirement Mortality	
Discount Rate:	
As of 6/30/2017	3.60%, net of investment, including inflation
As of 6/30/2018	3.90%, net of investment, including inflation
As of 6/30/2019	3.50%, net of investment, including inflation
As of 6/30/2020	2.60%, net of investment, including inflation
As of 6/30/2021	1.92%, net of investment, including inflation
As of 6/30/2022	3.69%, net of investment, including inflation
As of 6/30/2023	3.86%, net of investment, including inflation
As of 6/30/2024	3.97%, net of investment, including inflation
As of 6/30/2025	5.20%, net of investment, including inflation

Discount Rate - The discount rate used to measure the total OPEB liability was 5.20 percent and is based on the tax-exempt general obligations municipal bonds AA - 20 Years index.

**B. Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at June 30, 2024	\$ 2,913,996
Changes in the year:	
Service Cost	230,401
Interest on the total OPEB liability	121,116
Differences between expected and actual experience	158,932
Changes in assumptions	(433,753)
Benefit payments, including implicit subsidy	(189,050)
Net changes	(112,354)
Balance at June 30, 2025	\$ 2,801,642

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**9. OTHER POST EMPLOYEE BENEFITS, Continued**

**B. Changes in the Total OPEB Liability, Continued**

Changes of assumptions reflect a change in the discount rate from 3.50 percent at June 30, 2019, 2.20 percent at June 30, 2020, 1.92 percent at June 30, 2021, 3.69 percent at June 30, 2022, and 3.86 percent at June 30, 2023 to 3.97 percent at June 30, 2024 to 5.20 percent at June 30, 2025.

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 (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	\$ 3,117,294	\$ 2,801,642	\$ 2,533,131

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:

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	\$ 2,595,538	\$ 2,801,642	\$ 3,098,989

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2025, the City recognized OPEB expense of \$92,440. As of June 30, 2025, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 140,872	\$ (327,102)
Changes in assumptions	62,060	(628,088)
Total	\$ 202,932	\$ (955,190)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued) - 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,	
2026	\$ (245,134)
2027	(159,168)
2028	(87,146)
2029	(87,146)
2030	(82,018)
Thereafter	(91,646)

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**10. RISK MANAGEMENT: SELF-INSURANCE POOLING AND PURCHASED INSURANCE**

**Risk Pool Membership**

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 126 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**

Liability coverage includes auto liability, employment practices liability, public officials' errors and omissions, bodily injury, personal injury, third party property damage, advertising injury, and employee benefit administration liability. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

**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.

**Purchased Insurance**

The City also participates in the following coverage programs provided by the Authority:

- All-Risk Property Protection Program. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The total insured value of scheduled City property is Non Participant. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.
- Earthquake and Flood Insurance. This coverage is part of the Property Protection Program. The City has total insured values of Non Participant scheduled for coverage under this program. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.
- 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 Authority has an aggregate limit of \$20 million.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**10. RISK MANAGEMENT: SELF-INSURANCE POOLING AND PURCHASED INSURANCE, Continued**

**Purchased Insurance, Continued**

- 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 policy limit is \$1,000,000, and the deductible is \$5,000.
- Special Event Tenant User Liability Insurance. This coverage protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays the insurance broker and/or carrier. The insurance is facilitated by the Authority.

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2024-25.

**11. FUND BALANCES**

The details of fund balances as of June 30, 2025 are as follows:

	General Fund	Housing Fund	TransNet Fund	Sundry Grants Fund	Non-major Government Funds	Total
Restricted for:						
Pension	\$ 916,238	\$ -	\$ -	\$ -	\$ -	\$ 916,238
Housing	-	11,459,959	-	-	-	11,459,959
Public Safety	-	-	-	-	155,774	155,774
Streets and Transportation	-	-	501,880	-	2,845,870	3,347,750
Community Development	-	-	-	-	1,479,961	1,479,961
Parks and Recreation	-	-	-	-	194,420	194,420
Committed	6,326,276	-	-	-	-	6,326,276
Unassigned	12,126,543	-	-	(1,177,112)	(228,056)	10,721,375
<b>Total Fund Balances</b>	<b>\$ 19,369,057</b>	<b>\$ 11,459,959</b>	<b>\$ 501,880</b>	<b>\$ (1,177,112)</b>	<b>\$ 4,447,969</b>	<b>\$ 34,601,753</b>

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**12. 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, 2025. 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 \$15,298 for the fiscal year ending June 30, 2025.

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.

**13. SUCCESSOR AGENCY FOR THE FORMER REDEVELOPMENT AGENCY**

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.

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.

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**13. SUCCESSOR AGENCY FOR THE FORMER REDEVELOPMENT AGENCY, Continued**

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.

**14. 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, 2025 (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.

**15. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The \$1,315,608 reported in the General Fund as due from other funds represents amounts due from major and nonmajor governmental funds. These represent temporary, interfund borrowings resulting from routine cash flows and are expected to be repaid within the next fiscal year.

The following is a summary of interfund transfers for the fiscal year 2025:

Transfers In	Transfers Out	Amount
General Fund	Non-major governmental funds	\$ 213,600
Non-major governmental funds	General Fund	109,280
Non-major governmental funds	Non-major governmental funds	70,000
Non-major governmental funds	Sanitation	100,000
		\$ 492,880

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**15. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS, Continued**

Transfers of \$109,280 and \$100,000 were made from the General Fund and Sanitation Fund, respectively, to nonmajor governmental funds to fund various project costs.

**16. DEFICIT FUND BALANCES**

Deficit fund balances in the major and nonmajor governmental funds will be eliminated through future collection and recognition of applicable revenues. As of June 30, 2025, City reported deficit fund balances in the following funds:

<u>Funds</u>	<u>Deficiency</u>
Sundry Grants	\$ 1,177,112
CDBG	121,388
TDA	<u>106,668</u>
<b>Total</b>	<b>\$ 1,405,168</b>

**17. CHANGES IN REPORTING ENTITY**

In fiscal year 2025, the City’s TransNet Fund moved from non-major fund to major fund during the fiscal year 2025. Below is the effect on fund balance.

	<u>June 30, 2024, as previously reported</u>	<u>Changes in major fund</u>	<u>June 30, 2024, as restated</u>
Governmental Funds:			
Major Governmental Funds			
TransNet Fund	\$ -	\$ (633,586)	\$ (633,586)
Non- major Governmental Funds	3,321,214	633,586	3,954,800

**City of Lemon Grove**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**18. RESTATEMENTS**

For the year ended June 30, 2025, the City recorded following restatements. The opening balances of Governmental Activities, and Business-type Activities, General fund, Sanitation Enterprise Fund were restated to apply the adjustments retrospectively.

- CIP Adjustments is due to an oversight in expensing a capital improvement project in prior year instead of recording it as construction-in-progress asset.
- Accumulated Depreciation Correction is a result of correcting the calculation of the remaining useful life of several infrastructure assets when implementing GASB 34.
- Due from other Government and corresponding unavailable revenue is related to the prior year's expenses eligible for reimbursement from the State of California for the damages throughout the City caused by the January 2024, Storm in California.
- GASB 101 Implementation adjustment is as required to correct the beginning balances of compensated absences.

	Net Position/ Fund Balance as Previously Reported	Restatements					Fund Balance/ Net Position as Restated
		CIP Adjustments	Accumulated Depreciation Correction	Due from other Government	GASB 101 Implementation	Unavailable Revenue	
<b>Governmental activities</b>	\$ 79,737,903	\$ 557,638	\$ (811,645)	\$ 581,962	\$ (184,305)	\$ -	\$ 79,881,553
<b>Business type Activities</b>							
Sanitation fund	40,573,958	-	-	-	(17,874)	-	40,556,084
<b>Governmental Funds</b>							
General Fund	19,276,077	-	-	581,962	-	(581,962)	19,276,077

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### General Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and special assessments	\$ 17,732,612	\$ 17,684,612	\$ 18,202,544	\$ 517,932
Licenses, fees and permits	785,900	785,900	579,788	(206,112)
Fines, forfeitures and penalties	77,000	77,000	111,858	34,858
Intergovernmental revenues	45,000	45,000	3,947,156	3,902,156
Charges for services	566,200	566,200	630,040	63,840
Use of money and property	884,200	889,200	1,752,414	863,214
Other revenues	25,000	482,942	700,104	217,162
<b>Total revenues</b>	<b>20,115,912</b>	<b>20,530,854</b>	<b>25,923,904</b>	<b>5,393,050</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,596,341	2,616,341	2,034,099	582,242
Public safety	13,809,480	13,863,034	13,655,280	207,754
Public works	3,440,770	5,342,904	4,260,982	1,081,922
Community development	1,437,160	1,988,070	1,206,271	781,799
Capital outlay	593,660	5,182,851	4,675,788	507,063
Debt service:				
Principal	103,000	103,000	81,498	21,502
Interest	-	-	21,326	(21,326)
<b>Total expenditures</b>	<b>21,980,411</b>	<b>29,096,200</b>	<b>25,935,244</b>	<b>3,160,956</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,864,499)</b>	<b>(8,565,346)</b>	<b>(11,340)</b>	<b>8,554,006</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	915,542	457,600	213,600	(244,000)
Transfers out	-	-	(109,280)	(109,280)
<b>Total other financing sources (uses)</b>	<b>915,542</b>	<b>457,600</b>	<b>104,320</b>	<b>(353,280)</b>
<b>Net change in fund balances</b>	<b>\$ (948,957)</b>	<b>\$ (8,107,746)</b>	<b>92,980</b>	<b>\$ 8,200,726</b>
<b>FUND BALANCES:</b>				
Beginning of year			19,276,077	
End of year			<u>\$ 19,369,057</u>	

