



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024



City of Lemon Grove
Lemon Grove, California

Annual Financial Report
For the Year Ended June 30, 2024

Prepared by the Finance Department of the City of Lemon Grove

City of Lemon Grove
Annual Financial Report
For the year ended June 30, 2024
Table of Contents

	Page
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Government Funds to the Statement of Activities	28
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds.....	31
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position – Fiduciary Funds.....	33
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	34
Notes to Basic Financial Statements.....	37
Required Supplemental Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	71
Housing Special Revenue Fund	72
Sundry Grants Special Revenue Fund.....	73
Schedule of the City’s Proportionate Share of the Net Pension Liability	74
Schedule of Pension Contributions	76
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios.....	78
Notes to Required Supplementary Information	80

City of Lemon Grove
Annual Financial Report
For the year ended June 30, 2024
Table of Contents

	Page
<u>FINANCIAL SECTION, Continued</u>	
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Description of Nonmajor Funds	83
Combining Balance Sheet – Nonmajor Governmental Funds	86
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	90
Schedules of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Nonmajor Special Revenue Funds	93
Nonmajor Capital Project Funds	105

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, 2024, 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, 2024, 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 5-14 and 71-80 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

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.

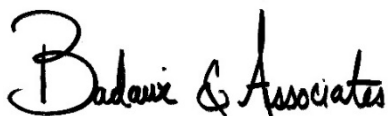
Supplementary Information

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 May 15, 2025 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is stylized, with the first letter of "Badawi" being a large, looped capital "B".

Badawi & Associates, CPAs
Emeryville, California
May 15, 2025

This page intentionally left blank

**CITY OF LEMON GROVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED JUNE 30, 2024**

The City of Lemon Grove (City) offers readers this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2024. It should be read in conjunction with the Basic Financial Statements and their associated notes.

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 \$120.3 million (net position). The net position value increased from the previous year's net position by \$14.5 million, or 13.7 percent, which was driven by \$10.5 million increase in governmental activities and \$4.0 million increase in business-type activities.
- The City's overall revenues was \$37.9 million compared to expenses of \$26.9 million. Revenues had a net increase of \$1.7 million or 4.6 percent from the prior year mainly driven by a combination of increases in taxes, lease revenues and investment earnings, and no one-time reimbursement of liability insurance claims of \$1.5 million as was in fiscal year 2023. Expenses had a net decrease of \$0.8 million or 2.8 percent from prior year primarily due to net increase in operating costs and no one-time liability insurance claims of \$1.5 million as was in fiscal year 2023.
- The City's governmental funds reported a combined ending fund balance of \$32.8 million, an increase from the previous year's balance by \$3.3 million, or 11.3 percent.
- 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 \$19.3 million. Of this amount, \$13.4 million was unassigned, or 66.9 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 comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required 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)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Citywide Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets:						
Current assets	\$ 47,730	\$ 41,511	\$ 34,729	\$ 31,453	\$ 82,459	\$ 72,964
Noncurrent assets	60,358	54,916	9,120	8,938	69,478	63,854
Total Assets	<u>108,088</u>	<u>96,427</u>	<u>43,849</u>	<u>40,391</u>	<u>151,937</u>	<u>136,818</u>
Deferred outflows of resource:	3,497	3,754	1,481	1,566	4,978	5,320
Liabilities:						
Current liabilities	10,481	8,902	306	991	10,787	9,893
Noncurrent liabilities	11,272	11,018	4,143	3,893	15,415	14,911
Total Liabilities	<u>21,753</u>	<u>19,920</u>	<u>4,449</u>	<u>4,884</u>	<u>26,202</u>	<u>24,804</u>
Deferred inflows of resources	10,094	11,010	307	493	10,401	11,503
Net Position:						
Net investment in capital assets	48,654	43,118	7,179	7,173	55,833	50,291
Restricted	21,303	19,416	1,941	1,765	23,244	21,181
Unrestricted	9,781	6,717	31,454	27,642	41,235	34,359
Total Net Position	<u>\$ 79,738</u>	<u>\$ 69,251</u>	<u>\$ 40,574</u>	<u>\$ 36,580</u>	<u>\$ 120,312</u>	<u>\$ 105,831</u>

As the Condensed Statement of Net Position schedule illustrates, fiscal year 2024 reported \$55.8 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 2024 net position is restricted, \$23.2 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 2024 unrestricted net position of \$41.2 million is comprised of \$9.8 million from governmental activities and \$31.4 million from business-type activities. Unrestricted net position increased by \$6.9 million or 20.0 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.

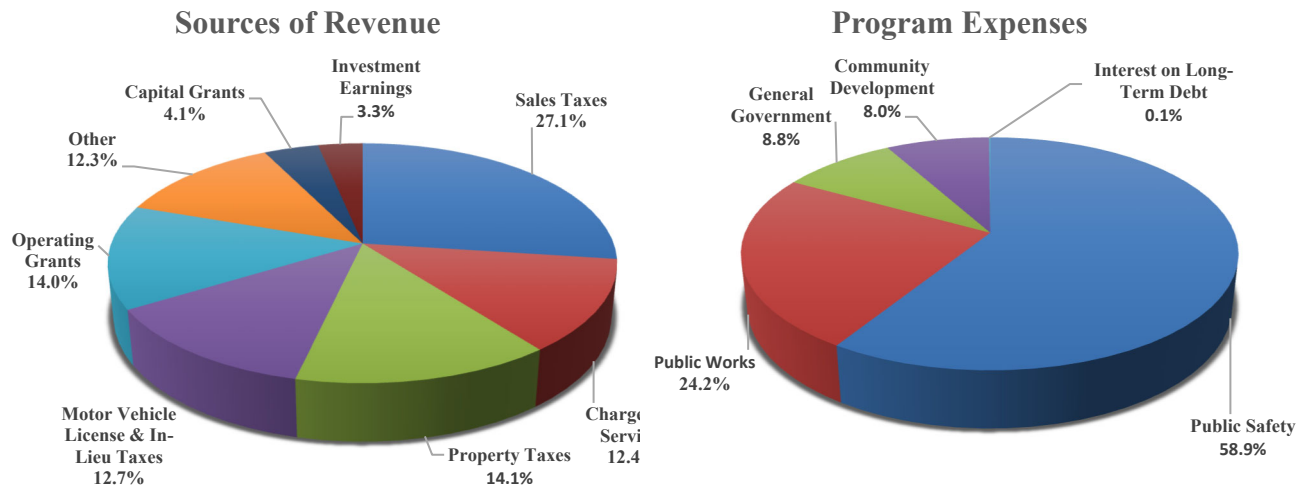
Condensed Statement of Activities

(In Thousands)

	Governmental Activities		Business-Type Activities		Citywide Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for Services	\$ 3,636	\$ 3,538	\$ 7,237	\$ 8,492	\$ 10,873	\$ 12,030
Operating grants & contributions	4,089	3,181	-	-	4,089	3,181
Capital grants & contributions	1,189	932	-	-	1,189	932
Total Program Revenues	8,914	7,651	7,237	8,492	16,151	16,143
General revenues:						
Taxes:						
Property taxes	4,122	3,785	-	-	4,122	3,785
Sales taxes	7,907	7,846	-	-	7,907	7,846
Franchise taxes	1,234	1,145	-	-	1,234	1,145
Motor vehicle license & in-lieu tax	3,709	3,416	-	-	3,709	3,416
Other taxes	1,240	1,025	-	-	1,240	1,025
Investment earnings	967	329	1,508	453	2,475	782
Miscellaneous	1,028	2,065	-	-	1,028	2,065
Total general revenues	20,207	19,611	1,508	453	21,715	20,064
Total Revenues	29,121	27,262	8,745	8,945	37,866	36,207
Expenses:						
General government	1,961	3,465	-	-	1,961	3,465
Public safety	13,085	12,339	-	-	13,085	12,339
Public works	5,378	5,079	-	-	5,378	5,079
Community development	1,770	1,480	-	-	1,770	1,480
Sanitation	-	-	4,651	5,267	4,651	5,267
Interest on long-term debt	21	24	-	-	21	24
Total Expenses	22,215	22,387	4,651	5,267	26,866	27,654
Excess (deficiency) before transfers	6,906	4,875	4,094	3,678	11,000	8,553
Transfers in (out)	100	100	(100)	(100)	-	-
Change in net position	7,006	4,975	3,994	3,578	11,000	8,553
Beginning net position	69,251	64,276	36,580	33,002	105,831	97,278
Prior Period Adjustments	3,481	-	-	-	3,481	-
Net Position	\$ 79,738	\$ 69,251	\$ 40,574	\$ 36,580	\$ 120,312	\$ 105,831

Governmental Activities:

The governmental activities increased the City's net position by \$7.0 million, which represents the total revenues including net transfers of \$29.2 million exceeded total expenses of \$22.2 million. Below is a breakdown of the sources of revenue and program expenses.



Revenues

Overall, revenues for the year ended June 30, 2024, increased by \$1.9 million, or 6.8 percent. The following is a list of notable changes compared to the prior year:

- Total program revenues increased by \$1.3 million or 16.5% mainly due to increase of \$0.9 million from operating grants contributions and \$0.3 million from capital grants and contributions.
- Investment earnings increased by \$0.6 million or 193.9% mainly due to higher interest rates and better market conditions resulted in earnings in fiscal year 2024 comparing to lower earnings in fiscal year 2023.
- Miscellaneous revenue decreased by \$1.0 million or 50.2 percent, of which \$1.5 million was reimbursement for liability insurance claims reported in the Internal Service Fund in fiscal year 2023.

Expenses

Total expenses decreased by \$0.2 million or 0.8 percent. The following are the notable changes compared to the prior year:

- General government decreased by \$1.5 million or 43.4 percent mainly related to the one-time liability insurance claims reported in the Internal Service Fund in fiscal year 2023.
- Public safety increased by \$0.7 million or 6.0 percent due to increase in the San Diego County Sheriff contract, and overall Fire and animal control operating expenses.
- Public works increased by \$0.3 million or 5.5 percent partially due to the January 2024 Storm, which caused damages to City properties and infrastructure from flooding.

