



CITY COUNCIL
HOUSING AUTHORITY AND
SUCCESSOR AGENCY TO THE EL CAJON
REDEVELOPMENT AGENCY

Council Chamber
200 Civic Center Way
El Cajon, CA 92020

Agenda JANUARY 22, 2019, 3:00 p.m.

Bill Wells, Mayor
Steve Goble, Deputy Mayor
Ben Kalasho, Councilmember
Gary Kendrick, Councilmember
Bob McClellan, Councilmember

Graham Mitchell, City Manager
Vince DiMaggio, Assistant City Manager
Morgan Foley, City Attorney
Angela Cortez, City Clerk

CALL TO ORDER: Mayor Bill Wells

ROLL CALL: City Clerk Angela Cortez

PLEDGE OF ALLEGIANCE TO FLAG AND MOMENT OF SILENCE

POSTINGS: The City Clerk posted Orders of Adjournment of the January 8, 2019, Meeting and the Agenda of the January 22, 2019, Meetings in accordance to State Law and Council/Authority/Successor Agency to the Redevelopment Agency Policy.

PRESENTATIONS:

AGENDA CHANGES:

CONSENT ITEMS:

Consent Items are routine matters enacted by one motion according to the RECOMMENDATION listed below. With the concurrence of the City Council, a Council Member or person in attendance may request discussion of a *Consent Item* at this time.

1. Minutes of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Meetings

RECOMMENDATION:

That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency approves Minutes of the January 8, 2019, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

2. Warrants

RECOMMENDATION:

That the City Council approves payment of Warrants as submitted by the Finance Department.

3. Approval of Reading Ordinances by Title Only

RECOMMENDATION:

That the City Council approves the reading by title and waive the reading in full of all Ordinances on the Agenda.

4. Target Corporation Youth Soccer Grant

RECOMMENDATION:

That the City Council accepts a grant in the amount of \$1,000 from the Target Corporation to purchase youth soccer equipment.

5. Approval for the Use of San Diego Association of Governments (SANDAG) Funds for Three Active Transportation Program Project Applications

RECOMMENDATION:

That the City Council adopts the next Resolution in order, allowing the receipt of SANDAG funding for three Active Transportation Program (ATP) project grant applications.

6. Purchase of Police In-Car Mobile Data Terminals

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, authorizing the Purchasing Agent, in accordance with Municipal Code 3.20.010(C)(5), to execute an agreement with PCS Mobile, Inc. for the purchase of police in-car terminals in the amount of \$177,991.09.

7. Upgrade Traffic Signals - Washington and Chase Corridor Project Acceptance

RECOMMENDATION:

That the City Council:

1. Accepts the Upgrade Traffic Signals - Washington and Chase Corridor Project, PW3581, Bid Number 025-18; and
2. Authorizes the City Clerk to record a Notice of Completion and release the bonds in accordance with the contract terms.

8. Award of Bid No 014-19 – ADA Concrete Improvements (Various Locations) Multi-Year Contract

RECOMMENDATION:

That the City Council adopts the next resolutions in order to:

1. Approve Plans and Specifications for the ADA Concrete Improvements (Various Locations) Multi-Year Contract, Bid No. 014-19;
2. Find the third and fourth low bidders non-responsive, each for the reasons set forth in this agenda report; and
3. Award the bid to the lowest responsive, responsible bidder, Aster Construction Services in the amount of \$424,650 for the initial one-year term, with up to four additional one-year renewal options.

9. Citywide Smoke Testing

RECOMMENDATION:

That the City Council adopts the next resolution, in order, to enter into an agreement for Professional Services with NV5, Inc. in the not-to-exceed amount of \$520,000 for a period of one year, with a one-year renewal option.

10. Award of Bid No. 026-19 – Bailout Kits

RECOMMENDATION:

That the City Council adopts the next resolution, in order, to award the bid to the lowest responsive, responsible bidders: Municipal Emergency Services, Inc. for Line Items 1 and 3 in the amount of \$26,771.09 and Allstar Fire Equipment Co. for Line Items 2 and 4 in the amount of \$7,252.32.

11. Award of Bid No. 019-19 – 2019 Motor Vehicles

RECOMMENDATION:

That the City Council adopts the next resolutions, in order, to:

1. Find the second low bidder non-responsive to Line Items 1-5;
2. Authorize the rejection and re-solicitation of Line Items 23-34; and
3. Award the bid to the lowest responsive, responsible bidders: Sunroad Auto, LLC dba Kearny Pearson Ford for Line Items 1-5 and 11-15 in the amount of \$65,504.70; and Theodore Robins Ford, Inc. for Line Items 6-10 and 16-22 in the amount of \$261,897.34.

12. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, and Other Written Communication from the City's Independent Auditor

RECOMMENDATION:

That the City Council receives and accept the Comprehensive Annual Financial Report and other written communication from the independent accounting firm of Rogers, Anderson, Malody & Scott, LLP, for the fiscal year ended June 30, 2018.

PUBLIC COMMENT:

At this time, any person may address a matter within the jurisdiction of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency that is not on the Agenda. Comments relating to items on today's docket are to be taken at the time the item is heard. State law prohibits discussion or action on items not on the Agenda; however, Council, Authority and Agency Members may briefly respond to statements or questions. An item may be placed on a future Agenda.

WRITTEN COMMUNICATIONS:

PUBLIC HEARINGS:

ADMINISTRATIVE REPORTS:

13. Introduction of Ordinance Adding Chapter 16.56 to the El Cajon Municipal Code for the Creation of Easements by Recorded Covenants

RECOMMENDATION:

That the City Council considers approving the attached ordinance adding Chapter 16.56 to the El Cajon Municipal Code establishing the creation of easements by recorded covenants, and, if approved, take the following action:

1. By Motion and Second, moves to introduce the ordinance, and
2. Directs the City Clerk to read the title of the ordinance.

COMMISSION REPORTS:

ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS:

SANDAG (San Diego Association of Governments); SANDAG Public Relations Selection Committee; League of California Cities, San Diego Division; Heartland Fire Training JPA – Alternate; LAFCO.

14. Council Activity Report
15. LEGISLATIVE REPORT - No Report

ACTIVITIES REPORTS/COMMENTS OF COUNCILMEMBERS:

16. **COUNCILMEMBER GARY KENDRICK**
METRO Commission/Wastewater JPA; Heartland Communications; Heartland Fire Training JPA.
17. **COUNCILMEMBER BOB MCCLELLAN**
MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate
18. **COUNCILMEMBER BEN KALASHO**
19. **DEPUTY MAYOR STEVE GOBLE**
SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Economic Development Council.