**City of Lemon Grove**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Housing Fund**

**For the year ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 210,092	\$ 210,092
<b>Total revenues</b>	-	-	210,092	210,092
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	210,092	<u>\$ 210,092</u>
<b>FUND BALANCES:</b>				
Beginning of year			11,249,867	
End of year			<u>\$ 11,459,959</u>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### TransNet Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 2,784,360	\$ 3,695,360	3,453,915	\$ (241,445)
Use of money and property	-	-	190	190
<b>Total revenues</b>	<b>2,784,360</b>	<b>3,695,360</b>	<b>3,454,105</b>	<b>(241,255)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	218,730	656,730	238,211	418,519
Capital outlay	2,174,360	2,769,577	2,080,428	689,149
<b>Total expenditures</b>	<b>2,393,090</b>	<b>3,426,307</b>	<b>2,318,639</b>	<b>1,107,668</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>391,270</b>	<b>269,053</b>	<b>1,135,466</b>	<b>866,413</b>
<b>Net change in fund balances</b>	<b>\$ 391,270</b>	<b>\$ 269,053</b>	<b>1,135,466</b>	<b>\$ 866,413</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
Restatement			(633,586)	
Beginning of year, as restated			(633,586)	
End of year			<u>\$ 501,880</u>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Sundry Grants Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 3,478,871	\$ 3,581,305	\$ 584,350	\$ (2,996,955)
<b>Total revenues</b>	<u>3,478,871</u>	<u>3,581,305</u>	<u>584,350</u>	<u>(2,996,955)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	5,000	5,000	42,227	(37,227)
Public works	71,000	71,000	-	71,000
Community development	639,503	639,503	12,858	626,645
Capital outlay	2,574,855	2,597,253	648,944	1,948,309
<b>Total expenditures</b>	<u>3,290,358</u>	<u>3,312,756</u>	<u>704,029</u>	<u>2,608,727</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>188,513</u>	<u>268,549</u>	<u>(119,679)</u>	<u>(388,228)</u>
<b>Net change in fund balances</b>	<u>\$ 188,513</u>	<u>\$ 268,549</u>	<u>(119,679)</u>	<u>\$ (388,228)</u>
<b>FUND BALANCES:</b>				
Beginning of year			(1,057,433)	
End of year			<u>\$ (1,177,112)</u>	

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**City of Lemon Grove**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

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**DEFINED BENEFIT PENSION PLANS**

*Schedule of the City's Proportionate Share of the Net Pension Liability - Last Ten Fiscal Years*

Fiscal Year End:	6/30/2025	6/30/2024	6/30/2023
Measurement Date	6/30/2024	6/30/2023	6/30/2022
City's proportion of the net pension liability	0.09716%	0.09529%	0.09451%
City's proportionate share of the net pension liability	\$ 11,782,453	\$ 11,887,512	\$ 10,917,146
City's covered payroll (plan year)	\$ 4,330,577	\$ 4,023,692	\$ 3,884,925
City's proportionate share of the net pension liability as a percentage of its covered payroll	272.08%	295.44%	281.01%
City's fiduciary net position as a percentage of the total pension liability	78.08%	76.21%	76.68%

**Notes to the schedule:**

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, decreased from 7.65% to 7.15% in fiscal year 2018, and then decreased from 7.15% to 6.9% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

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6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
0.09265%	0.08393%	0.08102%	0.07749%	0.07749%	0.07711%	0.10238%
\$ 5,010,718	\$ 9,131,695	\$ 8,301,768	\$ 7,557,212	\$ 7,685,061	\$ 6,672,556	\$ 7,027,037
\$ 3,981,855	\$ 3,993,095	\$ 3,915,557	\$ 4,285,339	\$ 4,129,783	\$ 3,966,818	\$ 4,140,577
125.84%	228.69%	212.02%	176.35%	186.09%	168.21%	169.71%
88.29%	76.06%	77.21%	77.89%	76.39%	74.06%	78.40%

**City of Lemon Grove**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

**DEFINED BENEFIT PENSION PLANS, Continued**

*Schedule of Pension Contributions - Last Ten Fiscal Years*

Contributions for the fiscal year ending June 30,	2025	2024	2023
Contractually required contribution	\$ 1,637,751	\$ 1,367,542	\$ 1,323,290
Contributions in relation to the contractually required contribution	<u>(1,637,751)</u>	<u>(1,367,542)</u>	<u>(1,323,290)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll (City's fiscal year)	\$ 5,066,914	\$ 4,330,577	\$ 4,023,692
Contributions as a percentage of covered payroll	32.32%	31.58%	32.89%

**Notes to the schedule:**

Methods and assumptions used to determine contribution rates:

Valuation date (for contractually required contribution):	6/30/2022	6/30/2021	6/30/2020
Actuarial cost method:	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value
Inflation:	2.30%	2.30%	2.50%
Salary increases:	(2)	(2)	(2)
Investment rate of return:	6.80%	6.80%	7.00%
Retirement age:	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)

(1) Level percentage of payroll, closed.

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

(3) 50 for all plans, with the exception of 52 for Miscellaneous PEPRAs 2%@62.

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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2022	2021	2020	2019	2018	2017	2016
\$ 1,232,401	\$ 1,154,805	\$ 1,049,105	\$ 962,913	\$ 894,949	\$ 813,911	\$ 909,279
(1,232,401)	(1,154,805)	(1,049,105)	(962,913)	(894,949)	(813,911)	(2,737,595)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,828,316)
\$ 3,884,925	\$ 3,981,855	\$ 3,993,095	\$ 3,915,557	\$ 4,285,339	\$ 4,129,783	\$ 3,966,818
31.72%	29.00%	26.27%	24.59%	20.88%	19.71%	69.01%

6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
(1)	(1)	(1)	(1)	(1)	(1)	(1)
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)	(2)	(2)	(2)
7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%
(3)	(3)	(3)	(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)	(4)	(4)	(4)

**City of Lemon Grove**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

**OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB)**

*Schedule of Changes in the City's Total OPEB Liability and Related Ratios - Last Ten Fiscal Years\**

Measurement Period	FY2024/25	FY2023/24	FY2022/23
<b>Total OPEB liability - beginning of year</b>	\$ 2,913,996	\$ 2,846,158	\$ 3,175,573
Service cost	230,401	174,440	130,619
Interest	121,116	113,100	118,817
Differences between expected and actual experience	158,932	-	(460,971)
Changes in assumptions	(433,753)	(36,895)	56,131
Benefit payments	(189,050)	(182,807)	(174,011)
Net change in total OPEB liability	(112,354)	67,838	(329,415)
<b>Total OPEB liability - end of year</b>	<u>\$ 2,801,642</u>	<u>\$ 2,913,996</u>	<u>\$ 2,846,158</u>
Covered employee payroll	\$ 5,607,665	\$ 5,422,343	\$ 4,023,692
City's total OPEB liability as a percentage of covered payroll	49.96%	53.74%	70.73%

**Notes to the schedule:**

\*Plan assets: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

\*Benefit changes: In fiscal year 2024-2025 there were no benefit changes.

\*Changes in assumptions: In fiscal year 2024-2025 discount rate was 5.20% changed from 3.97% in FY 2023-2024. In fiscal year 2022-2023, discount rate changed from 3.69% to 3.86%

\*Fiscal year 2018 was the 1st year of implementation, therefore there are fewer than 10 years shown.

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<u>FY2021/22</u>	<u>FY2020/21</u>	<u>FY 2019/20</u>	<u>FY 2018/19</u>
\$ 3,874,381	\$ 3,979,861	\$ 4,127,787	\$ 3,907,420
193,009	165,231	116,516	114,804
76,413	88,935	144,633	152,187
-	(453,019)	(768,359)	(14,999)
(792,262)	299,664	577,083	193,343
(175,968)	(206,291)	(217,799)	(224,968)
<u>(698,808)</u>	<u>(105,480)</u>	<u>(147,926)</u>	<u>220,367</u>
<u>\$ 3,175,573</u>	<u>\$ 3,874,381</u>	<u>\$ 3,979,861</u>	<u>\$ 4,127,787</u>
\$ 3,884,925	\$ 3,981,855	\$ 3,995,000	\$ 4,347,161
81.74%	97.30%	99.62%	94.95%

**City of Lemon Grove**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

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**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.

**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).

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# SUPPLEMENTARY INFORMATION

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**CITY OF LEMON GROVE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025**

**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.

*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 Program Fund* accounts for impound fees to pay for Sheriff traffic division overtime and other traffic related expenses.

*Opioid Settlement Fund* accounts for settlement from the National Opioid Settlement against manufacturers, distributors and other entities responsible for aiding the opioid epidemic. The use of fund is restricted for opioid abatement activities.

**CITY OF LEMON GROVE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025**

**Capital Projects Funds**

*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.