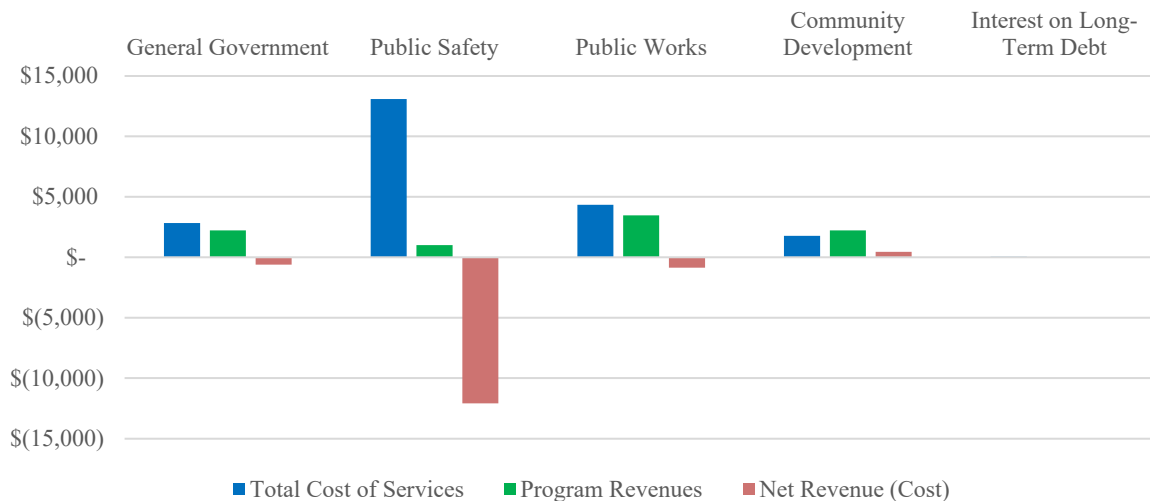
Net Revenue or Cost of Governmental Activities:

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 (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 Revenue or Cost of Governmental Activities
(In Thousands)

	Total Cost of Services		Program Revenues		Net Revenue (Cost)	
	2024	2023	2024	2023	2024	2023
General Government	\$ 1,961	\$ 3,465	\$ 2,221	\$ 2,048	\$ 260	\$ (1,417)
Public Safety	13,085	12,339	1,004	641	(12,081)	(11,698)
Public Works	5,378	5,079	3,468	3,422	(1,910)	(1,657)
Community Development	1,770	1,480	2,221	1,540	451	60
Interest on Long-Term Debt	21	24	-	-	(21)	(24)
Total Governmental Activities	\$ 22,215	\$ 22,387	\$ 8,914	\$ 7,651	\$ (13,301)	\$ (14,736)

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



Business-Type Activities:

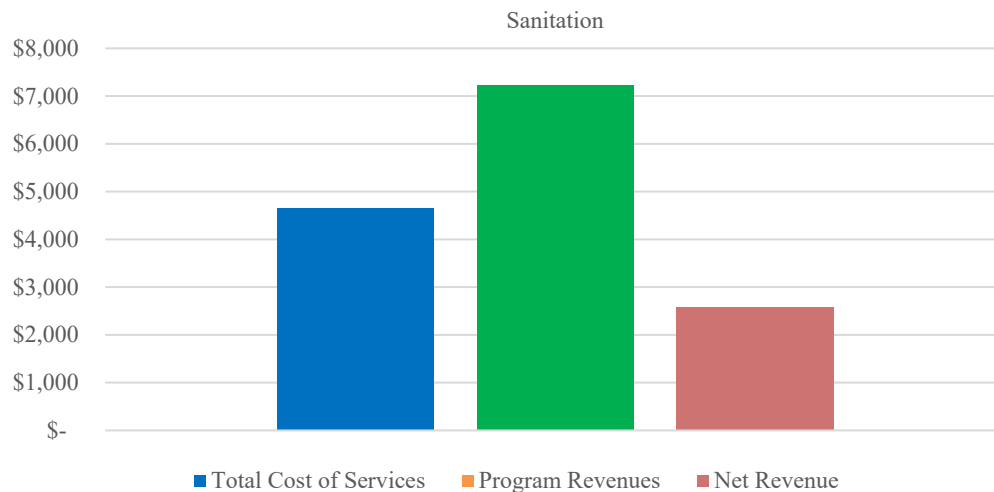
Similar to the previous page, this page is presented to better show the over-all impact of the net business-type activities on the City's net position.

The business-type activities increased the City's net position by \$4.0 million. Business-type total revenues exceeded expenses, resulted in a 10.9 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.

Net Revenue of Business-Type Activities
(In Thousands)

	Total Cost of Services		Program Revenues		Net Revenue	
	2024	2023	2024	2023	2024	2023
Sanitation	\$ 4,651	\$ 5,267	\$ 7,237	\$ 8,492	\$ 2,586	\$ 3,225
Total Business Activities	\$ 4,651	\$ 5,267	\$ 7,237	\$ 8,492	\$ 2,586	\$ 3,225

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



The \$4.0 million increase in net position was primarily due to:

- Charges for Services or program revenues of \$7.2 million and investment earnings of \$1.5 million exceeded operational expenses of \$4.7 million.
- Sanitation revenues are set to a level to build up reserves for capital maintenance and expansion of the sanitation transportation system as well as to support the transportation treatment and disposal of sewage through the City of San Diego's Metropolitan Wastewater JPA.

FUND HIGHLIGHTS

Governmental Funds

As of June 30, 2024, the City's governmental funds reported a combined ending fund balance of \$32.8 million. The Unassigned fund balance, which represents the amount that is available for spending at the City's discretion, was at \$11.4 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		Sundry Grants		Nonmajor Governmental Funds	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues:								
General revenues	\$ 22,044	\$ 20,136	\$ 150	\$ 136	\$ -	\$ -	\$ 688	\$ 505
Charges for Services	580	451	-	-	-	-	354	304
Intergovernmental Revenues	609	626	-	-	176	70	2,408	2,705
Total Revenues	23,233	21,213	150	136	176	70	3,450	3,514
Expenditures:								
Current	19,762	17,811	-	-	370	49	1,565	1,305
Capital Outlay	95	1,183	-	-	555	122	1,334	1,559
Debt	103	-	-	-	-	-	-	-
Total Expenditures	19,960	18,994	-	-	925	171	2,899	2,864
Net Transfers	104	105	-	-	-	-	(4)	(4)
Debt Issuance	-	618	-	-	-	-	-	-
Net Change in Fund Balances	\$ 3,377	\$ 2,942	\$ 150	\$ 136	\$ (749)	\$ (101)	\$ 547	\$ 646

Fund Balances (In Thousands)

	General Fund		Housing Fund		Sundry Grants		Nonmajor Governmental Funds	
	2024	2023	2024	2023	2024	2023	2024	2023
FUND BALANCE								
Nonspendable	\$ 1	\$ 3	\$ 9,893	\$ -	\$ -	\$ -	\$ 4	\$ -
Restricted	1,587	1,491	1,357	11,100	-	-	4,189	3,055
Committed	4,334	-	-	-	-	-	-	-
Unassigned	13,354	14,405	-	-	(1,057)	(308)	(872)	(281)
Total FUND BALANCE	\$19,276	\$ 15,899	\$ 11,250	\$ 11,100	\$ (1,057)	\$ (308)	\$ 3,321	\$ 2,774

General Fund Balance: This fund is the chief operating fund of the City. At June 30, 2024, the total fund balance was \$19.3 million, of which \$13.4 million is considered unassigned fund balance and therefore available for discretionary use. Overall, the change in fund balance was a result of total revenues received more than total expenditures, similarly to previous fiscal year. The City incurred debt in prior fiscal year due to the purchase of an emergency fire engine through financing. In the current fiscal year, the debt service payment of \$102 thousands was for that financed purchase.

Housing Fund Balance: This fund is restricted for low to moderate income housing projects. In current fiscal year, participating developers paid \$150 thousand in required fees to this fund. There were no expenditures reported in this fiscal year, created an increase in the fund balance.

Sundry Grants Fund Balance: This fund accounts for grants currently being administered by the City. This fund was reported as a nonmajor governmental fund in previous years. 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. At the end of current fiscal year, there is a balance due of \$1.1 million from granting agencies.

Propriety Fund

Sanitation Fund Balance: Change in net position shows a growth over last fiscal year of \$4.0 million or 10.9 percent. There is \$1.9 million of restricted net position, which must be spent on pension expenses. The unrestricted balance of \$31.5 million is available for discretionary use, which will be used to maintain the sanitation facilities and infrastructure.

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 \$5.5 million or 10.7 percent to a total of \$56.4 million.

Capital Assets

Net of Depreciation

(In Thousands)

	Governmental Activities		Business-Type Activities		Citywide Total	
	2024	2023	2024	2023	2024	2023
Land & Improvements	\$ 17,957	\$ 7,521	\$ 4	\$ 4	\$ 17,961	\$ 7,525
Construction in Progress	1,148	1,998	529	331	1,677	2,329
Buildings & Improvements	1,420	2,233	-	-	1,420	2,233
Vehicles, Machinery & Equipment	1,070	393	90	92	1,160	485
Infrastructure	27,598	31,591	6,556	6,746	34,154	38,337
Net Capital Assets	\$ 49,193	\$ 43,736	\$ 7,179	\$ 7,173	\$ 56,372	\$ 50,909

The increase in net capital assets is mainly due to the transfer of \$3.5 million of land from the Successor Agency (see Note 18). In addition, the increase in Land & Improvements and the decrease in Infrastructure is a result of the reclassification of \$6.5 million of land (not being depreciated) previously classified as Infrastructure (being depreciated).

Debt Administration

At June 30, 2024, 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 majority of the debt, \$14.8 million, is comprised of total OPEB and net pension liabilities, which increased by \$1.0 million or 7.5 percent from the prior fiscal year mainly due to lower investment returns. 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, 2024 was \$3.5 million.

Outstanding Long-Term Liabilities (In Thousands)

	Governmental Activities		Business-Type Activities		Citywide Total	
	2024	2023	2024	2023	2024	2023
Financed Purchase	\$ 540	\$ 618	\$ -	\$ -	\$ 540	\$ 618
Compensated Absences	527	539	60	49	587	588
Total OPEB Liability	2,331	2,277	583	569	2,914	2,846
Net Pension Liability	8,321	7,642	3,566	3,275	11,887	10,917
Claims Payable	108	46	-	-	108	46
Total Liabilities	\$ 11,827	\$ 11,122	\$ 4,209	\$ 3,893	\$ 16,036	\$ 15,015

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 2023. A revised mid-year budget was adopted in April 2024.