JOINT COUNCILMEMBER REPORTS:

GENERAL INFORMATION ITEMS FOR DISCUSSION:

20. El Cajon Animal Shelter Donations for December 2018

RECOMMENDATION:

In accordance with City Council Policy B-2, staff informs the City Council about receiving the following donations for the El Cajon Animal Shelter for the month of December:

Bridget Branch - \$100.00

ORDINANCES: FIRST READING

21. Introduction of Ordinance Amending Chapter 2.12 of the El Cajon Municipal Code related to City Council Procedures

RECOMMENDATION:

That the City Council considers approving the attached ordinance amending Chapter 2.12 of the El Cajon Municipal Code related to City Council Procedures, and if approved, take the following action:

1. By Motion and Second, moves to introduce the ordinance; and
2. Directs the City Clerk to read the title of the ordinance.

ORDINANCES: SECOND READING AND ADOPTION

CLOSED SESSIONS:

22. Closed Session - Conference with Legal Council - Existing Litigation - pursuant to paragraph (1) of subdivision (d) of Government Code section 54956.9: City of El Cajon vs. ASSCS, LLC; Cloud 9 Wellness Center, Inc.; and Does 1 through 50, inclusive, San Diego Superior Court, Case No. 37-2018-00012001-CU-OR-CTL
23. Closed Session - Conference with Labor Negotiators pursuant to Government Code section 54957.6:

Agency Designated Representatives:

Graham Mitchell, City Manager
Vince DiMaggio, Assistant City Manager
Clay Schoen, Director of Finance
Marisol Thorn, Director of Human Resources

Employee Organizations:

El Cajon Mid-Management and Professional Employees Group
El Cajon Municipal Employees Association
El Cajon Police Officers Association
El Cajon Professional Firefighters Association - Local 4603 (ECPFF)
El Cajon Police Officers' Association Management Group
Executive, Unrepresented and Confidential Employees

ADJOURNMENT: The Adjourned Regular Joint Meeting of the El Cajon City Council/ El Cajon Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 22nd day of January 2019, is adjourned to Tuesday, January 22, 2019, at 7:00 p.m.



City Council
Agenda Report

Agenda Item 1.

DATE: January 22, 2019

TO: Honorable Mayor and City Councilmembers

FROM: Angela Aguirre, City Clerk

SUBJECT: Minutes of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Meetings

RECOMMENDATION:

That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency approves Minutes of the January 8, 2019, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

Attachments

01-08-19 draft minutes - 3 PM

JOINT MEETING OF THE EL CAJON CITY COUNCIL/ HOUSING AUTHORITY/ SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY



MINUTES

CITY OF EL CAJON EL CAJON, CALIFORNIA

January 8, 2019

A Regular Joint Meeting of the El Cajon City Council/Housing Authority/ Successor Agency to the El Cajon Redevelopment Agency, held Tuesday, January 8, 2019, was called to order by Mayor/Chair Bill Wells at 3:02 p.m., in the Council Chambers, 200 Civic Center Way, El Cajon, California.

ROLL CALL

Council/Agencymembers present:	Kalasho, Kendrick and McClellan
Council/Agencymembers absent:	None
Deputy Mayor/Vice Chair present:	Goble
Mayor/Chair present:	Wells
Other Officers present:	Mitchell, City Manager/Executive Director DiMaggio, Assistant City Manager Foley, City Attorney/General Counsel Aguirre, City Clerk/Secretary

PLEDGE OF ALLEGIANCE TO FLAG led by Deputy Mayor Goble and MOMENT OF SILENCE. (The Courts have concluded that sectarian prayer, as part of City Council Meetings, is not permitted under the Constitution).

POSTINGS: The City Clerk posted Orders of Adjournment of the December 11, 2018, Meeting and the Agenda of the January 8, 2019, Meeting in accordance with State Law and El Cajon City/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Policy.

PRESENTATIONS:

- **Presentation: U.S. Census Bureau**
- **Presentation: Forester Creek - San Diego River Park Foundation**
- **Presentation: International Rescue Committee**

To accommodate a request from members of the media, Mayor Wells moved Item 17 up, for discussion.

ORDINANCES: SECOND READING AND ADOPTION

17. Ordinance Amending Titles 1, 9, 10 and 12, and adding a New Chapter 10.26 to the El Cajon Municipal Code addressing Dockless Vehicles

RECOMMENDATION: That Mayor Wells request the City Clerk to recite the title.

DISCUSSION

City Clerk Aguirre recited the title of the ordinance.

An Ordinance Amending Titles 1, 9, 10 and 12 and adding a New Chapter 10.26 to the El Cajon Municipal Code addressing Dockless Vehicles.

MOTION BY KENDRICK, SECOND BY McCLELLAN, to ADOPT Ordinance No. 5076, Amending Titles 1, 9, 10 and 12 and adding Chapter 10.26 to the El Cajon Municipal Code.

MOTION CARRIED BY UNANIMOUS VOTE.

AGENDA CHANGES: None

CONSENT ITEMS: (1 – 7)

1. Minutes of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Meetings

Approves Minutes of the December 11, 2018, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

CONSENT ITEMS: (Continued)

2. Warrants

Approves payment of Warrants as submitted by the Finance Department.

3. Approval of Reading Ordinances by Title only

Approves the reading by title and waive the reading in full of all Ordinances on the Agenda.

4. U.S. Department of Justice Edward Byrne Memorial Justice Assistance Grant (JAG) Award for 2017 and 2018

1. Authorizes the City Manager or designee to accept the 2017 United States Department of Justice Edward Byrne Memorial Justice Assistance Grant (JAG) in the amount of \$27,424 and to execute any grant documents and agreements necessary for the receipt and use of these funds.
2. Authorizes the City Manager or designee to accept the 2018 JAG in the amount of \$26,964 and to execute any grant documents and agreements necessary for the receipt and use of these funds.
3. Appropriates \$27,424 for the 2017 JAG to purchase six 40mm Less than Lethal Launchers and six WRAP Safe Restraint Systems for the Patrol Division.
4. Appropriates \$26,964 for the 2018 JAG to purchase a TRUAIR Ductless Fume Hood and a Crime-Lite 82S UV-VIS-IR Camera for the Forensic lab and four 40mm Less than Lethal Launchers for the Patrol Division.

5. Street Light - Transit Facility Improvements Project Acceptance

1. Accepts the Street Light - Transit Facility Improvements 2018 Project, PW3632 (Bid No. 024-18); and
2. Authorizes the City Clerk to record a Notice of Completion and release the bonds in accordance with the contract terms.

Remainder of page intentionally left blank.