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**City of Lemon Grove**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	Special Revenue Funds			
	Gas Tax	Parkland Dedication	Supplemental Law Enforcement Service	CDBG
<b>ASSETS</b>				
Cash and investments	\$ 2,081,864	\$ 193,039	\$ 127,515	\$ -
Accounts receivable	199,235	-	-	-
Interest receivable	15,649	1,381	-	-
Due from other government	-	-	-	121,150
Restricted cash	19,687	-	-	-
<b>Total assets</b>	<b>\$ 2,316,435</b>	<b>\$ 194,420</b>	<b>\$ 127,515</b>	<b>\$ 121,150</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 174,449	\$ -	\$ -	\$ -
Accrued liabilities	6,210	-	-	-
Due to other funds	-	-	-	121,388
Deposits payable	-	-	-	-
Unearned Revenue	-	-	-	-
<b>Total liabilities</b>	<b>180,659</b>	<b>-</b>	<b>-</b>	<b>121,388</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	121,150
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,150</b>
<b>Fund Balances:</b>				
Restricted	2,135,776	194,420	127,515	-
Unassigned	-	-	-	(121,388)
<b>Total fund balances</b>	<b>2,135,776</b>	<b>194,420</b>	<b>127,515</b>	<b>(121,388)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,316,435</b>	<b>\$ 194,420</b>	<b>\$ 127,515</b>	<b>\$ 121,150</b>

Special Revenue Funds							
TDA	Lighting District	Storm Water	Household Hazardous Waste	Wild Flower Assessment	PEG (Public/ Education/ Government)	Serious Traffic Offender Program	Opioid Settlement
\$ -	\$ 521,216	\$ 173,082	\$ 595,518	\$ 10,807	\$ 457,110	\$ 19,422	\$ 149,793
-	4,094	-	1,406	-	8,349	1,365	-
-	4,257	959	4,269	81	3,267	56	1,076
106,643	-	-	-	-	-	-	-
-	2,362	797	1,145	210	-	140	-
<u>\$ 106,643</u>	<u>\$ 531,929</u>	<u>\$ 174,838</u>	<u>\$ 602,338</u>	<u>\$ 11,098</u>	<u>\$ 468,726</u>	<u>\$ 20,983</u>	<u>\$ 150,869</u>
\$ 5,196	\$ 20,526	\$ 33,527	\$ 10,733	\$ 753	\$ 118	\$ 13	\$ -
237	872	221	280	38	-	36	-
101,235	-	-	-	-	-	-	-
-	-	-	331,753	-	-	-	-
-	-	-	-	-	-	-	144,141
<u>106,668</u>	<u>21,398</u>	<u>33,748</u>	<u>342,766</u>	<u>791</u>	<u>118</u>	<u>49</u>	<u>144,141</u>
<u>106,643</u>	-	-	-	-	-	-	-
<u>106,643</u>	-	-	-	-	-	-	-
-	510,531	141,090	259,572	10,307	468,608	20,934	6,728
(106,668)	-	-	-	-	-	-	-
<u>(106,668)</u>	<u>510,531</u>	<u>141,090</u>	<u>259,572</u>	<u>10,307</u>	<u>468,608</u>	<u>20,934</u>	<u>6,728</u>
<u>\$ 106,643</u>	<u>\$ 531,929</u>	<u>\$ 174,838</u>	<u>\$ 602,338</u>	<u>\$ 11,098</u>	<u>\$ 468,726</u>	<u>\$ 20,983</u>	<u>\$ 150,869</u>

**City of Lemon Grove**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	Capital Project Funds			Total Nonmajor Governmental Funds
	Main Street Promenade CFD	Safety Capital Purchases	Transportation Mitigation	
<b>ASSETS</b>				
Cash and investments	\$ 72,291	\$ 732	\$ 724,295	\$ 5,126,684
Accounts receivable	7	-	291	214,747
Interest receivable	522	5	5,195	36,717
Due from other government	-	-	-	227,793
Restricted cash	-	-	-	24,341
<b>Total assets</b>	<b>\$ 72,820</b>	<b>\$ 737</b>	<b>\$ 729,781</b>	<b>\$ 5,630,282</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,794	\$ -	\$ -	\$ 248,109
Accrued liabilities	-	-	-	7,894
Due to other funds	-	-	-	222,623
Deposits payable	-	-	-	331,753
Unearned Revenue	-	-	-	144,141
<b>Total liabilities</b>	<b>2,794</b>	<b>-</b>	<b>-</b>	<b>954,520</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	227,793
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227,793</b>
<b>Fund Balances:</b>				
Restricted	70,026	737	729,781	4,676,025
Unassigned	-	-	-	(228,056)
<b>Total fund balances</b>	<b>70,026</b>	<b>737</b>	<b>729,781</b>	<b>4,447,969</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 72,820</b>	<b>\$ 737</b>	<b>\$ 729,781</b>	<b>\$ 5,630,282</b>

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# City of Lemon Grove

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

For the year ended June 30, 2025

	Special Revenue Funds			
	TransNet	Gas Tax	Parkland Dedication	Supplemental Law Enforcement Service
<b>REVENUES:</b>				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	1,537,992	-	194,664
Charges for services	-	-	12,743	-
Use of money and property	-	106,325	9,146	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>1,644,317</b>	<b>21,889</b>	<b>194,664</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	899,081	-	-
Community development	-	-	6,726	-
Capital outlay	-	581,363	-	-
<b>Total expenditures</b>	<b>-</b>	<b>1,480,444</b>	<b>6,726</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>163,873</b>	<b>15,163</b>	<b>194,664</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	100,000	-	-
Transfers out	-	(30,000)	-	(160,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>70,000</b>	<b>-</b>	<b>(160,000)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>233,873</b>	<b>15,163</b>	<b>34,664</b>
<b>FUND BALANCES:</b>				
Beginning of year	\$ (633,586)	\$ 1,901,903	\$ 179,257	\$ 92,851
Restatement	633,586	-	-	-
Beginning of year, as restated	-	1,901,903	179,257	92,851
End of year	\$ -	\$ 2,135,776	\$ 194,420	\$ 127,515

Special Revenue Funds

CDBG	TDA	Lighting District	Storm Water	Household Hazardous Waste	Wild Flower Assessment	PEG (Public/ Education/ Government)	Serious Traffic Offender Program
\$ -	\$ -	\$ 435,485	\$ -	\$ 26,317	\$ 11,665	\$ -	\$ -
136,786	101,561	-	-	-	-	-	-
-	-	-	59,072	-	-	34,195	-
-	-	26,752	6,700	29,044	666	21,494	410
-	-	-	-	-	-	-	13,780
136,786	101,561	462,237	65,772	55,361	12,331	55,689	14,190
-	-	-	-	-	-	8,277	-
-	-	-	-	-	-	-	2,848
-	98,642	419,153	140,657	-	6,088	-	-
-	-	-	-	42,365	-	-	-
121,640	-	-	-	-	-	-	-
121,640	98,642	419,153	140,657	42,365	6,088	8,277	2,848
15,146	2,919	43,084	(74,885)	12,996	6,243	47,412	11,342
-	-	70,000	109,280	-	-	-	-
-	(8,000)	(84,300)	-	(1,200)	(100)	-	-
-	(8,000)	(14,300)	109,280	(1,200)	(100)	-	-
15,146	(5,081)	28,784	34,395	11,796	6,143	47,412	11,342
\$ (136,534)	\$ (101,587)	\$ 481,747	\$ 106,695	\$ 247,776	\$ 4,164	\$ 421,196	\$ 9,592
-	-	-	-	-	-	-	-
(136,534)	(101,587)	481,747	106,695	247,776	4,164	421,196	9,592
\$ (121,388)	\$ (106,668)	\$ 510,531	\$ 141,090	\$ 259,572	\$ 10,307	\$ 468,608	\$ 20,934

# City of Lemon Grove

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

For the year ended June 30, 2025

	Special Revenue Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Opioid Settlement	Main Street Promenade CFD	Safety Capital Purchases	Transportation Mitigation	
<b>REVENUES:</b>					
Taxes and special assessments	\$ -	\$ 26,582	\$ -	\$ -	\$ 500,049
Intergovernmental revenues	-	-	-	-	1,971,003
Charges for services	-	-	-	5,749	111,759
Use of money and property	6,350	3,092	33	34,636	244,648
Other revenues	-	-	-	-	13,780
<b>Total revenues</b>	<b>6,350</b>	<b>29,674</b>	<b>33</b>	<b>40,385</b>	<b>2,841,239</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	8,277
Public safety	-	-	-	-	2,848
Public works	-	16,910	-	-	1,580,531
Community development	-	-	-	-	49,091
Capital outlay	-	-	-	-	703,003
<b>Total expenditures</b>	<b>-</b>	<b>16,910</b>	<b>-</b>	<b>-</b>	<b>2,343,750</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,350</b>	<b>12,764</b>	<b>33</b>	<b>40,385</b>	<b>497,489</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	279,280
Transfers out	-	-	-	-	(283,600)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,320)</b>
<b>Net change in fund balances</b>	<b>6,350</b>	<b>12,764</b>	<b>33</b>	<b>40,385</b>	<b>493,169</b>
<b>FUND BALANCES:</b>					
Beginning of year	\$ 378	\$ 57,262	\$ 704	\$ 689,396	3,321,214
Restatement	-	-	-	-	633,586
Beginning of year, as restated	378	57,262	704	689,396	3,954,800
End of year	\$ 6,728	\$ 70,026	\$ 737	\$ 729,781	\$ 4,447,969

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Gas Tax Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 1,470,750	\$ 1,470,750	\$ 1,537,992	\$ 67,242
Use of money and property	2,000	2,000	106,325	104,325
<b>Total revenues</b>	<b>1,472,750</b>	<b>1,472,750</b>	<b>1,644,317</b>	<b>171,567</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,036,690	1,036,690	899,081	137,609
Capital outlay	1,225,000	1,225,000	581,363	643,637
<b>Total expenditures</b>	<b>2,261,690</b>	<b>2,261,690</b>	<b>1,480,444</b>	<b>781,246</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(788,940)</b>	<b>(788,940)</b>	<b>163,873</b>	<b>952,813</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	100,000	100,000	100,000	-
Transfers out	(30,000)	(30,000)	(30,000)	-
<b>Total other financing sources (uses)</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (718,940)</b>	<b>\$ (718,940)</b>	<b>233,873</b>	<b>\$ 952,813</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,901,903	
End of year			<u>\$ 2,135,776</u>	

**City of Lemon Grove**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Parkland Dedication Special Revenue Fund**

**For the year ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 4,500	\$ 4,500	\$ 12,743	\$ 8,243
Use of money and property	250	250	9,146	8,896
<b>Total revenues</b>	<b>4,750</b>	<b>4,750</b>	<b>21,889</b>	<b>17,139</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	25,000	25,000	6,726	18,274
<b>Total expenditures</b>	<b>25,000</b>	<b>25,000</b>	<b>6,726</b>	<b>18,274</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(20,250)</b>	<b>(20,250)</b>	<b>15,163</b>	<b>35,413</b>
<b>Net change in fund balances</b>	<b>\$ (20,250)</b>	<b>\$ (20,250)</b>	<b>15,163</b>	<b>\$ 35,413</b>
<b>FUND BALANCES:</b>				
Beginning of year			179,257	
End of year			<b>\$ 194,420</b>	