The General Fund Budgetary Comparison Schedule shows that, for the fiscal year ended June 30, 2024, General Fund actual revenues and transfers exceeded budgeted by \$4.7 million, while the expenditures came in \$5.4 million under budget. The actual revenues and expenditures resulted in a net surplus of \$3.3 million.

REQUESTS FOR INFORMATION

The Annual 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>.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank

City of Lemon Grove
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 28,965,883	\$ 34,230,967	\$ 63,196,850
Receivables:			
Accounts	2,467,858	496,923	2,964,781
Interest	3,834,516	-	3,834,516
Leases	91,716	-	91,716
Notes and loans receivable	9,893,292	-	9,893,292
Due from other government	2,471,746	-	2,471,746
Prepaid items	5,217	800	6,017
Total current assets	47,730,228	34,728,690	82,458,918
Noncurrent assets:			
Restricted cash and investments	1,612,079	1,941,630	3,553,709
Leases Receivable	9,552,622	-	9,552,622
Capital assets:			
Nondepreciable	19,105,560	532,229	19,637,789
Depreciable	78,786,445	16,136,156	94,922,601
Less accumulated depreciation	(48,698,696)	(9,489,772)	(58,188,468)
Total capital assets	49,193,309	7,178,613	56,371,922
Total noncurrent assets	60,358,010	9,120,243	69,478,253
Total assets	108,088,238	43,848,933	151,937,171
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	3,398,519	1,456,508	4,855,027
Deferred outflows - OPEB	98,919	24,730	123,649
Total deferred outflows of resources	3,497,438	1,481,238	4,978,676
LIABILITIES			
Current liabilities:			
Accounts payable	3,935,412	229,427	4,164,839
Accrued liabilities	66,264	10,462	76,726
Deposits payable	415,774	-	415,774
Unearned revenue	5,488,299	-	5,488,299
Interest payable	20,741	-	20,741
Compensated absences - current	326,786	29,364	356,150
Total OPEB liability- current portion	146,245	36,561	182,806
Long-term debt - current portion	81,498	-	81,498
Total current liabilities	10,481,019	305,814	10,786,833
Noncurrent liabilities:			
Compensated absences	200,581	30,673	231,254
Claims payable	107,443	-	107,443
Net pension liability	8,321,258	3,566,254	11,887,512
Total OPEB liability	2,184,952	546,238	2,731,190
Long-term debt	458,400	-	458,400
Total noncurrent liabilities	11,272,634	4,143,165	15,415,799
Total liabilities	21,753,653	4,448,979	26,202,632
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - Lease	9,090,519	-	9,090,519
Deferred inflows of resources - Pension	315,471	135,201	450,672
Deferred inflows of resources - OPEB	688,130	172,033	860,163
Total deferred inflows of resources	10,094,120	307,234	10,401,354
NET POSITION			
Net investment in capital assets	48,653,411	7,178,613	55,832,024
Restricted for:			
Pensions	1,609,324	1,941,630	3,550,954
Transportation	2,630,395	-	2,630,395
Community development	1,843,336	-	1,843,336
Public safety	103,394	-	103,394
Housing	14,937,618	-	14,937,618
Public-access television	179,257	-	179,257
Total restricted	21,303,324	1,941,630	23,244,954
Unrestricted	9,781,168	31,453,715	41,234,883
Total net position	\$ 79,737,903	\$ 40,573,958	\$ 120,311,861

See accompanying Notes to Basic Financial Statements.

City of Lemon Grove
Statement of Activities
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,961,635	\$ 1,115,628	\$ 1,049,653	\$ 55,817	\$ 2,221,098
Public safety	13,084,828	752,285	251,631	-	1,003,916
Public works	5,377,204	726,379	1,607,638	1,134,005	3,468,022
Community development	1,770,011	1,041,306	1,179,768	-	2,221,074
Interest on long-term debt	21,410	-	-	-	-
Total governmental activities	22,215,088	3,635,598	4,088,690	1,189,822	8,914,110
Business-type Activities:					
Sanitation	4,650,900	7,236,467	-	-	7,236,467
Total business-type activities	4,650,900	7,236,467	-	-	7,236,467
Total primary government	\$ 26,865,988	\$ 10,872,065	\$ 4,088,690	\$ 1,189,822	\$ 16,150,577

General Revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Motor vehicle license and in-lieu taxes

Other Taxes

Total taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Prior period Adjustments

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
\$ 259,463	\$ -	\$ 259,463
(12,080,912)	-	(12,080,912)
(1,909,182)	-	(1,909,182)
451,063	-	451,063
(21,410)	-	(21,410)
(13,300,978)	-	(13,300,978)
-	2,585,567	2,585,567
-	2,585,567	2,585,567
(13,300,978)	2,585,567	(10,715,411)
4,121,494	-	4,121,494
7,906,639	-	7,906,639
97,198	-	97,198
1,234,372	-	1,234,372
3,709,181	-	3,709,181
1,142,930	-	1,142,930
18,211,814	-	18,211,814
966,928	1,508,410	2,475,338
1,028,639	-	1,028,639
100,000	(100,000)	-
20,307,381	1,408,410	21,715,791
7,006,403	3,993,977	11,000,380
69,250,894	36,579,981	105,830,875
3,480,606	-	3,480,606
72,731,500	36,579,981	109,311,481
\$ 79,737,903	\$ 40,573,958	\$ 120,311,861

This page intentionally left blank

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

This page intentionally left blank

City of Lemon Grove
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Housing Fund	Sundry Grants Fund		
ASSETS					
Cash and investments	\$ 22,393,294	\$ 1,356,576	\$ -	\$ 4,687,897	\$ 28,437,767
Accounts receivable	2,158,950	-	-	303,486	2,462,436
Interest receivable	-	3,834,516	-	-	3,834,516
Lease receivable	9,644,338	-	-	-	9,644,338
Notes and loans	-	9,893,292	-	-	9,893,292
Due from other funds	1,335,343	-	-	-	1,335,343
Due from other government	116,519	-	1,144,111	1,211,116	2,471,746
Prepaid items	800	-	-	4,417	5,217
Restricted cash	1,576,830	-	-	25,249	1,602,079
Total assets	\$ 37,226,074	\$ 15,084,384	\$ 1,144,111	\$ 6,232,165	\$ 59,686,734
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,708,542	\$ -	\$ 577,855	\$ 646,449	\$ 3,932,846
Accrued liabilities	61,491	-	-	4,773	66,264
Due to other funds	-	-	388,916	946,427	1,335,343
Deposits payable	78,813	-	-	336,961	415,774
Unearned revenue	5,348,249	-	93,446	46,604	5,488,299
Total liabilities	8,197,095	-	1,060,217	1,981,214	11,238,526
Deferred Inflows of Resources					
Deferred inflows - Leases	9,090,519	-	-	-	9,090,519
Unavailable revenue	662,383	3,834,517	1,141,327	929,737	6,567,964
Total deferred inflows of resources	9,752,902	3,834,517	1,141,327	929,737	15,658,483
Fund Balances:					
Nonspendable	800	9,893,292	-	4,417	9,898,509
Restricted	1,586,573	1,356,575	-	4,188,504	7,131,652
Committed	4,334,285	-	-	-	4,334,285
Unassigned	13,354,419	-	(1,057,433)	(871,707)	11,425,279
Total fund balances	19,276,077	11,249,867	(1,057,433)	3,321,214	32,789,725
Total liabilities, deferred inflows of resources and fund balances	\$ 37,226,074	\$ 15,084,384	\$ 1,144,111	\$ 6,232,165	\$ 59,686,734

See accompanying Notes to Basic Financial Statements.

City of Lemon Grove

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2024

Total Fund Balances - Total Governmental Funds	\$ 32,789,725
---	----------------------

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. Except for the internal service funds reported below, the capital assets were adjusted as follows:

Nondepreciable	19,105,560
Depreciable, net	30,087,749
	<hr/>
Total capital assets	49,193,309

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.	433,529
---	---------

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.	6,567,964
---	-----------

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	3,398,519
Deferred outflows of resources related to OPEB	98,919
Deferred inflows of resources related to pension	(315,471)
Deferred inflows of resources related to OPEB	(688,130)

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

Compensated absences - due within one year	(326,786)
Interest payable	(20,741)
Long-term debt - due within one year	(81,498)
Total OPEB liability - due within one year	(146,245)
Compensated absences - due in more than one year	(200,581)
Long-term debt - due in more than one year	(458,400)
Net pension liability	(8,321,258)
Total OPEB liability	(2,184,952)
	<hr/>
Total long-term liabilities	(11,740,461)

Net Position of Governmental Activities	\$ 79,737,903
--	----------------------

City of Lemon Grove

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2024

	General Fund	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Housing Fund	Transnet Fund	Sundry Grants Fund		
REVENUES:						
Taxes and special assessments	\$ 18,177,944	\$ -	\$ -	\$ -	\$ 530,623	\$ 18,708,567
Licenses, fees and permits	809,618	-	-	-	-	809,618
Fines, forfeitures and penalties	224,622	-	-	-	-	224,622
Intergovernmental revenues	608,856	-	-	175,779	2,407,873	3,192,508
Charges for services	580,095	-	-	-	354,017	934,112
Use of money and property	1,767,319	150,053	-	-	157,232	2,074,604
Other revenues	1,064,474	-	-	-	-	1,064,474
Total revenues	23,232,928	150,053	-	175,779	3,449,745	27,008,505
EXPENDITURES:						
Current:						
General government	1,961,792	-	-	-	5,388	1,967,180
Public safety	12,787,994	-	-	29,632	2,487	12,820,113
Public works	4,078,200	-	-	103,305	1,527,403	5,708,908
Community development	934,994	-	-	237,191	29,673	1,201,858
Capital outlay	94,753	-	-	554,815	1,333,659	1,983,227
Debt service:						
Principal	78,401	-	-	-	-	78,401
Interest	24,423	-	-	-	-	24,423
Total expenditures	19,960,557	-	-	924,943	2,898,610	23,784,110
REVENUES OVER (UNDER) EXPENDITURES	3,272,371	150,053	-	(749,164)	551,135	3,224,395
OTHER FINANCING SOURCES (USES):						
Transfers in	213,600	-	-	-	279,280	492,880
Transfers out	(109,280)	-	-	-	(283,600)	(392,880)
Total other financing sources (uses)	104,320	-	-	-	(4,320)	100,000
Net change in fund balances	3,376,691	150,053	-	(749,164)	546,815	3,324,395
FUND BALANCES:						
Beginning of year	15,899,386	11,099,814	(156,631)	-	2,622,761	29,465,330
Restatement	-	-	156,631	(308,269)	151,638	-
Beginning of year, as restated	15,899,386	11,099,814	-	(308,269)	2,774,399	29,465,330
End of year	<u>\$ 19,276,077</u>	<u>\$ 11,249,867</u>	<u>\$ -</u>	<u>\$ (1,057,433)</u>	<u>\$ 3,321,214</u>	<u>\$ 32,789,725</u>

See accompanying Notes to Basic Financial Statements.