CONSENT ITEMS: (Continued)

6. CalRecycle Beverage Container Recycling Program

1. Adopts the Resolution No. 001-19, and authorizes the City Manager to apply for Beverage Container Recycling City/County Payment Program funds in the amount of \$26,286 from the State of California Department of Resources Recycling and Recovery;
2. Appropriates Beverage Container Recycling City/County Payment Program funds in the amount of \$26,286 for Recycled Beverage Container diversion; and
3. Authorizes the City Manager, or such person designated by the City Manager, to execute the Payment Program agreement and all such other documents necessary to obtain the Beverage Container Recycling funds, in such form as approved by the City Manager with approval of the City Attorney.

7. Purchase of Fire Engine

That the City Council adopts the next resolution in order and authorizes the Purchasing Agent, in accordance with Municipal Code 3.20.010(C)(5), to execute an agreement with Pierce Manufacturing, Inc. for the purchase of a Pierce Triple Combination Pumper in the amount of \$758,566.37.

DISCUSSION

Fire Chief, Steve Swaney, provided a summary of the item.

Discussion ensued amongst **Council** and **Staff** regarding:

- Being conservative in spending without sacrificing public service;
- Additional clarification is requested on the needs, and how this purchase may effect emergency response;
- Age of current fire truck;
- Reserve engines being used as front line apparatuses;
- Front line apparatuses continually being used to assist other agencies during emergency wild fires;
- Purchased at the same time, if we wait for it to break, we'll have to need to replace two other engines in the near future.

Remainder of page intentionally left blank.

CONSENT ITEMS: (Item 7 - Continued)

MOTION BY WELLS, SECOND BY KENDRICK to ADOPT Resolution No. 002-19, and AUTHORIZE the Purchasing Agent, in accordance with Municipal Code 3.20.010 (C)(5), to execute an agreement with Pierce Manufacturing, Inc. for the purchase of a Pierce Triple Combination Pumper in the amount of \$758,566.37.

**MOTION CARRIED BY 4-0 VOTE
(KALASHO – Abstained).**

MOTION BY WELLS, SECOND BY KENDRICK, to APPROVE Consent Items 1 to 6.

MOTION CARRIED BY UNANIMOUS VOTE.

PUBLIC COMMENT:

Dolores Landers spoke in reference to a violation of Title 17.115, in her neighborhood, concerning non-operational vehicles in a private property. Ms. Landers provided pictures of the property to the Council on the situation.

Julio Molina representing Walgreen's on Second Street, spoke about the homeless situation in the area. **Mayor Wells** invited Mr. Molina to an upcoming Town Hall Meeting to discuss the problem.

In response to Mr. Molina's concerns, **Deputy Mayor Goble** advised Mr. Molina to lock the dumpster doors to deter additional activities in the area.

Jim Cirigliano provided an update on the rent mediation process. He thanked **Deputy Mayor Goble** for working on the Southwest Keys case, and is looking forward to updates on the situation. Mr. Cirigliano indicated he was pleased to see a change in the Board of Supervisors and quoted a statement from County Supervisor, Nathan Fletcher regarding goals of public office.

Brenda Hammond wished everyone a Happy New Year.

Bonnie Price commended Council for bringing in a representative from the US Census Bureau. She advised of a court case involving citizenship responses on the census. Mrs. Price requested an update on a contract with the East County Transitional Living Center (ECTLC) for labor performed by residents of the center.

In response to Ms. Price's question, **City Manager Mitchell** clarified that the city does not have a contract with ECTLC.

PUBLIC COMMENT: (Continued)

Mayor Wells added that the ECTLC is an effective and prolific program in the county.

Councilmember McClellan added that the ECTCL is a very successful program.

Deputy Mayor Goble provided an update on Southwest Keys and advised that the city will need permission from the federal government to be allowed on the property.

WRITTEN COMMUNICATIONS: None

PUBLIC HEARINGS:

8. Notice to Vacate and Summary Abatement at 743 El Cajon Boulevard

RECOMMENDATION:

That the City Council:

1. Opens the public hearing and receives testimony;
2. Closes the public hearing;
3. Deems appropriate the Building Official/Fire Marshal's actions in this case;
4. Directs staff to monitor the condition of the property and release power when code violations have been corrected;
5. Invoices the property owner of record for administrative costs and staff time totaling \$6,616.95 to be paid within 90 days; and
6. Places a tax lien if City costs are not paid.

DISCUSSION

Deputy Director of Community Development, Dan Pavao provided a summary of the Item.

Mayor Wells opened the public hearing.

James McCormack, property owner, indicated that he received 4 (four) different citations in a 4 (four) day span, and asked Council to reconsider them. He advised that he entered into a rent to own agreement until escrow process was finished before he realized an illegal dispensary was being set up.

Discussion ensued among **Council** and **Staff** concerning the following:

- Excessive amount of payment for two-month rent;
- Code compliance staff visually witnessed illegal marijuana activity;
- Several Employees made ill with carbon monoxide poisoning; and
- City should not absorb the administrative costs, while the property owner is able to keep rent collected.

PUBLIC HEARINGS: (Item 8 – Continued)

MOTION BY WELLS, SECOND BY KENDRICK to CLOSE the Public Hearing.

MOTION CARRIED BY UNANIMOUS VOTE.

MOTION BY McCLELLAN, SECOND BY KENDRICK to COLLECT \$6,616.95, for administrative costs and staff time within 90 days.

**MOTION CARRIED BY 3-2 VOTE
(Wells and Kalasho – No).**

ADMINISTRATIVE REPORTS:

9. City of El Cajon Complete Streets Policy

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to establish a Complete Streets Policy. The Complete Streets Policy will establish guiding principles and practices so that transportation improvements are planned, designed, constructed, operated, and maintained, in order to encourage walking, bicycling, and transit use while promoting safe operations for all users.

DISCUSSION

Director of Public Works, Dirk Epperson, provided detailed information of the Item.

Discussion ensued among **Council** and **Staff** concerning the following:

- All modes of transportation taken into consideration;
- 90% of mobility is through the use of a personal automobile, narrowing lanes will cause congestion and more traffic problems; and
- Request for streets to be analyzed on a case by case basis.

MOTION BY KENDRICK, SECOND BY GOBLE, to ADOPT Resolution NO. 003-19, to establish a Complete Streets Policy.

**MOTION CARRIED BY 4-1 VOTE
(McClellan – No).**

ADMINISTRATIVE REPORTS: (Continued)

10. Amended and Restated Wastewater Disposal Agreement

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to:

1. Approve the Amended and Restated Wastewater Disposal Agreement; and
2. Authorize the Mayor to Sign the Agreement.

DISCUSSION

Director of Public Works, Dirk Epperson, provided detailed information of the Item.