**City of Lemon Grove**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Supplemental Law Enforcement Service Special Revenue Fund**

**For the year ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 140,000	\$ 140,000	\$ 194,664	\$ 54,664
<b>Total revenues</b>	<b>140,000</b>	<b>140,000</b>	<b>194,664</b>	<b>54,664</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(160,000)	(160,000)	(160,000)	-
<b>Total other financing sources (uses)</b>	<b>(160,000)</b>	<b>(160,000)</b>	<b>(160,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (20,000)</b>	<b>\$ (20,000)</b>	<b>34,664</b>	<b>\$ 54,664</b>
<b>FUND BALANCES:</b>				
Beginning of year			92,851	
End of year			<u>\$ 127,515</u>	

**City of Lemon Grove**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**CDBG Special Revenue Fund**

**For the year ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 378,150	\$ 378,150	\$ 136,786	\$ (241,364)
<b>Total revenues</b>	<u>378,150</u>	<u>378,150</u>	<u>136,786</u>	<u>(241,364)</u>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	509,193	509,193	121,640	387,553
<b>Total expenditures</b>	<u>509,193</u>	<u>509,193</u>	<u>121,640</u>	<u>387,553</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(131,043)</u>	<u>(131,043)</u>	<u>15,146</u>	<u>146,189</u>
<b>Net change in fund balances</b>	<u>\$ (131,043)</u>	<u>\$ (131,043)</u>	<u>15,146</u>	<u>\$ 146,189</u>
<b>FUND BALANCES:</b>				
Beginning of year			(136,534)	
End of year			<u>\$ (121,388)</u>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### TDA Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 100,100	\$ 100,100	\$ 101,561	\$ 1,461
<b>Total revenues</b>	<u>100,100</u>	<u>100,100</u>	<u>101,561</u>	<u>1,461</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	101,950	101,950	98,642	3,308
<b>Total expenditures</b>	<u>101,950</u>	<u>101,950</u>	<u>98,642</u>	<u>3,308</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,850)</u>	<u>(1,850)</u>	<u>2,919</u>	<u>4,769</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(8,000)	(8,000)	(8,000)	-
<b>Total other financing sources (uses)</b>	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (9,850)</u>	<u>\$ (9,850)</u>	<u>(5,081)</u>	<u>\$ 4,769</u>
<b>FUND BALANCES:</b>				
Beginning of year			(101,587)	
End of year			<u>\$ (106,668)</u>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Lighting District Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 428,000	\$ 428,000	\$ 435,485	\$ 7,485
Use of money and property	10,150	10,150	26,752	16,602
<b>Total revenues</b>	<b>438,150</b>	<b>438,150</b>	<b>462,237</b>	<b>24,087</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	345,130	426,130	419,153	6,977
<b>Total expenditures</b>	<b>345,130</b>	<b>426,130</b>	<b>419,153</b>	<b>6,977</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>93,020</b>	<b>12,020</b>	<b>43,084</b>	<b>31,064</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	70,000	70,000	70,000	-
Transfers out	(84,300)	(84,300)	(84,300)	-
<b>Total other financing sources (uses)</b>	<b>(14,300)</b>	<b>(14,300)</b>	<b>(14,300)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 78,720</b>	<b>\$ (2,280)</b>	<b>28,784</b>	<b>\$ 31,064</b>
<b>FUND BALANCES:</b>				
Beginning of year			481,747	
End of year			<u>\$ 510,531</u>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Storm Water Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 77,500	\$ 77,500	\$ 59,072	\$ (18,428)
Use of money and property	1,000	1,000	6,700	5,700
<b>Total revenues</b>	<b>78,500</b>	<b>78,500</b>	<b>65,772</b>	<b>(12,728)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	200	200	-	200
Public works	154,695	154,695	140,657	14,038
Capital outlay	32,500	32,500	-	32,500
<b>Total expenditures</b>	<b>187,395</b>	<b>187,395</b>	<b>140,657</b>	<b>46,738</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(108,895)</b>	<b>(108,895)</b>	<b>(74,885)</b>	<b>34,010</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	104,104	104,104	109,280	5,176
<b>Total other financing sources (uses)</b>	<b>104,104</b>	<b>104,104</b>	<b>109,280</b>	<b>5,176</b>
<b>Net change in fund balances</b>	<b>\$ (4,791)</b>	<b>\$ (4,791)</b>	<b>34,395</b>	<b>\$ 39,186</b>
<b>FUND BALANCES:</b>				
Beginning of year			106,695	
End of year			<b>\$ 141,090</b>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Household Hazardous Waste Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and special assessments	\$ 25,000	\$ 25,000	\$ 26,317	\$ 1,317
Use of money and property	1,000	1,000	29,044	28,044
Other revenues	5,000	5,000	-	(5,000)
<b>Total revenues</b>	<b>31,000</b>	<b>31,000</b>	<b>55,361</b>	<b>24,361</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	85,800	85,800	42,365	43,435
<b>Total expenditures</b>	<b>85,800</b>	<b>85,800</b>	<b>42,365</b>	<b>43,435</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(54,800)</b>	<b>(54,800)</b>	<b>12,996</b>	<b>67,796</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,200)	(1,200)	(1,200)	-
<b>Total other financing sources (uses)</b>	<b>(1,200)</b>	<b>(1,200)</b>	<b>(1,200)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (56,000)</b>	<b>\$ (56,000)</b>	<b>11,796</b>	<b>\$ 67,796</b>
<b>FUND BALANCES:</b>				
Beginning of year			247,776	
End of year			<u>\$ 259,572</u>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Wild Flower Assessment Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 11,660	\$ 11,660	\$ 11,665	\$ 5
Use of money and property	10	10	666	656
<b>Total revenues</b>	<b>11,670</b>	<b>11,670</b>	<b>12,331</b>	<b>661</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	7,460	7,460	6,088	1,372
<b>Total expenditures</b>	<b>7,460</b>	<b>7,460</b>	<b>6,088</b>	<b>1,372</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,210</b>	<b>4,210</b>	<b>6,243</b>	<b>2,033</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(100)	(100)	(100)	-
<b>Total other financing sources (uses)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 4,110</b>	<b>\$ 4,110</b>	<b>6,143</b>	<b>\$ 2,033</b>
<b>FUND BALANCES:</b>				
Beginning of year			4,164	
End of year			<u>\$ 10,307</u>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### PEG (Public/Education/ Government) Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 35,000	\$ 35,000	\$ 34,195	\$ (805)
Use of money and property	2,000	2,000	21,494	19,494
<b>Total revenues</b>	<b>37,000</b>	<b>37,000</b>	<b>55,689</b>	<b>18,689</b>
<b>EXPENDITURES:</b>				
Current:				
General government	36,000	36,000	8,277	27,723
<b>Total expenditures</b>	<b>36,000</b>	<b>36,000</b>	<b>8,277</b>	<b>27,723</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,000</b>	<b>1,000</b>	<b>47,412</b>	<b>46,412</b>
<b>Net change in fund balances</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>47,412</b>	<b>\$ 46,412</b>
<b>FUND BALANCES:</b>				
Beginning of year			421,196	
End of year			<b>\$ 468,608</b>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Serious Traffic Offender Program Special Revenue Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 200	\$ 200	\$ 410	\$ 210
Other revenues	4,500	4,500	13,780	9,280
<b>Total revenues</b>	<b>4,700</b>	<b>4,700</b>	<b>14,190</b>	<b>9,490</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	9,873	9,873	2,848	7,025
<b>Total expenditures</b>	<b>9,873</b>	<b>9,873</b>	<b>2,848</b>	<b>7,025</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,173)</b>	<b>(5,173)</b>	<b>11,342</b>	<b>16,515</b>
<b>Net change in fund balances</b>	<b>\$ (5,173)</b>	<b>\$ (5,173)</b>	<b>11,342</b>	<b>\$ 16,515</b>
<b>FUND BALANCES:</b>				
Beginning of year			9,592	
End of year			<b>\$ 20,934</b>	

# City of Lemon Grove

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Main Street Promenade CFD Capital Projects Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 22,150	\$ 22,150	\$ 26,582	\$ 4,432
Use of money and property	100	100	3,092	2,992
<b>Total revenues</b>	<b>22,250</b>	<b>22,250</b>	<b>29,674</b>	<b>7,424</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	32,400	32,400	16,910	15,490
<b>Total expenditures</b>	<b>32,400</b>	<b>32,400</b>	<b>16,910</b>	<b>15,490</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(10,150)</b>	<b>(10,150)</b>	<b>12,764</b>	<b>22,914</b>
<b>Net change in fund balances</b>	<b>\$ (10,150)</b>	<b>\$ (10,150)</b>	<b>12,764</b>	<b>\$ 22,914</b>
<b>FUND BALANCES:</b>				
Beginning of year			57,262	
End of year			<u>\$ 70,026</u>	

**City of Lemon Grove**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Safety Capital Purchases Capital Projects Fund**

**For the year ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 33	\$ 33
<b>Total revenues</b>	-	-	33	33
<b>Net change in fund balances</b>	\$ -	\$ -	33	\$ 33
<b>FUND BALANCES:</b>				
Beginning of year			704	
End of year			\$ 737	

**City of Lemon Grove**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Transportation Mitigation Capital Projects Fund**

**For the year ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 5,749	\$ (44,251)
Use of money and property	5,000	5,000	34,636	29,636
<b>Total revenues</b>	<b>55,000</b>	<b>55,000</b>	<b>40,385</b>	<b>(14,615)</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	250,000	250,000	-	250,000
<b>Total expenditures</b>	<b>250,000</b>	<b>250,000</b>	<b>-</b>	<b>250,000</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(195,000)</b>	<b>(195,000)</b>	<b>40,385</b>	<b>(264,615)</b>
<b>Net change in fund balances</b>	<b>\$ (195,000)</b>	<b>\$ (195,000)</b>	<b>40,385</b>	<b>\$ (264,615)</b>
<b>FUND BALANCES:</b>				
Beginning of year			689,396	
End of year			<b>\$ 729,781</b>	

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**STATISTICAL  
SECTION (UNAUDITED)**

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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.