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, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 3,324,395
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.	3,231,251
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.	(1,254,934)
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.	11,445
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.	78,401
Interest Expense were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on interest payable accruals.	3,013
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.	993,840
Pension and OPEB expense are reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.	(1,415,260)
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.	2,012,084
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	22,168
Change in Net Position of Governmental Activities	\$ 7,006,403

City of Lemon Grove
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities Sanitation Fund	Governmental Activities Internal Service Fund
ASSETS		
Current Assets:		
Cash and investments	\$ 34,230,967	\$ 528,116
Accounts receivable	496,923	5,422
Prepaid items	800	-
Total current assets	34,728,690	533,538
Noncurrent:		
Restricted cash and investments	1,941,630	10,000
Leases		
Capital assets:		
Nondepreciable capital assets	532,229	-
Depreciable capital assets	16,136,156	-
Accumulated depreciation	(9,489,772)	-
Net capital assets	7,178,613	-
Total noncurrent assets	9,120,243	10,000
Total assets	43,848,933	543,538
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	1,456,508	-
Deferred outflows - OPEB	24,730	-
Total deferred outflows of resources	1,481,238	-
LIABILITIES		
Current liabilities:		
Accounts payable	229,427	2,566
Accrued liabilities	10,462	-
Compensated absences - current	29,364	-
Total OPEB liability- current	36,561	-
Total current liabilities	305,814	2,566
Noncurrent liabilities:		
Compensated absences	30,673	-
Claims payable	-	107,443
Net pension liability	3,566,254	-
Total OPEB liability	546,238	-
Total noncurrent liabilities	4,143,165	107,443
Total liabilities	4,448,979	110,009
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	135,201	-
Deferred inflows - OPEB	172,033	-
Total deferred inflows of resources	307,234	-
NET POSITION		
Net investment in capital assets	7,178,613	-
Restricted for pension	1,941,630	-
Unrestricted	31,453,715	433,529
Total net position	\$ 40,573,958	\$ 433,529

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, 2024

	Business-Type Activities Sanitation Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES:		
Charges for sales and services	\$ 7,214,176	\$ -
Other revenues	22,291	72,291
Total operating revenues	7,236,467	72,291
OPERATING EXPENSES:		
Personnel costs	1,469,684	-
Contractual services	305,191	3,123
Materials and supplies	68,964	-
Repairs and maintenance	91,180	-
Transport, capacity and treatment	2,439,614	-
Utilities	4,328	-
Insurance and claims	70,630	75,611
Depreciation	201,309	-
Total operating expenses	4,650,900	78,734
Operating income (loss)	2,585,567	(6,443)
NONOPERATING REVENUES (EXPENSES):		
Interest income	1,508,410	28,611
Total nonoperating revenues (expenses)	1,508,410	28,611
Income before contributions and transfers	4,093,977	22,168
CONTRIBUTIONS AND TRANSFERS:		
Transfers out	(100,000)	-
Total contributions and transfers	(100,000)	-
Change in net position	3,993,977	22,168
NET POSITION:		
Beginning of year	36,579,981	411,361
End of year	\$ 40,573,958	\$ 433,529

City of Lemon Grove
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024

	Business-Type Activities Sanitation Fund	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 7,148,961	\$ 1,601,207
Payments to suppliers for goods and services	(3,730,163)	(17,181)
Payments to employees for services	(1,254,560)	-
Net cash provided by (used in) operating activities	2,164,238	1,584,026
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash paid to/received from other funds	(100,000)	(1,094,521)
Net cash provided by (used in) noncapital financing activities	(100,000)	(1,094,521)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(207,019)	-
Net cash provided by (used in) capital and related financing activities	(207,019)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	1,508,410	28,611
Net cash provided by (used in) investing activities	1,508,410	28,611
Net cash flows	3,365,629	518,116
CASH AND INVESTMENTS - Beginning of year	32,806,968	20,000
CASH AND INVESTMENTS - End of year	\$ 36,172,597	\$ 538,116
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 2,585,567	\$ (6,443)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	201,309	-
(Increase) decrease in accounts receivable	(87,506)	1,528,916
(Increase) decrease in prepaids	394	-
(Increase) decrease in deferred outflows	84,706	-
Increase (decrease) in accounts payable and accrued liabilities	(750,650)	109
Increase (decrease) in compensated absences payable	11,463	-
Increase (decrease) in claims payable	-	61,444
Increase (decrease) in total OPEB liability	13,567	-
Increase (decrease) in net pension liability	291,110	-
Increase (decrease) in deferred inflows	(185,722)	-
Net cash provided by (used in) operating activities	\$ 2,164,238	\$ 1,584,026

See accompanying Notes to Basic Financial Statements.

This page intentionally left blank

City of Lemon Grove
Statement of Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2024

	Private Purpose Trust Fund Successor Agency of the Former RDA
ASSETS	
Cash and investments	\$ 216,424
Cash and investments with fiscal agents	1,144,490
Total assets	1,360,914
LIABILITIES	
Interest payable	270,815
Due to the City of Lemon Grove	1,321,438
Long-term liabilities:	
Long-term debt - due within one year	865,000
Long-term debt - due in more than one year	16,732,042
Total liabilities	19,189,295
NET POSITION	
Restricted for:	
Net position held in trust for Sucessor Agency	(17,828,381)
Total Net Position	\$ (17,828,381)

City of Lemon Grove
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2024

	Private Purpose Trust Fund Successor Agency of the Former RDA
ADDITIONS:	
Property taxes	\$ 1,853,648
Interest revenue	22
Total additions	<u>1,853,670</u>
DEDUCTIONS:	
Administration	49,170
Interest expense	617,207
Total deductions	<u>666,377</u>
Change in net position	1,187,293
NET POSITION:	
Beginning of year	(12,480,312)
Restatements	(6,535,362)
Beginning of year, as restated	<u>(19,015,674)</u>
End of year	<u>\$ (17,828,381)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024

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, 2024

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.

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.

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.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

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

The City reports the following fiduciary fund:

Successor Agency to the Lemon Grove Community Development Agency Private-purpose Trust Fund accounts

for the balances and activities relating to the dissolution of the former Community Development Agency (Agency), except those accounted for in the Housing Special Revenue Fund of the City.

C. Cash, Cash Equivalents, and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments with varying terms.

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

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

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

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Restricted Cash and Investments

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

E. Compensated Absences

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

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

F. Property Taxes

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

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

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

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

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

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Property Taxes Focus, Continued

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

G. Capital Assets

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

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

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

H. Interest Payable

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

I. Unavailable and unearned revenue

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

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024

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, 2024

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 2024, the City adopted the following new accounting standard to conform to the following Governmental Accounting Standards Board Statements:

- **GASB Statement No. 100 - Accounting Changes and Error Corrections** - The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Following the requirements of this statement, City restated its Fund Balance for Sundry Grants Fund and Transnet Fund to reflect changes in major funds this year.

R. Future Accounting Pronouncements

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

- **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. The requirements of this statement are going to be effective for 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. The requirements of this statement are going to be effective for the City's fiscal year ending June 30, 2025.
- **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.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 28,965,883	\$ 34,230,967	\$ 216,424	\$ 63,413,274
Restricted Cash and Investments	1,612,079	1,941,630	1,144,490	4,698,199
Total Cash and Investments	<u>\$ 30,577,962</u>	<u>\$ 36,172,597</u>	<u>\$ 1,360,914</u>	<u>\$ 68,111,473</u>

Cash and investments as of June 30, 2024 consist of the following:

Cash on Hand	\$ 1,900
Deposits with Financial Institutions	24,492,819
Total Cash on Hand and Deposits	<u>24,494,719</u>
Local Agency Investment Fund	33,261,998
Certificates of Deposit	4,467,465
US Agency Securities	1,189,093
Total Investments	<u>38,918,556</u>
Restricted Cash and Investments :	
Mutual Funds	3,553,709
Cash and Investment with Fiscal Agents:	
Money Market Mutual Fnds	<u>1,144,490</u>
Total Cash and Investments	<u>\$ 68,111,474</u>

B. Deposits

The carrying amount of the City's deposits was \$24,492,819 at June 30, 2024. Bank balances before reconciling items amounted to \$24,652,893 at June 30, 2024. 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, 2024

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, 2024

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	\$ 33,261,998	\$ 33,261,998	\$ -	\$ -
Certificate of Deposits	4,467,465	1,007,479	452,307	3,007,679
US Agency Securities	1,189,093	-	819,437	369,656
Total	<u>\$ 38,918,556</u>	<u>\$ 34,269,477</u>	<u>\$ 1,271,744</u>	<u>\$ 3,377,335</u>

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	\$ 33,261,998	N/A	\$ -	\$ 33,261,998
Certificate of Deposit	4,467,465	N/A	-	4,467,465
US Agency Securities	1,189,093	N/A	1,189,093	-
Total	<u>\$ 38,918,556</u>		<u>\$ 1,189,093</u>	<u>\$ 37,729,463</u>

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, 2024

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, 2024:

- US Agency Securities of \$1,189,093 are valued using quoted market prices (Level 2 inputs).
- Certificates of Deposit of \$4,467,465 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, 2024

3. NOTES RECEIVABLE

As of June 30, 2024, 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, 2024, the City had advanced \$6,763,292 to the borrower. In addition, \$2,608,088 of cumulative interest is accrued as of June 30, 2024.

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, 2024, the City had advanced \$3,130,000 to the borrower. In addition, \$1,226,428 of cumulative interest is accrued as of June 30, 2024.

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, 2024, the amount due from the Successor Agency was \$1,321,438 and is offset by an allowance for doubtful accounts.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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 2024, the City recognized \$51,463 of lease revenue and \$284,124 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 1st 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 2024, the City recognized \$29,823 of lease revenue and \$4,336 of interest revenue under the lease.