Discussion ensued among **Council** and **Staff** concerning the following:

- Charges associated with services by the Metropolitan Sewerage System;
- No 'opt-out' option out of the Pure Water program because sewage treatment is required.

Councilmember Kendrick thanked Lemon Grove's Councilmember Jerry Jones for his help explaining the complicated program.

MOTION BY McCLELLAN, SECOND BY KENDRICK, to ADOPT Resolution No. 004-19, to approve the amended and restated Waste Water Disposal Agreement; and authorize the Mayor to sign the Agreement.

MOTION CARRIED BY UNANIMOUS VOTE.

11. Proposed Changes to City Council Procedures Ordinance

RECOMMENDATION:

That the City Council review the proposed amendments to Chapter 2.12 of the El Cajon Municipal Code related to City Council Procedures and provide direction to the City Attorney.

DISCUSSION

City Attorney Foley provided detailed information of the Item.

Mayor Wells opened the public hearing.

Paul Kruze representing East County Magazine, requested that photographers who are a member of the press with accreditation have permission to photograph from the restricted area.

ADMINISTRATIVE REPORTS: (Item 11 - Continued)

Discussion ensued among **Council** and **Staff** concerning the following:

- Speakers are to address the entire Council and not an individual or turn back to speak to the audience;
- If actions disrupt or stop business of government, city has the right to stop and remove the individual from the Chamber; and
- Request that during public comment, a speaker should be allowed to address a district councilmember, if they have a matter pertaining to their district.

In response to Mr. Kruze’s request, **Mayor Wells** recommended that staff look into the standard allowances and provide a recommendation.

COMMISSION REPORTS: None

ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS:

SANDAG (San Diego Association of Governments) Board of Directors; SANDAG – Public Relations Selection Committee; League of California Cities, San Diego Division; Heartland Fire Training JPA – Alternate; LAFCO.

12. Council Activities Report/Comments

Report as stated.

ACTIVITIES REPORTS OF COUNCILMEMBERS:

13. COUNCILMEMBER GARY KENDRICK
METRO Commission/Wastewater JPA; Heartland Communications; Heartland Fire Training JPA.

Council Activities Report/Comments.

Report as stated.

14. COUNCILMEMBER BOB MCCLELLAN
MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate.

Council Activities Report/Comments.

Report as stated.

ACTIVITIES REPORTS OF COUNCILMEMBERS: (Continued)

15. COUNCILMEMBER BEN KALASHO

Council Activities Report/Comments.

Report as stated.

16. DEPUTY MAYOR STEVE GOBLE

SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Economic Development Council.

Council Activities Report/Comments.

In addition to the report stated, **Deputy Mayor Goble** advised of a street resurfacing project on Ballantyne, where traffic was reduced to one lane. He praised the incredible service and response time by staff.

JOINT COUNCILMEMBER REPORTS: None

GENERAL INFORMATION ITEMS FOR DISCUSSION: None

ORDINANCES: FIRST READING – None

CLOSED SESSIONS: None

Adjournment: Mayor Wells adjourned the Regular Joint Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 8th day of January, 2019, at 5:45 p.m., to Tuesday, January 22, 2019, at 3:00 p.m.

Angela Aguirre
City Clerk/Secretary



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Frank Carson, Director of Recreation
SUBJECT: Target Corporation Youth Soccer Grant

RECOMMENDATION:

That the City Council accepts a grant in the amount of \$1,000 from the Target Corporation to purchase youth soccer equipment.

BACKGROUND:

This is the first time the City of El Cajon has been awarded this grant for the use of purchasing equipment for the Recreation Department's youth soccer program. Staff will purchase new equipment to support the soccer program. Specifically, small floor barriers will be purchased to separate the playing area from the spectators during indoor soccer games.

FISCAL IMPACT:

Grant funding in the amount of \$1,000 will be deposited in the Recreation Special Revenue Fund account (240000) and expenditures will be taken from that same account. Additionally, appropriations will be increased accordingly for this account. The grant funding will pay for all equipment purchased.

Prepared By: Julie Alon, Recreation Services Manager

Reviewed By: Frank Carson, Director of Recreation

Approved By: Graham Mitchell, City Manager



City Council Agenda Report

Agenda Item 5.

DATE: January 22, 2019

TO: Honorable Mayor and City Councilmembers

FROM: Dirk Epperson, Director of Public Works

SUBJECT: Approval for the Use of San Diego Association of Governments (SANDAG) Funds for Three Active Transportation Program Project Applications

RECOMMENDATION:

That the City Council adopts the next Resolution in order, allowing the receipt of SANDAG funding for three Active Transportation Program (ATP) project grant applications.

BACKGROUND:

In 2013, the Active Transportation Program was created by California Senate Bill 99 and Assembly Bill 101 to encourage increased use of active modes of transportation including bicycling and walking. Approximately \$440 million is available state-wide and \$16 million is available county-wide to fund these types of projects. In August 2018, staff submitted three applications for the state-wide Cycle 4 ATP call for projects. The applications were also submitted to SANDAG in September 2018 for the San Diego region competition of ATP grant funding. The three project applications submitted were: 1) Fletcher Hills Elementary School Safe Routes to School sidewalk improvements, 2) Johnson Avenue Neighborhood Trail pedestrian/bicycle improvements, and 3) Main Street-Green Street Phase 2 pedestrian/bicycle improvements. Funding allocations require approval by the California Transportation Commission (CTC), Caltrans, and SANDAG.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

A CEQA Environmental Impact Report (EIR) was prepared as part of the City's Transit District Specific Plan (TDSP). This EIR was adopted by City Council on May 8, 2018. Both the Johnson Avenue Neighborhood Trail and Main Street-Green Street Phase 2 projects are consistent with the adopted EIR and would, therefore, not require additional CEQA clearance analysis. The Fletcher Hills Elementary School Safe Routes to School project is exempt from environmental review under CEQA Guideline 15301(c) (Class 1) as it is a minor alteration of an existing public street involving the installation of new sidewalks. All three projects are fully contained within the existing City of El Cajon roadway right-of-way.