## 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
- Direct and Overlapping 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

**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
- 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 Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Governmental Activities				
Net investment in capital assets	\$ 41,548,007	\$ 43,454,713	\$ 44,357,536	\$ 45,064,416
Restricted	10,320,943	10,630,122	11,151,485	11,012,460
Unrestricted	5,342,344	2,132,098	(1,700,781)	(760,899)
Total governmental activities net position	<u>57,211,294</u>	<u>56,216,933</u>	<u>53,808,240</u>	<u>55,315,977</u>
Business-type Activities				
Invested in capital assets, net of related debt	5,708,030	6,589,829	7,056,706	7,174,106
Restricted	-	-	-	553,967
Unrestricted	15,409,379	15,351,794	15,314,047	16,569,600
Total business-type activities net position	<u>21,117,409</u>	<u>21,941,623</u>	<u>22,370,753</u>	<u>24,297,673</u>
Primary Government				
Net investment in capital assets	47,256,037	50,044,542	51,414,242	52,238,522
Restricted	10,320,943	10,630,122	11,151,485	11,566,427
Unrestricted	20,751,723	17,483,892	13,613,266	15,808,701
Total primary government net position	<u>\$ 78,328,703</u>	<u>\$ 78,158,556</u>	<u>\$ 76,178,993</u>	<u>\$ 79,613,650</u>

## City of Lemon Grove

### Net Position by Category (Unaudited) (continued)

#### Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 43,627,795	\$ 42,609,458	\$ 42,525,153	\$ 43,118,087	\$ 48,653,411	\$ 54,849,156
12,081,617	17,766,991	18,704,624	19,415,464	21,303,324	22,543,444
(1,535,017)	1,072,575	2,655,615	6,717,343	9,781,168	11,835,988
<u>54,174,395</u>	<u>61,449,024</u>	<u>63,885,392</u>	<u>69,250,894</u>	<u>79,737,903</u>	<u>89,228,588</u>
7,423,916	7,308,262	7,201,980	7,172,903	7,178,613	8,183,641
1,140,548	1,956,146	1,956,146	1,764,768	1,941,630	1,941,630
<u>19,678,287</u>	<u>21,573,870</u>	<u>23,843,489</u>	<u>27,642,310</u>	<u>31,453,715</u>	<u>35,650,048</u>
<u>28,242,751</u>	<u>30,838,278</u>	<u>33,001,615</u>	<u>36,579,981</u>	<u>40,573,958</u>	<u>43,833,689</u>
51,051,711	49,917,720	49,727,133	50,290,990	55,832,024	63,032,797
13,222,165	19,723,137	20,660,770	21,180,232	23,244,954	22,543,444
<u>18,143,270</u>	<u>22,646,445</u>	<u>26,499,104</u>	<u>34,359,653</u>	<u>41,234,883</u>	<u>47,486,036</u>
<u>\$ 82,417,146</u>	<u>\$ 92,287,302</u>	<u>\$ 96,887,007</u>	<u>\$ 105,830,875</u>	<u>\$ 120,311,861</u>	<u>\$ 133,062,277</u>

## City of Lemon Grove

### Changes in Net Position (Unaudited)

#### Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
<b>Expenses</b>				
Governmental activities:				
General Government	913,892	1,543,159	2,788,081	935,586
Public Safety	8,858,907	9,884,392	10,703,373	11,255,122
Public Works	3,975,465	4,990,867	3,129,413	4,410,543
Community Development	1,299,116	882,340	767,367	751,601
Interest on long-term debt	-	-	-	-
Total governmental activities expenses	<u>15,047,380</u>	<u>17,300,758</u>	<u>17,388,234</u>	<u>17,352,852</u>
Business-type activities:				
Sanitation	5,194,291	4,690,722	4,642,513	5,489,606
Total business-type activities expenses	<u>5,194,291</u>	<u>4,690,722</u>	<u>4,642,513</u>	<u>5,489,606</u>
Total primary government expenses	<u>\$ 20,241,671</u>	<u>\$ 21,991,480</u>	<u>\$ 22,030,747</u>	<u>\$ 22,842,458</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services				
General Government	468,405	419,353	329,566	768,795
Public Safety	518,866	744,377	1,080,647	752,784
Public Works	637,507	109,556	114,917	501,379
Community Development	216,744	583,702	778,438	767,271
Operating Grants and Contributions	1,424,488	712,587	1,190,544	1,705,356
Capital Grants and Contributions	2,043,592	4,991,543	1,851,065	1,041,111
Total governmental activities program revenues	<u>5,309,602</u>	<u>7,561,118</u>	<u>5,345,177</u>	<u>5,536,696</u>
Business-type activities:				
Charges for Services	6,312,436	6,121,851	6,470,933	6,846,373
Total business-type activities program revenues	<u>6,312,436</u>	<u>6,121,851</u>	<u>6,470,933</u>	<u>6,846,373</u>
Total primary government program revenues	<u>\$ 11,622,038</u>	<u>\$ 13,682,969</u>	<u>\$ 11,816,110</u>	<u>\$ 12,383,069</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(9,737,778)	(9,739,640)	(12,043,057)	(11,816,156)
Business-type activities	1,118,145	1,431,129	1,828,420	1,356,767
Total primary government net (expense)/revenue	<u>(8,619,633)</u>	<u>(8,308,511)</u>	<u>(10,214,637)</u>	<u>(10,459,389)</u>

## City of Lemon Grove

### Changes in Net Position (Unaudited) (continued)

#### Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year					
2020	2021	2022	2023	2024	2025
2,094,451	1,442,207	2,162,738	3,464,894	1,961,635	2,194,019
11,348,111	11,540,363	11,120,006	12,339,093	13,084,828	14,022,538
5,378,126	4,087,625	4,852,983	5,079,083	5,377,204	7,971,167
904,438	1,892,944	999,311	1,480,867	1,770,011	1,344,502
-			23,754	21,410	18,196
<u>19,725,126</u>	<u>18,963,139</u>	<u>19,135,038</u>	<u>22,387,691</u>	<u>22,215,088</u>	<u>25,550,422</u>
3,421,848	4,513,177	4,920,907	5,267,145	4,650,900	5,686,931
<u>3,421,848</u>	<u>4,513,177</u>	<u>4,920,907</u>	<u>5,267,145</u>	<u>4,650,900</u>	<u>5,686,931</u>
<u>\$ 23,146,974</u>	<u>\$ 23,476,316</u>	<u>\$ 24,055,945</u>	<u>\$ 27,654,836</u>	<u>\$ 26,865,988</u>	<u>\$ 31,237,353</u>
761,102	216,043	374,805	1,483,082	1,115,628	166,822
535,471	757,768	1,035,436	457,384	752,285	608,705
438,199	499,470	810,663	637,137	726,379	232,355
1,396,593	1,977,238	1,087,595	960,589	1,041,306	616,661
1,618,626	2,472,960	2,231,812	3,180,545	4,088,690	6,785,979
964,895	1,155,234	342,383	932,428	1,189,822	3,906,545
<u>5,714,886</u>	<u>7,078,713</u>	<u>5,882,694</u>	<u>7,651,165</u>	<u>8,914,110</u>	<u>12,317,067</u>
6,821,770	6,966,652	7,712,039	8,492,277	7,236,467	7,176,918
<u>6,821,770</u>	<u>6,966,652</u>	<u>7,712,039</u>	<u>8,492,277</u>	<u>7,236,467</u>	<u>7,176,918</u>
<u>\$ 12,536,656</u>	<u>\$ 14,045,365</u>	<u>\$ 13,594,733</u>	<u>\$ 16,143,442</u>	<u>\$ 16,150,577</u>	<u>\$ 19,493,985</u>
(14,010,240)	(11,884,426)	(13,252,344)	(14,736,526)	(13,300,978)	(13,233,355)
3,399,922	2,453,475	2,791,132	3,225,132	2,585,567	1,489,987
<u>(10,610,318)</u>	<u>(9,430,951)</u>	<u>(10,461,212)</u>	<u>(11,511,394)</u>	<u>(10,715,411)</u>	<u>(11,743,368)</u>

## City of Lemon Grove

### Changes in Net Position (Unaudited) (continued)

#### Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property Taxes	2,650,773	2,454,561	2,643,372	2,860,769
Sales Taxes	5,388,718	5,176,561	5,430,108	5,991,547
Transient Occupancy Taxes	53,184	52,043	53,413	53,761
Franchise Taxes	965,068	938,714	994,365	1,021,549
Motor Vehicle in Lieu Taxes	2,135,491	2,272,050	2,443,116	2,621,478
Other Taxes	-	-	-	-
Lease Revenue	-	-	-	-
Investment Earnings	261,750	28,321	51,876	150,581
Miscellaneous	131,113	497,209	64,370	465,704
Transfers	652,400	652,400	589,294	(22,536)
Total governmental activities	12,238,497	12,071,859	12,269,914	13,142,853
Business-type Activities:				
Investment Earnings	131,711	103,386	154,186	547,617
Transfers	(652,400)	(652,400)	(589,294)	22,536
Total business-type activities	(520,689)	(549,014)	(435,108)	570,153
Total primary government	11,717,808	11,522,845	11,834,806	13,713,006
<b>Change in Net Position</b>				
Governmental activities	2,500,719	2,332,219	226,857	1,326,697
Business-type activities	597,456	882,115	1,393,312	1,926,920
Total primary government	\$ 3,098,175	\$ 3,214,334	\$ 1,620,169	\$ 3,253,617