Year Ending June 30,	Outfront Media LLC		Mossy Automotive Group		Leases Receivable		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	\$ 63,235	\$ 282,420	\$ 28,480	\$ 3,780	\$ 91,715	\$ 286,200	\$ 377,915
2026	75,671	280,353	29,705	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
2030-2034	834,329	1,293,085	46,891	669	881,220	1,293,754	2,174,974
2035-2039	1,333,595	1,132,660	-	-	1,333,595	1,132,660	2,466,255
2040-2044	1,971,595	887,471	-	-	1,971,595	887,471	2,859,066
2045-2049	2,779,994	534,446	-	-	2,779,994	534,446	3,314,440
2050-2054	2,075,276	95,944	-	-	2,075,276	95,944	2,171,220
Total	\$ 9,442,418	\$ 5,331,103	\$ 201,920	\$ 13,508	\$ 9,644,338	\$ 5,344,611	\$ 14,988,949

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

6. CAPITAL ASSETS

The following represents the capital asset activity for the year ended June 30, 2024:

Governmental Activities	Beginning Balance	Additions	Deletions	Transfer	Ending Balance
Capital Assets, Not Being Depreciated:					
Land and Improvements	\$ 7,520,853	\$ -	\$ -	\$ 10,436,286	\$ 17,957,139
Construction in Progress	1,997,927	3,306,626	(181,432)	(3,974,700)	1,148,421
Total Capital Assets, Not Being Depreciated	9,518,780	3,306,626	(181,432)	6,461,586	19,105,560
Capital Assets, Being Depreciated:					
Buildings and Improvements	10,021,713	-	(144,913)	-	9,876,800
Vehicles and Equipment	2,680,931	106,057	(13,270)	663,562	3,437,280
Infrastructure	69,112,129	-	(20,283)	(3,619,481)	65,472,365
Total Capital Assets, Being Depreciated	81,814,773	106,057	(178,466)	(2,955,919)	78,786,445
Less Accumulated Depreciation:					
Building and Improvements	(7,788,999)	(813,234)	144,913	-	(8,457,320)
Vehicles and Equipment	(2,287,522)	(67,677)	13,270	(25,061)	(2,366,990)
Infrastructure	(37,520,646)	(374,023)	20,283	-	(37,874,386)
Total Accumulated Depreciation	(47,597,167)	(1,254,934)	178,466	(25,061)	(48,698,696)
Capital Assets Being Depreciated, Net	34,217,606	(1,148,877)	-	(2,980,980)	30,087,749
Total Capital Assets - Governmental Activities	\$ 43,736,386	\$ 2,157,749	\$ (181,432)	\$ 3,480,606	\$ 49,193,309

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	331,450	197,055	-	-	528,505
Total Capital Assets, Not Being Depreciated	335,174	197,055	-	-	532,229
Capital Assets, Being Depreciated:					
Machinery and Equipment	1,048,976	9,964	-	-	1,058,940
Infrastructure	15,077,216	-	-	-	15,077,216
Total Capital Assets, Being Depreciated	16,126,192	9,964	-	-	16,136,156
Less Accumulated Depreciation:					
Machinery and Equipment	(956,521)	(12,498)	-	-	(969,019)
Infrastructure	(8,331,942)	(188,811)	-	-	(8,520,753)
Total Accumulated Depreciation	(9,288,463)	(201,309)	-	-	(9,489,772)
Capital Assets Being Depreciated, Net	6,837,729	(191,345)	-	-	6,646,384
Total Capital Assets - Business-type Activities	\$ 7,172,903	\$ 5,710	\$ -	\$ -	\$ 7,178,613

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

General Government	\$ 59,385
Public Safety	99,560
Public Works	527,836
Community Development	568,153
Total Government Depreciation	<u>\$ 1,254,934</u>

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Financed Purchase	\$ 618,299	\$ -	\$ (78,401)	\$ 539,898	\$ 81,498
Compensated Absences	538,812	322,433	(333,878)	527,367	326,786
Total OPEB Liability	2,276,926	54,271	-	2,331,197	146,245
Net Pension Liability	7,642,002	679,256	-	8,321,258	-
Claims Payable	45,999	61,444	-	107,443	-
Total	<u>\$ 11,122,038</u>	<u>\$1,117,404</u>	<u>\$ (412,279)</u>	<u>\$ 11,827,163</u>	<u>\$ 554,529</u>
Business-type Activities					
Compensated Absences	\$ 48,575	\$ 35,220	\$ (23,758)	\$ 60,037	\$ 29,364
Total OPEB Liability	569,232	13,567	-	582,799	36,561
Net Pension Liability	3,275,144	291,110	-	3,566,254	-
Total	<u>\$ 3,892,951</u>	<u>\$ 339,897</u>	<u>\$ (23,758)</u>	<u>\$ 4,209,090</u>	<u>\$ 65,925</u>

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

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, 2024, the outstanding balance of the debt, including accrued interest was \$560,640.

The annual debt service requirements to mature the debts outstanding at June 30, 2024 were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 81,498	\$ 21,326	\$ 102,824
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
	<u>\$ 539,898</u>	<u>\$ 77,048</u>	<u>\$ 616,946</u>

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
Series 2014, Refunding	\$ 4,765,000	\$ -	\$ (145,000)	\$ 4,620,000	\$ 140,000
Series 2019, Refunding	13,370,000	-	(675,000)	12,695,000	725,000
Premium	317,297	-	(35,255)	282,042	-
	<u>\$ 18,452,297</u>	<u>\$ -</u>	<u>\$ (855,255)</u>	<u>\$ 17,597,042</u>	<u>\$ 865,000</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
2025	\$ 140,000	\$ 179,661	\$ 319,661
2026	150,000	172,411	322,411
2027	165,000	165,877	330,877
2028	165,000	160,205	325,205
2029	170,000	154,215	324,215
2030	835,000	135,456	970,456
2031	875,000	102,300	977,300
2032	910,000	66,600	976,600
2033	505,000	38,300	543,300
2034	345,000	21,300	366,300
2035	360,000	7,200	367,200
	<u>\$ 4,620,000</u>	<u>\$ 1,203,525</u>	<u>\$ 5,823,525</u>

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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	
2025	\$ 725,000	\$ 454,433	\$ 1,179,433	
2026	745,000	429,040	1,174,040	
2027	765,000	402,434	1,167,434	
2028	795,000	374,556	1,169,556	
2029	815,000	345,411	1,160,411	
2030	350,000	324,912	674,912	
2031	350,000	312,903	662,903	
2032	370,000	299,832	669,832	
2033	845,000	277,774	1,122,774	
2034	1,055,000	243,279	1,298,279	
2035	1,095,000	204,246	1,299,246	
2036	1,535,000	154,794	1,689,794	
2037	1,590,000	94,591	1,684,591	
2038	1,660,000	31,980	1,691,980	
	<u>\$ 12,695,000</u>	<u>\$ 3,950,185</u>	<u>\$ 16,645,185</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, 2024

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, 2023 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2023 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, 2024, 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	14.06%+\$549,787	10.10%+\$0	7.68%+\$1,545

	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	24.15%+\$201,979	13.54%+\$0

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, 2024

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 \$ 728,935 in fiscal year 2024.

The City's contributions to the Plan for the year ended June 30, 2024 were \$1,367,542.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2024, the City reported a liability of \$11,887,512 for its proportionate share of the net pension liability. The City's net pension liability for the Plan is measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2022 and 2023 was as follows:

Proportion - June 30, 2022	0.09451%
Proportion - June 30, 2023	0.09529%
Change - Increase (Decrease)	<u>0.00077%</u>

For the year ended June 30, 2024, the City recognized pension expense of \$2,153,994. At June 30, 2024, 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	\$ 1,367,542	\$ -
Differences between actual and expected experience	686,811	88,366
Changes in employer's proportion	710,533	-
Differences between employer's contribution and the employer's proportionate share of contributions	254,687	-
contributions	-	362,307
Net differences between projected and actual earnings on plan investments	1,835,454	-
Total	<u>\$ 4,855,027</u>	<u>\$ 450,672</u>

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. DEFINED BENEFIT PENSION PLAN, Continued

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

The \$1,367,542 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, 2025. 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,	
2025	\$ 925,570
2026	631,718
2027	1,427,238
2028	52,287

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

Valuation dates	June 30, 2022
Measurement date	June 30 2023
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, 2024

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 ¹	Assumed asset allocation	Real return ^{1,2}
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, 2023 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	\$	18,009,536
Current Discount Rate		6.90%
Net Pension Liability	\$	11,887,512
1% Increase		7.90%
Net Pension Liability	\$	6,860,350

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. DEFINED BENEFIT PENSION PLAN, Continued

B. Payable to the Pension Plan

At June 30, 2024, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2024.

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 for Miscellaneous employees and up to \$350 for Safety employees).

Employees Covered by Benefit Terms - As of the June 30, 2023 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	36
Active employees	48
	<u>84</u>

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, 2024, the City’s pay-as-you-go costs were \$133,144.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024 and was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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	5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, 4% thereafter. Medicare ages: 4.50 percent for 2024-2029 and 4.00 percent for 2030 and later years.
Pre-retirement Mortality	Pre-retirement mortality rate for Public agency Miscellaneous, Fire, police from CalPERS Experience study (2000-2019)
Post-retirement Mortality	Pre-retirement mortality rate for Public agency Miscellaneous, Fire, police from CalPERS Experience study (2000-2019)
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

Discount Rate - The discount rate used to measure the total OPEB liability was 3.97 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, 2023	\$ 2,846,158
Changes in the year:	
Service Cost	174,440
Interest on the total OPEB liability	113,100
Differences between expected and actual experience	-
Changes in assumptions	(36,895)
Benefit payments, including implicit subsidy	(182,807)
Net changes	67,838
Balance at June 30, 2024	\$ 2,913,996

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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.

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-percentagepoint higher than the current discount rate:

	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	\$ 3,278,223	\$ 2,913,996	\$ 2,609,307

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	\$ 2,658,812	\$ 2,913,996	\$ 3,294,206

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2024, the City recognized OPEB expense of \$21,437. As of June 30, 2024, 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	\$ -	\$ (467,820)
Changes in assumptions	123,649	(392,343)
Total	\$ 123,649	\$ (860,163)

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,	
2025	\$ (227,847)
2026	(213,904)
2027	(127,938)
2028	(55,916)
2029	(55,916)
Thereafter	(54,993)

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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:

- (A) 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.
- (B) 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.
- (C) 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, 2024

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

(D) 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.