FISCAL IMPACT:

A total of \$8,678,000 of grant funds are requested for the three projects. Matching funds in the amount of \$350,000 are requested for the Johnson Avenue Neighborhood Trail project. The matching funds source is local, SANDAG TransNet funds. A breakdown of the projects are shown below:

Project Application	Requested Grant Amount	Proposed City Match (TransNet funds)	Total Project Amount
Fletcher Hills Elementary School Safe Routes to School	\$543,000	\$0	\$543,000
Johnson Avenue Neighborhood Trail	\$6,635,000	\$350,000	\$6,985,000
Main Street-Green Street Phase 2	\$1,500,000	\$0	\$1,500,000
Totals	\$8,678,000	\$350,000	\$9,028,000

REPORT:

Staff submitted three grant applications to Caltrans in August 2018 and the results were announced on December 28, 2018. The City was not successful in the state-wide competition. However, the three grant applications were also submitted to SANDAG in September 2018 for the San Diego regional competition of ATP grant funding. Results will be announced in February 2019. If the City is successful in the regional competition, local funds from SANDAG will be administered for these projects. The attached resolution allows for a funding exchange from federal/state funds to local SANDAG funds. The use of local SANDAG funds would relieve the City from federal/state funding requirements and would expedite the schedule for these improvement projects.

Prepared By: Mario Sanchez, City Traffic Engineer

Reviewed By: Dirk Epperson, Director of Public Works

Approved By: Graham Mitchell, City Manager

Attachments

Resolution

RESOLUTION NO. -19

A RESOLUTION OF THE
CITY COUNCIL OF THE CITY OF EL CAJON
APPROVING GRANT APPLICATIONS FOR THE
FLETCHER HILLS ELEMENTARY SCHOOL SAFE ROUTES
TO SCHOOL, JOHNSON AVENUE NEIGHBORHOOD TRAIL,
AND MAIN STREET – GREEN STREET PHASE 2 PROJECTS
FOR THE SAN DIEGO ASSOCIATION OF GOVERNMENTS
CYCLE 4 REGIONAL ACTIVE TRANSPORTATION PROGRAM

WHEREAS, in 2013 the Legislature and Governor of the State of California provided funds for the Active Transportation Program ("ATP") under Senate Bill 99, Chapter 359, and Assembly Bill 101, Chapter 354; and

WHEREAS, the California Transportation Commission ("CTC") has statutory authority for the administration of the ATP and established necessary procedures; and

WHEREAS, the CTC has required in its ATP Guidelines that Metropolitan Planning Organizations ("MPOs") coordinate the competitive selection process to select projects to receive a portion of the ATP funding; and

WHEREAS, the San Diego Association of Governments ("SANDAG"), as the MPO for the San Diego region, is conducting a competitive selection process for the Cycle 4 distribution of ATP funds in the San Diego region; and

WHEREAS, SANDAG is required to submit the proposed ranked list of Regional ATP projects and funding recommendations to the CTC for final consideration; and

WHEREAS, SANDAG may offer a funding exchange with projects recommended through the Regional ATP competitive selection process which would reduce the administrative burden to local jurisdictions associated with federal funding requirements; and

WHEREAS, if a funding exchange is offered to the City of El Cajon (the "City"), the Fletcher Hills Elementary School Safe Routes to School, Johnson Avenue Neighborhood Trail, and Main Street – Green Street Phase 2 Projects (collectively the "Project") would be removed from the regional ATP ranking and funded through the *TransNet* Active Transportation Grant Program ("ATGP"); and

WHEREAS, the SANDAG Regional ATP competitive selection process requires applicants to submit a resolution from their governing body to be considered for *TransNet* funding in the event a funding exchange is offered; and

WHEREAS, the City has submitted an application to receive ATP funds for the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. If SANDAG offers a funding exchange to the City for the ATP Projects, the City hereby commits to providing \$350,000.00 in matching funds from sources other than the *TransNet* ATGP; and

2. City Council hereby authorizes City staff to accept the *TransNet* ATGP funds and execute a grant agreement with SANDAG, with such changes or amendments as maybe approved by the City Manager.

01/22/19 CC Agenda

Reso Approve SANDAG Funds for APT Project Apps 010319



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Nahid Razi, Purchasing Agent
SUBJECT: Purchase of Police In-Car Mobile Data Terminals

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, authorizing the Purchasing Agent, in accordance with Municipal Code 3.20.010(C)(5), to execute an agreement with PCS Mobile, Inc. for the purchase of police in-car terminals in the amount of \$177,991.09.

BACKGROUND:

On June 26, 2018, the City Council approved the replacement of 65 mobile data terminals located inside police patrol vehicles as part of the FY2018-19 budget. These in-car terminals provide the most complete information regarding calls for service and critical incidents.

Because of the continuous vibration and wear, the current terminals frequently require repair which limits the number of resources available to staff. Current in-car terminals were purchased in 2014 and are due to be replaced in accordance with the scheduled and budgeted five-year replacement schedule.

In preparation for this replacement, the IT Department worked with the Police Technology and Innovation Committee to determine business requirements, identify issues with the current in-car terminal design, and evaluate new equipment options. Staff evaluated available equipment and obtained competitive quotes for analysis.

National Association of State Procurement Officials (NASPO) ValuePoint Contract No. MNWNC-124 offered the overall best value to the City for the replacement police in-car terminals. NASPO ValuePoint is a cooperative purchasing program which leverages the purchasing power of public entities. NASPO ValuePoint solicited and awarded a competitively bid contract for computer equipment, including desktops, laptops, tablets, servers, and storage. Municipal Code 3.20.010(C)(5) authorizes the City to acquire equipment in cooperation with another governmental agency.

The Purchasing Division, in concurrence with the Director of IT, recommends this purchase be made from PCS Mobile, Inc., in accordance with NASPO ValuePoint Contract No. MNWNC-124, as being in the best interest of the City.

FISCAL IMPACT:

The fiscal impact of this purchase is \$177,991.09. Sufficient funds are available in the Fiscal Year 2018-19 Annual IT Services Fund Budget (615280).