**City of Lemon Grove**

**Changes in Net Position (Unaudited) (continued)**

**Last Ten Fiscal Years**

(accrual basis of accounting)

Fiscal Year					
2020	2021	2022	2023	2024	2025
2,953,361	3,236,228	3,518,827	3,785,392	4,121,494	4,586,990
5,490,759	6,995,948	8,098,103	7,845,820	7,906,639	8,043,547
46,322	65,549	68,749	52,525	97,198	54,592
999,889	1,046,054	1,027,742	1,145,142	1,234,372	1,106,594
2,768,743	2,918,349	3,107,169	3,415,841	3,709,181	3,934,844
-	-	-	971,745	1,142,930	826,823
-	-	-	-	-	688,337
196,550	136,489	(355,243)	329,470	966,928	1,526,901
263,034	487,454	123,365	2,065,397	1,028,639	1,711,762
150,000	100,000	100,000	100,000	100,000	100,000
<u>12,868,658</u>	<u>14,986,071</u>	<u>15,688,712</u>	<u>19,711,332</u>	<u>20,307,381</u>	<u>22,580,390</u>
695,156	242,052	(527,795)	453,234	1,508,410	1,887,618
(150,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
<u>545,156</u>	<u>142,052</u>	<u>(627,795)</u>	<u>353,234</u>	<u>1,408,410</u>	<u>1,787,618</u>
<u>13,413,814</u>	<u>15,128,123</u>	<u>15,060,917</u>	<u>20,064,566</u>	<u>21,715,791</u>	<u>24,368,008</u>
(1,141,582)	3,101,645	2,436,368	4,974,806	7,006,403	9,347,035
3,945,078	2,595,527	2,163,337	3,578,366	3,993,977	3,277,605
<u>\$ 2,803,496</u>	<u>\$ 5,697,172</u>	<u>\$ 4,599,705</u>	<u>\$ 8,553,172</u>	<u>\$ 11,000,380</u>	<u>\$ 12,624,640</u>

## City of Lemon Grove

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### Fund Balances, Governmental Funds (Unaudited)

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

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	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	3,820,517	8,578	20,828	110,275
Restricted	-	-	-	94,048
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	4,641,085	5,288,540	5,455,171	6,076,600
Total General Fund	<u>8,461,602</u>	<u>5,297,118</u>	<u>5,475,999</u>	<u>6,280,923</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	8,665,398	9,111,912	9,250,604	8,705,792
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(933,889)	(789,480)	(1,490,516)	(241,905)
Total all other governmental funds	<u>7,731,509</u>	<u>8,322,432</u>	<u>7,760,088</u>	<u>8,463,887</u>
Total Governmental Funds	<u>\$ 16,193,111</u>	<u>\$ 13,619,550</u>	<u>\$ 13,236,087</u>	<u>\$ 14,744,810</u>

## City of Lemon Grove

### Fund Balances, Governmental Funds (Unaudited)(continued)

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year					
2020	2021	2022	2023	2024	2025
7,479	11,189	10,656	3,249	800	-
904,422	1,287,512	1,395,581	1,490,894	1,586,573	916,238
-				4,334,285	6,326,276
-					
6,223,357	9,251,839	11,547,782	14,405,243	13,354,419	12,126,543
7,135,258	10,550,540	12,954,019	15,899,386	19,276,077	19,369,057
-	-	-	-	9,897,709	-
9,023,976	13,179,696	13,556,167	14,155,136	5,545,079	16,637,864
-				-	
-					
(60,835)	(389,005)	(615,358)	(589,192)	(1,929,140)	(1,405,168)
8,963,141	12,790,691	12,940,809	13,565,944	13,513,648	15,232,696
<u>\$ 16,098,399</u>	<u>\$ 23,341,231</u>	<u>\$ 25,894,828</u>	<u>\$ 29,465,330</u>	<u>\$ 32,789,725</u>	<u>\$ 34,601,753</u>

## City of Lemon Grove

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

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
<b>Revenues:</b>				
Taxes and Special Assessments	11,193,234	11,202,092	11,882,362	12,884,470
Licenses and Permits	673,798	464,877	549,632	600,647
Fines, Forfeitures and Penalties	125,713	229,624	277,486	260,211
Intergovernmental Revenues	2,511,161	5,527,465	1,984,927	3,750,197
Charges for Services	760,934	628,332	1,013,845	936,030
Use of Money and Property	291,651	290,784	317,528	460,303
Other	319,463	504,153	89,166	508,735
Total Revenues	15,875,954	18,847,327	16,114,946	19,400,593
<b>Expenditures:</b>				
Current:				
General Government	1,863,692	1,172,468	1,541,965	925,148
Public Safety	9,281,387	9,734,317	10,569,610	11,117,735
Public Works	2,611,575	2,914,942	2,530,657	2,975,335
Community Development	1,173,838	750,176	628,428	624,516
Capital Outlay	1,400,021	4,152,944	1,730,355	2,181,072
Debt Service:				
Principal	22,621	76,545	78,474	80,452
Interest	-	10,143	8,214	6,236
Total Expenditures	16,353,134	18,811,535	17,087,703	17,910,494
Excess of Revenues over (under) Expenditures	(477,180)	35,792	(972,757)	1,490,099
Other Financing Sources (Uses)				
Transfers In	890,035	1,011,863	869,589	107,340
Transfers Out	(212,635)	(359,463)	(280,295)	(88,716)
Proceeds from long-term debt	-	-	-	-
Total Other Financing Sources (Uses)	677,400	652,400	589,294	18,624
Net Change in Fund Balances	\$ 200,220	\$ 688,192	\$ (383,463)	\$ 1,508,723
Debt service as percentage of noncapital expenditures	0.2%	0.5%	0.5%	0.5%

**City of Lemon Grove**

**Changes in Fund Balances, Governmental Funds (Unaudited)(continued)**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

Fiscal Year					
2020	2021	2022	2023	2024	2025
12,594,392	14,659,137	16,232,437	17,628,380	18,708,567	18,702,593
628,891	1,117,737	987,799	931,146	809,618	579,788
1,056,195	1,195,435	186,201	592,488	224,622	111,858
2,686,985	2,982,587	2,452,807	3,401,069	3,192,508	9,956,424
706,169	892,800	1,489,868	754,478	934,112	741,799
572,568	430,323	(12,980)	1,050,702	2,074,604	2,207,344
295,809	492,917	129,001	575,161	1,064,474	713,884
18,541,009	21,770,936	21,465,133	24,933,424	27,008,505	33,013,690
1,001,126	1,281,107	1,802,066	1,785,845	1,967,180	2,042,376
11,210,825	11,406,818	11,785,718	12,277,692	12,820,113	13,700,355
2,720,567	2,434,691	2,867,879	3,676,779	5,708,908	6,079,724
777,353	1,764,155	918,703	1,418,897	1,201,858	1,268,220
1,440,861	854,874	1,637,170	2,870,018	1,983,227	8,108,163
82,479	84,558	-	-	78,401	81,498
4,209	2,131	-	-	24,423	21,326
17,237,420	17,828,334	19,011,536	22,029,231	23,784,110	31,301,662
1,303,589	3,942,602	2,453,597	2,904,193	3,224,395	1,712,028
176,161	194,129	487,704	492,880	492,880	492,880
(126,161)	(94,129)	(387,704)	(392,880)	(392,880)	(392,880)
-	-	-	618,299	-	-
50,000	100,000	100,000	718,299	100,000	100,000
<u>\$ 1,353,589</u>	<u>\$ 4,042,602</u>	<u>\$ 2,553,597</u>	<u>\$ 3,622,492</u>	<u>\$ 3,324,395</u>	<u>\$ 1,812,028</u>
0.5%	0.5%	0.0%	0.0%	0.4%	0.4%

## City of Lemon Grove

### Tax Revenues by Source, Governmental Activities (Unaudited)

#### Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property	Sales	Transient		Motor Vehicle In		Other Taxes	Total
			Occupancy	Franchises	Lieu			
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	
2022	3,518,827	8,098,103	68,749	1,027,742	3,107,169	-	15,820,590	
2023	3,785,392	7,845,820	52,525	1,145,142	3,415,841	971,745	17,216,465	
2024	4,121,494	7,906,639	97,198	1,234,372	3,709,181	1,142,930	18,211,814	
2025	4,586,990	8,043,547	54,592	1,106,594	3,934,844	826,823	18,553,390	
Change								
2016-2025	73%	49%	3%	15%	84%	N/A	66%	

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## City of Lemon Grove

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

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Fiscal Year	Residential	Commercial	Industrial	Dry Farm	Institutional	Recreational
2016	1,429,450,143	257,698,265	49,997,377	52,308	3,046,070	587,505
2017	1,525,141,612	265,183,376	52,221,004	53,105	1,440,009	596,460
2018	1,650,894,290	278,069,208	55,162,075	54,166	1,401,823	608,386
2019	1,777,331,848	304,392,780	58,292,518	55,249	1,429,855	620,550
2020	1,879,080,211	313,311,722	58,975,036	56,353	1,458,450	632,957
2021	1,985,757,763	325,459,430	62,444,919	104,500	4,087,617	645,613
2022	2,116,338,412	338,167,702	68,505,231	105,582	4,129,962	652,298
2023	2,321,283,647	348,275,056	69,864,266	107,692	9,014,194	665,347
2024	2,498,303,230	358,895,251	101,422,908	109,845	5,115,344	678,652
2025	2,737,010,215	378,608,501	111,443,845	112,041	30,797,274	906,482

Source: San Diego County Assessor 2015/16 - 2024/25 Combined Tax Rolls

#### Notes:

Exempt values are not included in Total.