(E) 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 2023-24.

11. FUND BALANCES

The details of fund balances as of June 30, 2024 are as follows:

	General Fund	Housing Fund	Sundry Grants Fund	Nonmajor Government Funds	Total
Nonspendable:					
Prepaid Items	\$ 800	\$ -	\$ -	\$ 4,417	\$ 5,217
Notes and loans	-	9,893,292	-	-	9,893,292
Restricted for:					
Pensions	1,586,573	-	-	22,751	1,609,324
Housing	-	1,356,575	-	-	1,356,575
Public Safety	-	-	-	103,394	103,394
Streets and Transportation	-	-	-	2,577,059	2,577,059
Community Development	-	-	-	1,306,043	1,306,043
Parks and Recreation	-	-	-	179,257	179,257
Committed	4,334,285	-	-	-	4,334,285
Unassigned	13,354,419	-	(1,057,433)	(871,707)	11,425,279
Total Fund Balances	<u>\$ 19,276,077</u>	<u>\$ 11,249,867</u>	<u>\$ (1,057,433)</u>	<u>\$ 3,321,214</u>	<u>\$ 32,789,725</u>

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, 2023. Complete financial statements may be obtained at the City of El Cajon, Finance City, 200 E. Main Street, El Cajon, CA 92020.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

12. JOINT POWERS AUTHORITY, Continued

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 \$10,097 for the fiscal year ending June 30, 2024.

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.

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.

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. SUCCESSOR AGENCY FOR THE FORMER REDEVOPMENT AGENCY, Continued

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, 2024 (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 \$1,335,932 reported in the General Fund as due from other funds represents amounts due from nonmajor governmental funds. These represent temporary, interfund borrowings resulting from routine cash flows and are expected to be repaid within the next fiscal year.

The following is a summary of interfund transfers for the fiscal year 2024:

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
		<u>\$ 492,880</u>

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

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 nonmajor governmental funds will be eliminated through future collection and recognition of applicable revenues. As of June 30, 2024, city reported deficit fund balances in the following funds:

<u>Funds</u>	<u>Deficiency</u>
Sundry Grants	\$ (1,057,433)
Transnet Fund	(633,586)
CDBG	(136,534)
TDA	(101,587)
Total	\$ (1,929,140)

17. CHANGES IN REPORTING ENTITY

In fiscal year 2024, the City's Sundry grants Fund moved from nonmajor to a major fund. Transnet Fund moved from major fund to non-major fund during the fiscal year 2024. Below is the effect on fund balance.

	<u>June 30, 2023, as previously reported</u>	<u>Changes in major fund</u>	<u>June 30, 2023, as restated</u>
Governmental Funds:			
Major Governmental Funds			
Sundry Grant Fund	\$ -	\$ (308,269)	\$ (308,269)
Transnet Fund	(156,631)	156,631	-

City of Lemon Grove
Notes to Basic Financial Statements
For the year ended June 30, 2024

18. PRIOR PERIOD ADJUSTMENTS

For the year ended June 30, 2024, the City recorded prior period adjustments to transfer land, which was previously misidentified as property held for resale, from Successor Agency to government-wide statement of net position and to remove land that are not part of land held for sale. The opening balances of Governmental Activities, and Successor Agency Funds were restated to apply the change retrospectively.

		<u>Prior Period Adjustments</u>		
	Net Position/ Fund Balance as Previously Reported		Land held for sale Adjustments	Net Position/ Fund Balance Net Position as Restated
Governmental activities	\$ 69,250,894	\$	3,480,606	\$ 72,731,500
Fund Financial Statements				
<i>Fiduciary Funds</i>				
Successor Agency	\$ (12,480,312)	\$	(6,535,362)	\$ (19,015,674)

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

City of Lemon Grove

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

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Taxes and special assessments	\$ 16,036,739	\$ 16,286,061	\$ 18,177,944	\$ 1,891,883
Licenses, fees and permits	745,203	745,203	809,618	64,415
Fines, forfeitures and penalties	108,809	108,809	224,622	115,813
Intergovernmental revenues	45,000	45,000	608,856	563,856
Charges for services	703,700	703,700	580,095	(123,605)
Use of money and property	414,596	414,596	1,767,319	1,352,723
Other revenues	25,000	275,000	1,064,474	789,474
Total revenues	18,079,047	18,578,369	23,232,928	4,654,559
EXPENDITURES:				
Current:				
General government	6,104,897	6,157,904	1,961,792	4,196,112
Public safety	13,415,454	13,420,454	12,787,994	632,460
Public works	3,800,481	4,406,611	4,078,200	328,411
Community development	1,091,820	1,091,820	934,994	156,826
Capital outlay	158,600	178,600	94,753	83,847
Debt service:				
Principal	103,000	122,500	78,401	44,099
Interest	-	-	24,423	(24,423)
Total expenditures	24,674,252	25,377,889	19,960,557	5,417,332
REVENUES OVER (UNDER) EXPENDITURES	(6,595,205)	(6,799,520)	3,272,371	10,071,891
OTHER FINANCING SOURCES (USES):				
Transfers in	213,600	213,600	213,600	-
Transfers out	(109,280)	(109,280)	(109,280)	-
Total other financing sources (uses)	104,320	104,320	104,320	-
Net change in fund balances	\$ (6,490,885)	\$ (6,695,200)	3,376,691	\$ 10,071,891
FUND BALANCES:				
Beginning of year			15,899,386	
End of year			<u>\$ 19,276,077</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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 150,053	\$ 150,053
Total revenues	-	-	150,053	150,053
Net change in fund balances	\$ -	\$ -	150,053	\$ 150,053
FUND BALANCES:				
Beginning of year			11,099,814	
End of year			\$ 11,249,867	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental revenues	\$ 4,460,431	\$ 4,460,431	\$ 175,779	\$ (4,284,652)
Total revenues	4,460,431	4,460,431	175,779	(4,284,652)
EXPENDITURES:				
Current:				
Public safety	9,894	16,294	29,632	(13,338)
Public works	231,000	231,000	103,305	127,695
Community development	1,523,865	1,517,465	237,191	1,280,274
Capital outlay	2,697,021	2,697,021	554,815	2,142,206
Total expenditures	4,461,780	4,461,780	924,943	3,536,837
REVENUES OVER (UNDER)				
EXPENDITURES	(1,349)	(1,349)	(749,164)	(747,815)
Net change in fund balances	\$ (1,349)	\$ (1,349)	(749,164)	\$ (747,815)
FUND BALANCES:				
Beginning of year			-	
End of year			<u>\$ (1,057,433)</u>	

City of Lemon Grove
Required Supplementary Information
For the year ended June 30, 2024

DEFINED BENEFIT PENSION PLANS

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

Fiscal Year End:	6/30/2024	6/30/2023	6/30/2022
Measurement Date	6/30/2023	6/30/2022	6/30/2021
City's proportion of the net pension liability	0.09529%	0.09451%	0.09265%
City's proportionate share of the net pension liability	\$ 11,887,512	\$ 10,917,146	\$ 5,010,718
City's covered payroll (plan year)	\$ 4,023,692	\$ 3,884,925	\$ 3,981,855
City's proportionate share of the net pension liability as a percentage of its covered payroll	295.44%	281.01%	125.84%
City's fiduciary net position as a percentage of the total pension liability	76.21%	76.68%	88.29%

Notes to the schedule:

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018. Discount rate in 2022 measurement was 6.90%

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.08393%	0.08102%	0.07749%	0.07749%	0.07711%	0.10238%	0.10182%
\$ 9,131,695	\$ 8,301,768	\$ 7,557,212	\$ 7,685,061	\$ 6,672,556	\$ 7,027,037	\$ 6,335,672
\$ 3,993,095	\$ 3,915,557	\$ 4,285,339	\$ 4,129,783	\$ 3,966,818	\$ 4,140,577	\$ 3,916,214
228.69%	212.02%	176.35%	186.09%	168.21%	169.71%	161.78%
76.06%	77.21%	77.89%	76.39%	74.06%	78.40%	79.82%

City of Lemon Grove
Required Supplementary Information
For the year ended June 30, 2024

DEFINED BENEFIT PENSION PLANS, Continued

Schedule of Pension Contributions - Last Ten Fiscal Years

Contributions for the fiscal year ending June 30,	2024	2023	2022
Contractually required contribution	\$ 1,367,542	\$ 1,323,290	\$ 1,232,401
Contributions in relation to the contractually required contribution	(1,367,542)	(1,323,290)	(1,232,401)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered payroll (City's fiscal year)	\$ 4,330,577	\$ 4,023,692	\$ 3,884,925
Contributions as a percentage of covered payroll	31.58%	32.89%	31.72%

Notes to the schedule:

Methods and assumptions used to determine contribution rates:

Valuation date (for contractually required contribution):	6/30/2021	6/30/2020	6/30/2019
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%	2.50%	2.50%
Salary increases:	(2)	(2)	(2)
Investment rate of return:	6.80%	7.00%	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 PEPRA 2%@62

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

2021	2020	2019	2018	2017	2016	2015
\$ 1,154,805	\$ 1,049,105	\$ 962,913	\$ 894,949	\$ 813,911	\$ 909,279	\$ 929,245
(1,154,805)	(1,049,105)	(962,913)	(894,949)	(813,911)	(2,737,595)	(1,194,245)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,828,316)	\$ (265,000)
\$ 3,981,855	\$ 3,993,095	\$ 3,915,557	\$ 4,285,339	\$ 4,129,783	\$ 3,966,818	\$ 3,854,444
29.00%	26.27%	24.59%	20.88%	19.71%	69.01%	30.98%

6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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	15 Year Smoothed Market Method
2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)	(2)	(2)	(2)
7.00%	7.25%	7.375%	7.50%	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, 2024

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	FY2023/24	FY2022/23	FY2021/22
Total OPEB liability - beginning of year	\$ 2,846,158	\$ 3,175,573	\$ 3,874,381
Service cost	174,440	130,619	193,009
Interest	113,100	118,817	76,413
Differences between expected and actual experience	-	(460,971)	-
Changes in assumptions	(36,895)	56,131	(792,262)
Benefit payments	(182,807)	(174,011)	(175,968)
Net change in total OPEB liability	67,838	(329,415)	(698,808)
Total OPEB liability - end of year	<u>\$ 2,913,996</u>	<u>\$ 2,846,158</u>	<u>\$ 3,175,573</u>
Covered employee payroll	\$ 5,422,343	\$ 4,023,692	\$ 3,884,925
City's total OPEB liability as a percentage of covered payroll	53.74%	70.73%	81.74%

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.