Prepared By: Nahid Razi, Purchasing Agent

Reviewed By: Sara Diaz, Director of Information Technology

Approved By: Graham Mitchell, City Manager

Attachments

Resolution

RESOLUTION NO. __-19

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EL CAJON
APPROVING THE PURCHASE OF
POLICE IN-CAR MOBILE DATA TERMINALS

WHEREAS, on June 26, 2018, the City Council approved the replacement of sixty-five (65) mobile data terminals (the "Terminals") located inside police patrol vehicles as part of the FY2018-19 budget; and

WHEREAS, these Terminals provide the most complete information regarding calls for service and critical incidents, but because of the continuous vibration and wear, the current terminals frequently require repair, which limits the number of resources available to staff; and

WHEREAS, current in-car terminals were purchased in 2014 and are due to be replaced in accordance with the scheduled and budgeted five-year replacement schedule; and

WHEREAS, in preparation for this replacement, the City of El Cajon (the "City") Information Technologies ("IT") Department worked with the Police Technology and Innovation Committee to determine business requirements, identify issues with the current in-car terminal design, and evaluate new equipment options, allowing City staff to obtain competitive quotes for analysis; and

WHEREAS, the National Association of State Procurement Officials ("NASPO") ValuePoint Contract No. MNWNC-124 offered the overall best value to the City for the replacement of the current in-car terminals; and

WHEREAS, NASPO ValuePoint is a cooperative purchasing program which leverages the purchasing power of public entities; further, NASPO ValuePoint solicited and awarded a competitively-bid contract for computer equipment, including desktops, laptops, tablets, servers, and storage, which allows the City to acquire the Terminals by utilizing section 3.20.010(C)(5) of the El Cajon Municipal Code ("ECMC"); and

WHEREAS, the Purchasing Division, in concurrence with the Director of IT, recommends the Terminals should be purchased from PCS Mobile, Inc. ("PCS"), in accordance with NASPO ValuePoint Contract No. MNWNC-124, as being in the best interest of the City; and

WHEREAS, the City Council believes it to be in the City's best interests to authorize the Purchasing Agent, in accordance with ECMC section 3.20.010(C)(5), to execute an agreement with PCS for the purchase of sixty-five (65) mobile data terminals in the amount of \$177,991.09.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.

2. The City Council hereby approves the purchase of sixty-five (65) mobile data terminals in the amount of \$177,991.09, and authorizes the City's Purchasing Agent to execute an agreement with PCS Mobile, Inc., with such changes or amendments as maybe approved by the City Manager.

01/22/19 CC Agenda

Reso Approve Purchase Police In-Car Mobile Data Terminals (PCS) 011519



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Dirk Epperson, Director of Public Works
SUBJECT: Upgrade Traffic Signals - Washington and Chase Corridor Project Acceptance

RECOMMENDATION:

That the City Council:

1. Accepts the Upgrade Traffic Signals - Washington and Chase Corridor Project, PW3581, Bid Number 025-18; and
2. Authorizes the City Clerk to record a Notice of Completion and release the bonds in accordance with the contract terms.

BACKGROUND:

On March 27, 2018, the contract for the Upgrade Traffic Signals - Washington and Chase Corridor Project was awarded by City Council Resolution No. 017-18 to DBX, Incorporated of Temecula, California. The project involved the installation of eight (8) miles of traffic signal interconnect fiber-optic cable along the Washington Avenue and Chase Avenue corridors and portions of West Main Street and Johnson Avenue. The project also included the installation of 24 new street lights with light emitting diode (LED) luminaires and new traffic signal control equipment at 30 signalized intersections to aide in moving people through intersections efficiently. Quantities and payments have been finalized and there are no pending claims.

FISCAL IMPACT:

The total construction expenditure for this contract is \$932,932.37. The project was funded with \$885,632.37 of Highway Safety Improvement Program (HSIP) grant funds and \$47,300.00 of Traffic Engineering Maintenance funds.

Prepared By: Raul Armenta, Associate Civil Engineer

Reviewed By: Dirk Epperson, Director of Public Works

Approved By: Graham Mitchell, City Manager



**City Council
Agenda Report**

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Nahid Razi, Purchasing Agent
SUBJECT: Award of Bid No 014-19 – ADA Concrete Improvements (Various Locations) Multi-Year Contract

RECOMMENDATION:

That the City Council adopts the next resolutions in order to:

1. Approve Plans and Specifications for the ADA Concrete Improvements (Various Locations) Multi-Year Contract, Bid No. 014-19;
2. Find the third and fourth low bidders non-responsive, each for the reasons set forth in this agenda report; and
3. Award the bid to the lowest responsive, responsible bidder, Aster Construction Services in the amount of \$424,650 for the initial one-year term, with up to four additional one-year renewal options.

BACKGROUND:

The ADA Concrete Improvements (Various Locations) Multi-Year Contract provides for curb ramps, sidewalks, curbs, gutters, cross gutters, and other concrete improvements. Historically, this scope of work was included in projects on an annual basis; however, in an effort to obtain better pricing and consolidate needs, City staff issued this bid as a multi-year contract. The bid includes an opportunity for the City to renew the contract for up to four optional one-year terms. Funds for the renewal terms will be in accordance with the approved budget for each fiscal year.

This project was advertised on November 8, 2018. Five responses were received and opened at 2:00 p.m. on December 13, 2018.

In accordance with the adopted 2012 edition of the “Standard Specifications for Public Works Construction” (Greenbook), a bidder is considered non-responsive for failure to perform at least fifty percent (50%) of the contract work with their own forces. This is to ensure that the general contractor has a sufficient vested stake in the outcome of the project.

The bid submitted by the third low bidder included conflicting information in regards to subcontractors employed on the project. The HUD List of Subcontractors form requires the bidder to list the subcontractors, the work each respective subcontractor will perform, and the dollar amount of the work for this project. The third low bidder failed to include subcontractor information on the form; therefore, staff could not determine the portion of work performed by the general contractor, making this bid non-responsive.

This project is partially federally-funded by the Community Development Block Grant (CDBG). As stated in the bid specifications Check List, and in order to receive CDBG grant funding, a Bidder's Outreach Plan/Good-Faith Effort (GFE) must be completed. The fourth low bidder did not provide the requested documentation, making this bid also non-responsive.

The Purchasing Division, in concurrence with the Director of Public Works, recommends award of the bid to the lowest responsive, responsible bidder, Aster Construction Services in the amount of up to \$424,650 which includes \$399,250 of scheduled work along with an additional amount of \$25,400 for contingencies related to as-needed construction items. The summary of bids is attached and complete proposals are on file in the Purchasing Division.

FISCAL IMPACT:

The fiscal impact of this project is \$424,650. Sufficient funds are available for this project in ADA Concrete Improvements 2019 (PW53019). Subsequent 4-year improvement costs are estimated to total \$1,807,450.