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

## City of Lemon Grove

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

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<b>Fiscal Year</b>	<b>Vacant</b>	<b>SBE Nonunitary</b>	<b>Cross Reference</b>	<b>Unsecured</b>	<b>Total</b>	<b>Total Direct Rate</b>
2016	16,551,785	185,698	3,461,741	52,105,351	1,813,136,243	0.1527%
2017	17,831,703	185,698	3,264,614	53,011,755	1,918,929,336	0.1521%
2018	17,271,059	185,698	3,470,390	55,245,950	2,062,363,045	0.1517%
2019	11,810,392	310,770	3,525,985	57,193,680	2,214,963,627	0.1517%
2020	13,352,676	310,770	3,132,406	62,404,902	2,332,715,483	0.1516%
2021	13,916,622	310,770	3,053,922	65,758,892	2,461,540,048	0.1516%
2022	14,953,389	310,770	3,027,795	66,391,913	2,612,583,054	0.1515%
2023	20,372,314	310,770	2,460,533	104,170,599	2,876,524,418	0.1515%
2024	35,313,410	310,770	2,618,405	117,476,058	3,120,243,873	0.1515%
2025	30,087,477	310,770	107,453,674	108,439,090	3,505,169,369	0.1514%

## City of Lemon Grove

### Direct and Overlapping Property Tax Rates

#### Last Ten Fiscal Years

(Rate per \$100 of Taxable Value)

Agency	Fiscal Year			
	2016	2017	2018	2019
<b>Base Levy <sup>1</sup></b>	1.00000	1.00000	1.00000	1.00000
Grossmont Healthcare District Bond	0.02352	0.02352	0.02352	0.02352
Grossmont High Bond	0.06053	0.05717	0.06613	0.06482
Grossmont-Cuyamaca Community College	0.04539	0.04005	0.04671	0.04225
Lemon Grove School Bond	0.08611	0.08472	0.08466	0.08179
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350
<b>Total Direct &amp; Overlapping <sup>2</sup> Tax Rates</b>	<b>1.21905</b>	<b>1.20896</b>	<b>1.22452</b>	<b>1.21588</b>
<b>City's Share of 1% Levy per Prop 13 <sup>3</sup></b>	0.15842	0.15842	0.15842	0.15842
<b>Total Direct Rate <sup>4</sup></b>	0.15289	0.15270	0.15214	0.15168

#### Notes:

- 1 In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- 2 Overlapping 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.
- 3 City'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.
- 4 Total 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 FY 2014 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 FY 2013. 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.

**Source:** San Diego County Assessor 2015/16 through 2024/25 Tax Rate Table

## City of Lemon Grove

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### Direct and Overlapping Property Tax Rates (Continued)

#### Last Ten Fiscal Years

(Rate per \$100 of Taxable Value)

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Fiscal Year					
2020	2021	2022	2023	2024	2025
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.02490	0.02490	0.02459	0.02459	0.02459	0.02038
0.06704	0.06326	0.06448	0.06180	0.06194	0.06167
0.04038	0.03797	0.04115	0.03936	0.02749	0.04237
0.08239	0.08166	0.07617	0.07518	0.07009	0.06684
0.00350	0.00350	0.00350	0.00350	0.00350	0.00700
<b>1.21821</b>	<b>1.21129</b>	<b>1.20989</b>	<b>1.20443</b>	<b>1.18761</b>	<b>1.19826</b>
0.15842	0.15842	0.15842	0.15842	0.15842	0.15842
0.15165	0.15164	0.15157	0.15154	0.15154	0.15154

## City of Lemon Grove

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

Principal Taxpayers	2016			2025		
	Rank	Taxable Assessed Value	% of Total Assessed Valuation	Rank	Taxable Assessed Value	% of Total Assessed Valuation
EDCO Disposal Corporation	2	\$ 15,437,791	0.85%	1	\$ 49,081,966	1.49%
100 Citronica LLC				2	44,367,687	1.34%
CLPF BH Lemon Grove Owner LP				3	27,549,768	0.83%
Home Depot USA Inc	1	19,454,085	1.07%	4	24,483,394	0.74%
VE TLGRE LLC				5	22,680,714	0.69%
Starboard Lemon Grove Dst				6	22,203,312	0.67%
8413 Broadway LLC				7	18,225,711	0.55%
Retail Portfolio 30-1 LLC	3	15,193,805	0.84%	8	17,894,478	0.54%
AC I Real Estate Company LLC				9	15,694,673	0.48%
Terrace Gardens LLC				10	15,081,206	0.46%
T R C M M LLC	4	14,235,540	0.79%			
A B S California-O LLC	5	13,319,938	0.73%			
Terrace Gardens LLC	6	12,799,295	0.71%			
William O Kobusch Revocable Trust	7	10,819,614	0.60%			
Food 4 Less of California Inc	8	9,017,148	0.50%			
Lemon Grove Holdings LLC	9	7,552,790	0.42%			
Morelli Brothers Enterprises LLC	10	7,286,102	0.40%			
<b>Principal Taxpayer's Totals</b>		<b>\$ 125,116,108</b>	<b>6.90%</b>		<b>\$ 257,262,909</b>	<b>7.79%</b>
City Total		\$ 1,813,136,243			\$ 3,303,262,779	

Sources: San Diego County Assessor 2024/25 and 2015/16 Combined Tax Rolls and the SBE Non Unitary Tax Roll

## City of Lemon Grove

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

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Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	% of Levy		Amount	% of Levy
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%
2022	3,386,097	3,296,061	97.3%	41,343	3,337,404	98.6%
2023	3,747,941	3,651,516	97.4%	39,388	3,690,904	98.5%
2024	3,975,844	3,881,192	97.6%	51,939	3,933,131	98.9%
2025	4,117,541	4,023,312	97.7%	59,277	4,082,589	99.2%

Source: County of San Diego Tax/Revenue Accountability Report

# City of Lemon Grove

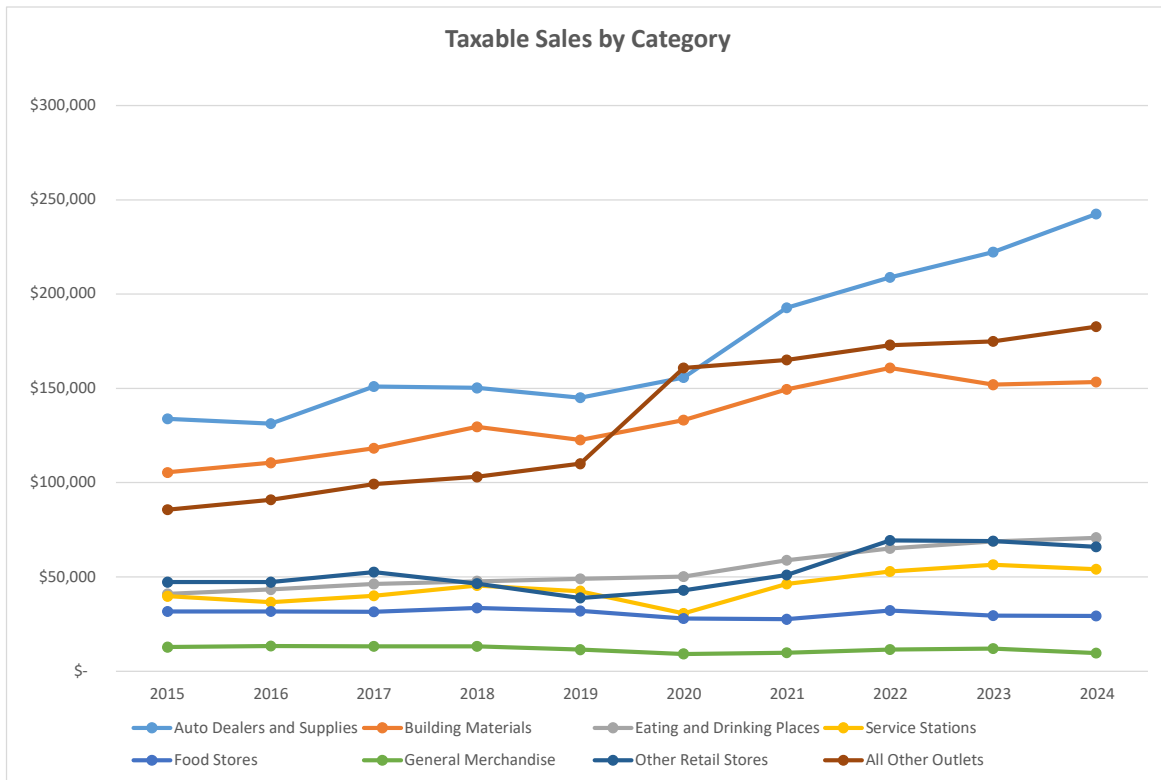
## Taxable Sales by Category (Unaudited)

### Last Ten Calendar Years

(In thousands of dollars)

Adjusted for Economic Data

	Calendar Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Auto Dealers and Supplies	\$ 133,935	\$ 131,254	\$ 150,965	\$ 150,200	\$ 145,083	\$ 155,727	\$ 192,783	\$ 208,878	\$ 222,391	\$ 242,497
Building Materials	105,437	110,581	118,172	129,631	122,658	133,194	149,560	160,824	151,928	153,427
Eating and Drinking Places	41,026	43,288	46,305	47,662	49,076	50,150	58,894	65,116	68,798	70,793
Service Stations	39,749	36,641	40,019	45,514	42,483	30,608	46,222	52,870	56,508	54,111
Food Stores	31,743	31,651	31,425	33,475	31,985	27,941	27,605	32,246	29,451	29,315
General Merchandise	12,784	13,385	13,199	13,225	11,453	9,162	9,870	11,530	12,001	9,549
Other Retail Stores	47,259	47,180	52,592	46,542	38,869	42,914	51,022	69,365	68,951	65,952
All Other Outlets	85,733	90,985	99,323	103,101	110,016	160,864	165,166	172,962	174,888	182,809
<b>Total Taxable Sales</b>	<b>\$ 497,666</b>	<b>\$ 504,965</b>	<b>\$ 552,000</b>	<b>\$ 569,350</b>	<b>\$ 551,623</b>	<b>\$ 610,560</b>	<b>\$ 701,122</b>	<b>\$ 773,791</b>	<b>\$ 784,916</b>	<b>\$ 808,453</b>