*Changes in assumptions: In fiscal year 2023-2024, discount rate was 3.97%. 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.

<u>FY2020/21</u>	<u>FY 2019/20</u>	<u>FY 2018/19</u>	<u>FY 2017/18</u>
\$ 3,979,861	\$ 4,127,787	\$ 3,907,420	\$ 4,017,427
165,231	116,516	114,804	111,460
88,935	144,633	152,187	144,569
(453,019)	(768,359)	(14,999)	(6,897)
299,664	577,083	193,343	(139,883)
(206,291)	(217,799)	(224,968)	(219,256)
(105,480)	(147,926)	220,367	(110,007)
<u>\$ 3,874,381</u>	<u>\$ 3,979,861</u>	<u>\$ 4,127,787</u>	<u>\$ 3,907,420</u>
\$ 3,981,855	\$ 3,995,000	\$ 4,347,161	\$ 4,220,545
97.30%	99.62%	94.95%	92.58%

City of Lemon Grove
Required Supplementary Information
For the year ended June 30, 2024

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).

SUPPLEMENTARY INFORMATION

This page intentionally left blank

**CITY OF LEMON GROVE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

Special Revenue Funds

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.

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, 2024**

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.

This page intentionally left blank

City of Lemon Grove
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

Special Revenue Funds					
	Transnet	Gas Tax	Parkland Dedication	Supplemental Law Enforcement Service	CDBG
ASSETS					
Cash and investments	\$ -	\$ 1,872,789	\$ 192,679	\$ 92,851	\$ -
Accounts receivable	-	203,027	1,461	-	1,208
Due from other government	971,806	-	-	-	137,749
Prepaid items	-	-	-	-	-
Restricted cash	2,498	18,401	-	-	-
Total assets	\$ 974,304	\$ 2,094,217	\$ 194,140	\$ 92,851	\$ 138,957
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 252,004	\$ 188,788	\$ 14,883	\$ -	\$ -
Accrued liabilities	295	3,526	-	-	-
Due to other funds	665,164	-	-	-	137,742
Deposits payable	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total liabilities	917,463	192,314	14,883	-	137,742
Deferred Inflows of Resources					
Unavailable revenue	690,427	-	-	-	137,749
Total deferred inflows of resources	690,427	-	-	-	137,749
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted		1,901,903	179,257	92,851	-
Unassigned	(633,586)	-	-	-	(136,534)
Total fund balances	(633,586)	1,901,903	179,257	92,851	(136,534)
Total liabilities, deferred inflows of resources and fund balances	\$ 974,304	\$ 2,094,217	\$ 194,140	\$ 92,851	\$ 138,957

Special Revenue Funds

TDA	Lighting District	Storm Water	Household Hazardous Waste	Wild Flower Assessment	PEG (Public/ Education Government)	Serious Traffic Offender Program	Opioid Settlement
\$ -	\$ 523,518	\$ 217,823	\$ 578,651	\$ 3,084	\$ 408,714	\$ 9,459	\$ 46,628
57,497	12,195	1,655	5,388	1,353	12,749	72	354
101,561	-	-	-	-	-	-	-
-	-	4,417	-	-	-	-	-
-	2,207	745	1,071	196	-	131	-
<u>\$ 159,058</u>	<u>\$ 537,920</u>	<u>\$ 224,640</u>	<u>\$ 585,110</u>	<u>\$ 4,633</u>	<u>\$ 421,463</u>	<u>\$ 9,662</u>	<u>\$ 46,982</u>
\$ 15,458	\$ 55,573	\$ 117,821	\$ 270	\$ 469	\$ 267	\$ 50	\$ -
105	600	124	103	-	-	20	-
143,521	-	-	-	-	-	-	-
-	-	-	336,961	-	-	-	-
-	-	-	-	-	-	-	46,604
<u>159,084</u>	<u>56,173</u>	<u>117,945</u>	<u>337,334</u>	<u>469</u>	<u>267</u>	<u>70</u>	<u>46,604</u>
<u>101,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>101,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	4,417	-	-	-	-	-
-	481,747	102,278	247,776	4,164	421,196	9,592	378
(101,587)	-	-	-	-	-	-	-
<u>(101,587)</u>	<u>481,747</u>	<u>106,695</u>	<u>247,776</u>	<u>4,164</u>	<u>421,196</u>	<u>9,592</u>	<u>378</u>
<u>\$ 159,058</u>	<u>\$ 537,920</u>	<u>\$ 224,640</u>	<u>\$ 585,110</u>	<u>\$ 4,633</u>	<u>\$ 421,463</u>	<u>\$ 9,662</u>	<u>\$ 46,982</u>

City of Lemon Grove
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Capital Project Funds			Total Nonmajor Governmental Funds
	Main Street Promenade CFD	Safety Capital Purchases	Transportation Mitigation	
ASSETS				
Cash and investments	\$ 56,788	\$ 704	\$ 684,209	\$ 4,687,897
Accounts receivable	1,340	-	5,187	303,486
Due from other government	-	-	-	1,211,116
Prepaid items	-	-	-	4,417
Restricted cash	-	-	-	25,249
Total assets	\$ 58,128	\$ 704	\$ 689,396	\$ 6,232,165
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 866	\$ -	\$ -	\$ 646,449
Accrued liabilities	-	-	-	4,773
Due to other funds	-	-	-	946,427
Deposits payable	-	-	-	336,961
Unearned Revenue	-	-	-	46,604
Total liabilities	866	-	-	1,981,214
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	929,737
Total deferred inflows of resources	-	-	-	929,737
Fund Balances:				
Nonspendable	-	-	-	4,417
Restricted	57,262	704	689,396	4,188,504
Unassigned	-	-	-	(871,707)
Total fund balances	57,262	704	689,396	3,321,214
Total liabilities, deferred inflows of resources and fund balances	\$ 58,128	\$ 704	\$ 689,396	\$ 6,232,165

This page intentionally left blank

City of Lemon Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2024

	Special Revenue Funds				
	Transnet	Gas Tax	Parkland Dedication	Supplemental Law Enforcement Service	Sundry Grants
REVENUES:					
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	589,786	1,468,287	-	186,159	-
Charges for services	-	-	51,731	-	-
Use of money and property	107	60,999	6,740	-	-
Total revenues	589,893	1,529,286	58,471	186,159	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	282,373	562,829	-	-	-
Community development	-	-	-	-	-
Capital outlay	784,475	322,789	25,000	-	-
Total expenditures	1,066,848	885,618	25,000	-	-
REVENUES OVER (UNDER) EXPENDITURES	(476,955)	643,668	33,471	186,159	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	100,000	-	-	-
Transfers out	-	(30,000)	-	(160,000)	-
Total other financing sources (uses)	-	70,000	-	(160,000)	-
Net change in fund balances	(476,955)	713,668	33,471	26,159	-
FUND BALANCES:					
Beginning of year	\$ -	\$ 1,188,235	\$ 145,786	\$ 66,692	\$ (308,269)
Restatement	(156,631)	-	-	-	308,269
Beginning of year, as restated	(156,631)	1,188,235	145,786	66,692	-
End of year	<u>\$ (633,586)</u>	<u>\$ 1,901,903</u>	<u>\$ 179,257</u>	<u>\$ 92,851</u>	<u>\$ -</u>

Special Revenue Funds							
CDBG	TDA	Lighting District	Storm Water	Household Hazardous Waste	Wild Flower Assessment	PEG (Public/ Education Government)	Serious Traffic Offender Program
\$ -	\$ -	\$ 423,392	\$ -	\$ 69,055	\$ 11,594	\$ -	\$ -
106,144	57,497	-	-	-	-	-	-
-	-	-	68,831	-	-	38,775	-
-	-	19,518	4,549	20,667	1,437	17,041	588
106,144	57,497	442,910	73,380	89,722	13,031	55,816	588
-	-	-	-	-	-	5,388	-
-	-	-	-	-	-	-	2,487
-	93,561	309,240	246,401	-	5,992	-	-
-	-	-	-	29,673	-	-	-
178,684	-	-	-	-	-	-	-
178,684	93,561	309,240	246,401	29,673	5,992	5,388	2,487
(72,540)	(36,064)	133,670	(173,021)	60,049	7,039	50,428	(1,899)
-	-	70,000	109,280	-	-	-	-
-	(8,000)	(84,300)	-	(1,200)	(100)	-	-
-	(8,000)	(14,300)	109,280	(1,200)	(100)	-	-
(72,540)	(44,064)	119,370	(63,741)	58,849	6,939	50,428	(1,899)
\$ (63,994)	\$ (57,523)	\$ 362,377	\$ 170,436	\$ 188,927	\$ (2,775)	\$ 370,768	\$ 11,491
-	-	-	-	-	-	-	-
(63,994)	(57,523)	362,377	170,436	188,927	(2,775)	370,768	11,491
\$ (136,534)	\$ (101,587)	\$ 481,747	\$ 106,695	\$ 247,776	\$ 4,164	\$ 421,196	\$ 9,592

City of Lemon Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2024

	Special Revenue Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Opioid Settlement	Main Street Promenade CFD	Safety Capital Purchases	Transportation Mitigation	
REVENUES:					
Taxes and special assessments	\$ -	\$ 26,582	\$ -	\$ -	\$ 530,623
Intergovernmental revenues	-	-	-	-	2,407,873
Charges for services	-	-	-	194,680	354,017
Use of money and property	378	2,003	-	23,205	157,232
Total revenues	378	28,585	-	217,885	3,449,745
EXPENDITURES:					
Current:					
General government	-	-	-	-	5,388
Public safety	-	-	-	-	2,487
Public works	-	27,007	-	-	1,527,403
Community development	-	-	-	-	29,673
Capital outlay	-	-	12,590	10,121	1,333,659
Total expenditures	-	27,007	12,590	10,121	2,898,610
REVENUES OVER (UNDER) EXPENDITURES	378	1,578	(12,590)	207,764	551,135
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	279,280
Transfers out	-	-	-	-	(283,600)
Total other financing sources (uses)	-	-	-	-	(4,320)
Net change in fund balances	378	1,578	(12,590)	207,764	546,815
FUND BALANCES:					
Beginning of year	\$ -	\$ 55,684	\$ 13,294	\$ 481,632	2,622,761
Restatement	-	-	-	-	151,638
Beginning of year, as restated	-	55,684	13,294	481,632	2,774,399
End of year	\$ 378	\$ 57,262	\$ 704	\$ 689,396	\$ 3,321,214