Prepared By: Nahid Razi, Purchasing Agent

Reviewed By: Dirk Epperson, Director of Public Works

Approved By: Graham Mitchell, City Manager

Attachments

Bid Summary

Reso - Plans & Specs

Reso - Award



City of El Cajon Purchasing Division

Bid Summary

Bid No. 014-19 – ADA Concrete Improvements (Various Locations) Multi-Year Contract

Bidder	Bid Amount
Aster Construction Services (Los Angeles, CA)	\$399,369.00*
Crest Equipment, Inc. (El Cajon, CA)	\$414,192.75
Portillo Concrete, Inc. (Lemon Grove, CA)	Non-responsive
L.C. Paving & Sealing, Inc. (San Marcos, CA)	Non-responsive
Blue Pacific Engineering & Construction (San Diego, CA)	\$531,175.00

*RECOMMEND AWARD

ENGINEER'S ESTIMATE: \$479,848.00

RESOLUTION NO. -19

RESOLUTION APPROVING
PLANS AND SPECIFICATIONS FOR
ADA CONCRETE IMPROVEMENTS
(VARIOUS LOCATIONS) MULTI-YEAR CONTRACT
(Bid No. 014-19)

WHEREAS, the Director of Public Works has submitted plans and specifications for the ADA Concrete Improvements (Various Locations) Multi-Year Contract (the "Project"); and

WHEREAS, it appears to be in the best interests of the City of El Cajon that the plans and specifications for said Project should be approved.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. That the plans and specifications submitted for the Project by the Director of Public Works are hereby approved and adopted as the official plans and specifications for said Project.

2. Said plans and specifications are directed to be filed in the office of the Director of Public Works of the City of El Cajon.

RESOLUTION NO. __-19

RESOLUTION AWARDING BID FOR
ADA CONCRETE IMPROVEMENTS
(VARIOUS LOCATIONS) MULTI-YEAR CONTRACT
(Bid No. 014-19)

WHEREAS, the ADA Concrete Improvements (Various) Locations) Multi-Year Contract project (the "Project") provides for curb ramps, sidewalks, curbs, gutters, cross gutters, and other concrete improvements; and

WHEREAS, historically the City of El Cajon (the "City") has included this scope of work in projects on an annual basis, but in an effort to obtain better pricing and consolidate needs, City staff issued this bid as a multi-year contract with an option to renew for four (4) additional one-year terms; and

WHEREAS, this project was advertised on November 8, 2018, and five (5) responses were received and opened at 2:00 p.m. on December 13, 2018; and

WHEREAS, in accordance with the adopted 2012 edition of the "Standard Specifications for Public Works Construction" (the "Greenbook"), a bidder is considered non-responsive for failure to perform at least fifty percent (50%) of the contract work with their own forces in order to ensure that the general contractor has a sufficient vested stake in the outcome of the project; and

WHEREAS, the HUD List of Subcontractors form requires all bidders to list the subcontractors, the work each respective subcontractor will perform, and the dollar amount of the work for this project; and

WHEREAS, the third low bidder submitted conflicting information in regards to the subcontractors employed on the project, and failed to include the necessary subcontractor information on the HUD form; therefore, staff could not determine the portion of work to be performed by the general contractor; and

WHEREAS, this project is partially federally-funded by the Community Development Block Grant (CDBG), and the bid specifications required all bidders to complete a Bidder's Outreach Plan/Good-Faith Effort (GFE) must be completed; and

WHEREAS, the fourth low bidder did not provide the requested documentation; and

WHEREAS, the Purchasing Division, in concurrence with the Director of Public Works, recommends award of the bid to the lowest responsive, responsible bidder, Aster Construction Services in the amount of \$424,650.00 which includes \$399,250.00 of scheduled work along with an additional amount of \$25,400 for contingencies related to as-needed construction items.

WHEREAS, the City Council believes it to be in the best interests of the City to award the contract to the lowest responsive, responsible bidder as recommended by the Purchasing Division.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.

2. The City Council hereby finds the third and fourth low bidders to be non-responsive, and rejects all other bids and proposals except that herein mentioned, and awards the bid for the ADA Concrete Improvements (Various) Locations) Multi-Year Contract to:

Aster Construction Services

in the amount not to exceed \$424,650.00, which includes \$399,250.00 of scheduled work and an additional amount of \$25,400 for contingencies related to as-needed construction items.

3. The Mayor and City Clerk are authorized and directed to execute a contract for said Project on behalf of the City of El Cajon.

01/22/19 CC Agenda

Bid 014-19 – ADA Concrete Improvements (Var Loc) Multi-Yr (Aster Const Svcs) awd 011519



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Nahid Razi, Purchasing Agent
SUBJECT: Citywide Smoke Testing

RECOMMENDATION:

That the City Council adopts the next resolution, in order, to enter into an agreement for Professional Services with NV5, Inc. in the not-to-exceed amount of \$520,000 for a period of one year, with a one-year renewal option.

BACKGROUND:

On June 26, 2018, the City Council approved a project to introduce simulated smoke into the wastewater collection system to identify illicit connections to the system as part of the FY2018-2019 budget process.

On March 21, 2017, the City Manager approved a pre-qualified list of professionals for on-call services covering multiple disciplines. The list is intended to provide staff the option to select firms offering professional services for as-needed tasks. This list was extended through March 15, 2019 to accommodate the issuance of a new solicitation.

Proposals were requested from three pre-qualified firms and were received on December 14, 2018. City staff reviewed the proposals to ensure all minimum requirements specified were met. After thorough evaluations, NV5, Inc. was selected as the firm that best met the City's requirements for citywide smoke testing. The attached memorandum details the selection process.

FISCAL IMPACT:

The initial fiscal impact of this project is \$520,000. Sufficient funds are available in Wastewater Projects (650900). Subsequent one-year cost is estimated to total \$500,000.

Prepared By: Nahid Razi, Purchasing Agent
Reviewed By: Dirk Epperson, Director of Public Works
Approved By: Graham Mitchell, City Manager

Attachments

Memo
Resolution

CITY OF EL CAJON



MEMORANDUM

DATE: December 21, 2018

TO: Nahid Razi, Purchasing Agent

FROM: Yazmin Arellano, Deputy Director of Public Works/City Engineer

VIA: Dirk Epperson, Director of Public Works

SUBJECT: Recommendation for Award of Contract
Citywide Smoke Testing
WW3651

Proposals for the above referenced project were requested from three of the approved On-Call Professional Services firms.

Background: On March 21, 2017, the City Manager approved a pre-qualified list of professionals for on-call services covering multiple disciplines. The list is intended to provide staff the option to select firms offering professional services for as needed tasks.

Proposals were requested from Harris & Associates, Michael Baker International, and NV5, which are included in the list of pre-qualified management firms, based on the qualifications that most closely match the City's needs. The proposals from the three consultants were received on December 14, 2018.

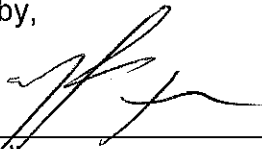
All proposals have been reviewed for conformance with the project scope requirements. The low bidder, Harris & Associates, was found nonresponsive for failure to properly outline the required deliverables of GIS layers. Additionally, the sub-consultant listed in their proposal does not perform the smoke testing services required.