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

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

Calendar Year 2015		Calendar Year 2024	
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	Chevron	Service Stations
Arco AM PM	Service Stations	Discount Tire	Automotive Supply Stores
Bob Baker Toyota Scion	New Motor Vehicle Dealers	EW Truck & Equipment Company	New Motor Vehicle Dealers
Chevron	Service Stations	Food 4 Less	Grocery Stores
EW Truck & Equipment Company	New Motor Vehicle Dealers	Golden State Gasoline	Service Stations
Food 4 Less	Grocery Stores	GTM Discount	General Store Variety Stores
Golden State Gasoline	Service Stations	Harbor Freight Tools	Building Materials
GTM Discount	General Store Variety Stores	Home Depot	Building Materials
Harbor Freight Tools	Building Materials	Honda Lease Trust	Auto Lease
Home Depot	Building Materials	In N Out Burger	Quick-Service Restaurants
Honda Lease Trust	Auto Lease	Larry H Miller Toyota Lemon Grove	New Motor Vehicle Dealers
In N Out Burger	Quick-Service Restaurants	McDonald's	Quick-Service Restaurants
Jack in the Box	Quick-Service Restaurants	Mobil	Service Stations
McDonald's	Quick-Service Restaurants	Mossy Honda Lemon Grove	New Motor Vehicle Dealers
Mossy Honda Lemon Grove	New Motor Vehicle Dealers	Petco	Specialty Stores
Petco	Specialty Stores	RCP Block & Brick	Contractors
RCP Block & Brick	Contractors	Shell	Service Stations
Rite Aid	Drug Stores	Shell	Service Stations
Thompson Building Materials	Building Materials	Texaco	Service Stations
Toyota Lease Trust	Auto Lease	The Boulevard Dispensary	Cannabis Related
USA Gas	Service Stations	Thompson Building Materials	Building Materials
USA Gasoline	Service Stations	Toyota Lease Trust	Auto Lease
Veys Powersports	Boats/Motorcycles	Wellgreens Dispensary	Cannabis Related

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

**Notes:**

Businesses Listed Alphabetically Percent of Calendar Year Total Sales Tax Paid by Top 25 Accounts = 76.37% in CY2024; 74.48% in CY2015

## City of Lemon Grove

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

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Fiscal Year	Capital Lease	Financed Purchase	Population	Debt Per Capita	Percent of Assessed Value <sup>1</sup>
2016	-	-	26,611	0	0.00%
2017	325,963	-	26,795	12	0.02%
2018	247,489	-	26,834	9	0.01%
2019	167,037	-	27,208	6	0.01%
2020	84,557	-	26,526	3	0.00%
2021	-	-	26,345	0	0.00%
2022	-	-	27,242	0	0.00%
2023	-	618,299	27,420	23	0.02%
2024	-	539,897	27,568	20	0.02%
2025	-	458,399	28,163	16	0.01%

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

**Note:** Population is by calendar year.

**Source:** Population numbers are from the California Department of Finance

# City of Lemon Grove

## Overlapping Tax and Assessment Debt (Unaudited) June 30, 2025

2024-25 Assessed Valuation: \$ 3,303,782,085

	Total Debt 6/30/25	% Applicable <sup>(1)</sup>	City's Share of Debt 6/30/25
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	\$ 17,155,000	0.081%	\$ 13,896
Grossmont-Cuyamaca Community College District	331,030,377	4.618%	15,286,983
Grossmont Union High School District	623,428,398	4.748%	29,600,380
Lemon Grove School District	34,320,521	74.975%	25,731,811
<b>City of Lemon Grove</b>	<b>458,400</b>	<b>100.000%</b>	<b>458,400</b>
Grossmont Healthcare District	198,875,853	4.357%	8,665,021
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>79,756,491</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
San Diego County General Fund Obligations	351,065,000	0.446%	1,565,750
San Diego County Pension Obligation Bonds	140,370,000	0.446%	626,050
San Diego County Superintendent of Schools Certificates of Participation	5,125,000	0.446%	22,858
Grossmont Union High School District General Fund Obligations	30,125,000	4.748%	1,430,335
Lemon Grove School District Certificates of Participation	24,175,000	74.975%	18,125,206
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>21,770,199</b>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	16,450,000	100.000%	16,450,000
<b>COMBINED TOTAL DEBT</b>			<b>\$117,976,690</b> (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 2024-25 Assessed Valuation:

<b>Direct Debt</b>	<b>\$ 458,400</b>	<b>100.00%</b>
Total Direct Overlapping Tax and Assessment Debt		2.41%
Combined Total Debt		3.57%

Ratio to Successor Agency Redevelopment Incremental Valuation (\$745,706,970):

Total Overlapping Tax Increment Debt	2.21%
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Source: California Municipal Statistics

## City of Lemon Grove

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### Legal Debt Margin (Unaudited) Last Ten Fiscal Years (In Thousands)

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	Fiscal Year			
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net assessed value of all taxable property	\$ 1,813,136	\$ 1,918,929	\$ 2,062,363	\$ 2,214,964
Conversion percentage	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>
Adjusted assessed valuation	453,284	479,732	515,591	553,741
Debt limit percentage	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>
Debt limit	67,993	71,960	77,339	83,061
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 67,993</u>	<u>\$ 71,960</u>	<u>\$ 77,339</u>	<u>\$ 83,061</u>

**Note:**

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with 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

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### Legal Debt Margin (Unaudited)(Continued)

#### Last Ten Fiscal Years

(In Thousands)

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Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 2,332,715	\$ 2,461,540	\$ 2,612,583	\$ 2,876,524	\$ 3,120,244	\$ 3,505,169
25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
583,179	615,385	653,146	719,131	780,061	876,292
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
87,477	92,308	97,972	107,870	117,009	131,444
-	-	-	-	-	-
<u>\$ 87,477</u>	<u>\$ 92,308</u>	<u>\$ 97,972</u>	<u>\$ 107,870</u>	<u>\$ 117,009</u>	<u>\$ 131,444</u>

## City of Lemon Grove

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### Demographic and Economic Statistics (Unaudited) Last Ten Years

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Calendar Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ w High School Diploma	% of Pop 25+ w Bachelor's Degree
2015	26,611	\$568,975	\$21,381	6.8%	35.8	80.4%	14.8%
2016	26,795	\$587,240	\$21,916	6.2%	36.8	81.4%	15.6%
2017	26,834	\$610,981	\$22,769	4.7%	37.0	80.0%	16.3%
2018	27,208	\$605,847	\$22,267	3.8%	35.6	79.3%	16.0%
2019	26,526	\$641,998	\$24,203	3.7%	35.4	78.5%	17.6%
2020	26,345	\$664,816	\$25,235	11.7%	35.6	79.3%	18.9%
2021	27,242	\$703,230	\$25,814	8.3%	35.9	81.2%	17.6%
2022	27,420	\$799,398	\$29,154	4.2%	35.9	84.4%	20.1%
2023	27,568	\$914,337	\$33,167	4.4%	37.5	87.3%	19.9%
2024	28,163	\$973,168	\$34,555	4.7%	38.8	89.1%	20.3%

**Sources:**

HdL Coren & Cone report prepared on 08/22/2025.

Population: California State Department of Finance.

Unemployment Data: California Employment Development Department.

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

## City of Lemon Grove

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

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Function	Fiscal Year						
	2019	2020	2021	2022	2023	2024	2025
General Government	12.0	12.0	9.0	10.0	11.5	13.0	12.0
Public Safety (Fire)	21.5	21.5	20.0	20.0	20.0	20.0	20.0
Community Development	6.0	6.0	5.0	4.0	4.0	4.5	4.0
Public Works	17.5	17.5	11.0	13.0	14.0	15.5	17.5
Community Services	7.5	7.5	7.0	8.0	6.0	7.0	8.5
Sanitation District	5.0	5.0	5.0	5.0	5.5	5.5	6.0
<b>Total</b>	<b>69.5</b>	<b>69.5</b>	<b>57.0</b>	<b>60.0</b>	<b>61.0</b>	<b>65.5</b>	<b>68.0</b>

Source: City adopted annual budgets  
City Classification Summary - FY 2019 to FY 2022  
City Authorized Positions by Department - FY 2023 to FY 2025

## City of Lemon Grove

### Capital Asset Statistics by Function (Unaudited) Last Seven Fiscal Years

	Fiscal Year						
	2019	2020	2021	2022	2023	2024	2025
<b>Public Safety</b>							
Number of Law Enforcement Stations	1	1	1	1	1	1	1
Number of Fire Stations	1	1	1	1	1	1	1
<b>Public Works</b>							
Miles of Streets	62	70	70	70	70	70	70
Number of St Lights (city responsible for maintenance)	1,256	1,256	1,256	1,256	1,256	1,256	1,256
<b>Community Services</b>							
Number of Parks	6	6	6	6	6	6	6
Acres of Parks	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Recreation & Senior Centers	2	2	2	2	2	2	2
<b>Utilities</b>							
Miles of Sanitary Sewer	67	67	67	67	68	68	68
Miles of Storm Sewer System	25	25	25	25	25	25	25

Source: City of Lemon Grove Operating Departments