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 3,260,811	\$ 3,260,811	589,786	\$ (2,671,025)
Use of money and property	-	-	107	107
Total revenues	3,260,811	3,260,811	589,893	(2,670,918)
EXPENDITURES:				
Current:				
Public works	958,402	958,402	282,373	676,029
Capital outlay	2,500,000	2,500,000	784,475	1,715,525
Total expenditures	3,458,402	3,458,402	1,066,848	2,391,554
REVENUES OVER (UNDER) EXPENDITURES	(197,591)	(197,591)	(476,955)	(279,364)
Net change in fund balances	\$ (197,591)	\$ (197,591)	(476,955)	\$ (279,364)
FUND BALANCES:				
Beginning of year			-	
Restatement			(156,631)	
Beginning of year, as restated			(156,631)	
End of year			\$ (633,586)	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental revenues	\$ 1,414,549	\$ 1,414,549	\$ 1,468,287	\$ 53,738
Use of money and property	2,000	2,000	60,999	58,999
Total revenues	1,416,549	1,416,549	1,529,286	112,737
EXPENDITURES:				
Current:				
Public works	597,565	597,565	562,829	34,736
Capital outlay	1,105,687	1,105,687	322,789	782,898
Total expenditures	1,703,252	1,703,252	885,618	817,634
REVENUES OVER (UNDER)				
EXPENDITURES	(286,703)	(286,703)	643,668	930,371
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	100,000	-
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	70,000	70,000	70,000	-
Net change in fund balances	\$ (216,703)	\$ (216,703)	713,668	\$ 930,371
FUND BALANCES:				
Beginning of year			1,188,235	
End of year			\$ 1,901,903	

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 4,500	\$ 4,500	\$ 51,731	\$ 47,231
Use of money and property	250	250	6,740	6,490
Total revenues	4,750	4,750	58,471	53,721
EXPENDITURES:				
Capital outlay	25,000	25,000	25,000	-
Total expenditures	25,000	25,000	25,000	-
REVENUES OVER (UNDER) EXPENDITURES	(20,250)	(20,250)	33,471	53,721
Net change in fund balances	\$ (20,250)	\$ (20,250)	33,471	\$ 53,721
FUND BALANCES:				
Beginning of year			145,786	
End of year			\$ 179,257	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 140,000	\$ 140,000	\$ 186,159	\$ 46,159
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>186,159</u>	<u>46,159</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(160,000)	(160,000)	(160,000)	-
Total other financing sources (uses)	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	26,159	<u>\$ 46,159</u>
FUND BALANCES:				
Beginning of year			66,692	
End of year			<u>\$ 92,851</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental revenues	\$ 427,798	\$ 427,798	\$ 106,144	\$ (321,654)
Total revenues	427,798	427,798	106,144	(321,654)
EXPENDITURES:				
Current:				
Community development	32,371	32,371	-	32,371
Capital outlay	387,798	387,798	178,684	209,114
Total expenditures	420,169	420,169	178,684	241,485
REVENUES OVER (UNDER)				
EXPENDITURES	7,629	7,629	(72,540)	(80,169)
Net change in fund balances	\$ 7,629	\$ 7,629	(72,540)	\$ (80,169)
FUND BALANCES:				
Beginning of year			(63,994)	
End of year			\$ (136,534)	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental revenues	\$ 100,196	\$ 100,196	\$ 57,497	\$ (42,699)
Total revenues	<u>100,196</u>	<u>100,196</u>	<u>57,497</u>	<u>(42,699)</u>
EXPENDITURES:				
Current:				
Public works	<u>113,170</u>	<u>113,170</u>	<u>93,561</u>	<u>19,609</u>
Total expenditures	<u>113,170</u>	<u>113,170</u>	<u>93,561</u>	<u>19,609</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(12,974)</u>	<u>(12,974)</u>	<u>(36,064)</u>	<u>(23,090)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (20,974)</u>	<u>\$ (20,974)</u>	<u>(44,064)</u>	<u>\$ (23,090)</u>
FUND BALANCES:				
Beginning of year			(57,523)	
End of year			<u>\$ (101,587)</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes and special assessments	\$ 348,000	\$ 348,000	\$ 423,392	\$ 75,392
Use of money and property	2,010	2,010	19,518	17,508
Total revenues	350,010	350,010	442,910	92,900
EXPENDITURES:				
Current:				
Public works	344,915	344,915	309,240	35,675
Total expenditures	344,915	344,915	309,240	35,675
REVENUES OVER (UNDER)				
EXPENDITURES	5,095	5,095	133,670	128,575
OTHER FINANCING SOURCES (USES):				
Transfers in	70,000	70,000	70,000	-
Transfers out	(84,300)	(84,300)	(84,300)	-
Total other financing sources (uses)	(14,300)	(14,300)	(14,300)	-
Net change in fund balances	\$ (9,205)	\$ (9,205)	119,370	\$ 128,575
FUND BALANCES:				
Beginning of year			362,377	
End of year			\$ 481,747	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ 77,500	\$ 77,500	\$ 68,831	\$ (8,669)
Use of money and property	-	-	4,549	4,549
Total revenues	77,500	77,500	73,380	(4,120)
EXPENDITURES:				
Current:				
General government	200	200	-	200
Public works	151,501	151,501	246,401	(94,900)
Capital outlay	32,500	32,500	-	32,500
Total expenditures	184,201	184,201	246,401	(62,200)
REVENUES OVER (UNDER)				
EXPENDITURES	(106,701)	(106,701)	(173,021)	(66,320)
OTHER FINANCING SOURCES (USES):				
Transfers in	104,104	104,104	109,280	5,176
Total other financing sources (uses)	104,104	104,104	109,280	5,176
Net change in fund balances	\$ (2,597)	\$ (2,597)	(63,741)	\$ (61,144)
FUND BALANCES:				
Beginning of year			170,436	
End of year			\$ 106,695	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes and special assessments	\$ 25,000	\$ 25,000	\$ 69,055	\$ 44,055
Use of money and property	1,000	1,000	20,667	19,667
Other revenues	5,000	5,000	-	(5,000)
Total revenues	31,000	31,000	89,722	58,722
EXPENDITURES:				
Current:				
Public works	20	20	-	20
Community development	84,316	84,316	29,673	54,643
Total expenditures	84,336	84,336	29,673	54,663
REVENUES OVER (UNDER)				
EXPENDITURES	(53,336)	(53,336)	60,049	113,385
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,200)	(1,200)	(1,200)	-
Total other financing sources (uses)	(1,200)	(1,200)	(1,200)	-
Net change in fund balances	\$ (54,536)	\$ (54,536)	58,849	\$ 113,385
FUND BALANCES:				
Beginning of year			188,927	
End of year			\$ 247,776	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes and special assessments	\$ 11,317	\$ 11,317	\$ 11,594	\$ 277
Use of money and property	10	10	1,437	1,427
Total revenues	11,327	11,327	13,031	1,704
EXPENDITURES:				
Current:				
Public works	10,314	10,314	5,992	4,322
Total expenditures	10,314	10,314	5,992	4,322
REVENUES OVER (UNDER)				
EXPENDITURES	1,013	1,013	7,039	6,026
OTHER FINANCING SOURCES (USES):				
Transfers out	(100)	(100)	(100)	-
Total other financing sources (uses)	(100)	(100)	(100)	-
Net change in fund balances	\$ 913	\$ 913	6,939	\$ 6,026
FUND BALANCES:				
Beginning of year			(2,775)	
End of year			\$ 4,164	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ 35,000	\$ 35,000	\$ 38,775	\$ 3,775
Use of money and property	2,000	2,000	17,041	15,041
Total revenues	37,000	37,000	55,816	18,816
EXPENDITURES:				
Current:				
General government	36,000	36,000	5,388	30,612
Total expenditures	36,000	36,000	5,388	30,612
REVENUES OVER (UNDER)				
EXPENDITURES	1,000	1,000	50,428	49,428
Net change in fund balances	\$ 1,000	\$ 1,000	50,428	\$ 49,428
FUND BALANCES:				
Beginning of year			370,768	
End of year			\$ 421,196	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 200	\$ 200	\$ 588	\$ 388
Other revenues	4,500	4,500	-	(4,500)
Total revenues	4,700	4,700	588	(4,112)
EXPENDITURES:				
Current:				
Public safety	9,828	9,828	2,487	7,341
Total expenditures	9,828	9,828	2,487	7,341
REVENUES OVER (UNDER)				
EXPENDITURES	(5,128)	(5,128)	(1,899)	3,229
Net change in fund balances	\$ (5,128)	\$ (5,128)	(1,899)	\$ 3,229
FUND BALANCES:				
Beginning of year			11,491	
End of year			\$ 9,592	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes and special assessments	\$ 22,150	\$ 22,150	\$ 26,582	\$ 4,432
Use of money and property	100	100	2,003	1,903
Total revenues	22,250	22,250	28,585	6,335
EXPENDITURES:				
Current:				
Public works	28,350	28,350	27,007	1,343
Total expenditures	28,350	28,350	27,007	1,343
Net change in fund balances	\$ (6,100)	\$ (6,100)	1,578	\$ 7,678
FUND BALANCES:				
Beginning of year			55,684	
End of year			\$ 57,262	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES:				
Capital outlay	\$ 13,294	\$ 13,294	\$ 12,590	\$ 704
Total expenditures	13,294	13,294	12,590	704
Net change in fund balances	\$ (13,294)	\$ (13,294)	(12,590)	\$ 704
FUND BALANCES:				
Beginning of year			13,294	
End of year			\$ 704	

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ 5,000	\$ 5,000	\$ 194,680	\$ 189,680
Use of money and property	300	300	23,205	22,905
Total revenues	5,300	5,300	217,885	212,585
EXPENDITURES:				
Capital outlay	250,000	250,000	10,121	239,879
Total expenditures	250,000	250,000	10,121	239,879
REVENUES OVER (UNDER)				
EXPENDITURES	(244,700)	(244,700)	207,764	(27,294)
Net change in fund balances	\$ (244,700)	\$ (244,700)	207,764	\$ (27,294)
FUND BALANCES:				
Beginning of year			481,632	
End of year			\$ 689,396	

This page intentionally left blank