It is recommended that the contract be awarded to the lowest responsible and responsive bidder, NV5 (San Diego, CA), in the amount of \$520,000 at the January 22, 2019, City Council Meeting, with an option to extend the contract for a second year in an amount not-to-exceed an additional \$500,000 if funding is allocated by City Council in that budget

year. The \$520,000 amount includes the items as follows:

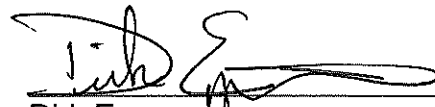
Item No.	Description	Total
1.	Project Management	\$7,102.00
2.	Public Outreach	\$29,824.00
3.	Prepare Testing Plan and Schedule, Smoke Testing	\$447,654.00
4.	Prepare Reports	\$14,420
5.	GIS Update	\$21,000

Submitted by,



Yazmin Arellano
Deputy Director of Public Works/City Engineer

APPROVED BY:



Dirk Epperson
Director of Public Works

RESOLUTION NO. __-19

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EL CAJON APPROVING AN
AGREEMENT FOR PROFESSIONAL SERVICES WITH
NV5, INC. FOR CITYWIDE SMOKE TESTING OF SEWER LINES

WHEREAS, on June 26, 2018, the City Council approved a project to introduce simulated smoke into the wastewater collection system to identify illicit connections to the system as part of the FY2018-2019 budget process; and

WHEREAS, on March 21, 2017, the City Manager approved a pre-qualified list of professionals for on-call services covering multiple disciplines in order to provide City of El Cajon ("City") staff the option to select firms offering professional services for as-needed tasks, and the list was extended through March 15, 2019 to accommodate the issuance of a new solicitation; and

WHEREAS, proposals were requested from three (3) pre-qualified firms and were received on December 14, 2018, and City staff reviewed the proposals to ensure all minimum requirements specified were met; and

WHEREAS, after thorough evaluations, the first low bidder was found to be non-responsive for failure to properly outline the required deliverables of GIS layers, and additionally, the sub-consultant listed in their proposal does not perform the smoke testing services required; and

WHEREAS, NV5, Inc. was determined by City staff to be the firm that best met the City's requirements for citywide smoke testing; and

WHEREAS, the Purchasing Division, in concurrence with the Director of Public Works, recommends that the City enter into an Agreement for Professional Services (the "Agreement"), for a term of one (1) year, in the not-to-exceed amount of \$520,000.00, with an option to extend for a second year for a not-to-exceed amount of \$500,000.00 if funding is allocated by City Council in that budget year; and

WHEREAS, the City Council believes it to be in the City's best interests to enter the Agreement for a term of one (1) year, in the not-to-exceed amount of \$520,000.00, with an option to extend for a second year for a not-to-exceed amount of \$500,000.00 if funding is allocated by City Council in that budget year.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.
2. The City Council hereby approves the execution of the Agreement, with such changes as may be approved by the City Manager, for a term of one (1) year, in the

not-to-exceed amount of \$520,000.00, with an option to extend for a second year for a not-to-exceed amount of \$500,000.00 if funding is allocated by City Council in that budget year.

3. The City Manager and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of El Cajon.

4. The City Manager is hereby further authorized to execute, and the City Clerk is hereby authorized to attest the City Manager's signature, such amendments to the Agreement as may be necessary to approve any renewal terms of the Agreement as contemplated therein, and to make such other changes as may be necessary, in the determination of the City Manager, to implement the Agreement in the best interests of the City.

01/22/19 CC Agenda

Approve Agmt w-NV5 for Smoke Testing of Sewer Lines 011519



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Nahid Razi, Purchasing Agent
SUBJECT: Award of Bid No. 026-19 – Bailout Kits

RECOMMENDATION:

That the City Council adopts the next resolution, in order, to award the bid to the lowest responsive, responsible bidders: Municipal Emergency Services, Inc. for Line Items 1 and 3 in the amount of \$26,771.09 and Allstar Fire Equipment Co. for Line Items 2 and 4 in the amount of \$7,252.32.

BACKGROUND:

On June 26, 2018, the City Council approved the purchase of bailout kits as part of the Fiscal Year 2018-2019 budget. Two responses were received and opened at 2:00 p.m. on December 19, 2018.

As stated in the bid specifications, the City reserves the right to make the award to the overall low bidder, or split the award among the bidders. Staff analyzed the cost and benefits of splitting the bid and determined that a split award will result in the lowest aggregate price to the City.

The Purchasing Division, in concurrence with the Fire Chief, recommends award of the bid to the lowest responsive, responsible bidders: Municipal Emergency Services, Inc. for Line Items 1 and 3 in the amount of \$26,771.09, and Allstar Fire Equipment Co. for Line Items 2 and 4 in the amount of \$7,252.32. The summary of bids is attached and complete proposals are on file in the Purchasing Division.

FISCAL IMPACT:

The fiscal impact of this purchase is \$34,023.41. Sufficient funds are available for this project in State Homeland Security Grant Program (221900).

Prepared By: Nahid Razi, Purchasing Agent
Reviewed By: Steve Swaney, Fire Chief
Approved By: Graham Mitchell, City Manager

Attachments

Resolution
Bid Summary

RESOLUTION NO. __-19

RESOLUTION AWARDING BID FOR THE
PURCHASE OF BAILOUT KITS
(Bid No. 026-19)

WHEREAS, on June 26, 2018, the City Council approved the purchase of bailout kits as part of the Fiscal Year 2018-2019 budget; and

WHEREAS, two (2) responses were received and opened at 2:00 p.m. on December 19, 2018; and

WHEREAS, as stated in the bid specifications, the City reserves the right to make the award to the overall low bidder, or split the award amongst the bidders; and

WHEREAS, for the purpose of evaluating bids for multiple awards, the sum of \$175.00 is considered to be the administrative cost to the City for issuing and administering each contract awarded; and as a result, this split award will result in the lowest aggregate price to the City; and

WHEREAS, the Purchasing Division, in concurrence with the Fire Chief, recommends award of the bid to the lowest responsive, responsible bidders: Municipal Emergency Services, Inc., for Line Items 1 and 3 in the amount of \$26,771.09, and Allstar Fire Equipment Co., for Line Items 2 and 4 in the amount of \$7,252.32, for a total amount of \$34,023.41; and

WHEREAS, the City Council believes it to be in the best interests of the City to award the contract to the lowest responsive, responsible bidders as recommended by the Purchasing Division.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.

2. The City Council hereby approves the purchase of Bailout Kits in the combined total amount of \$34,023.41, and award of the bid to the lowest responsive, responsible bidders as follows:

<u>Vendor</u>	<u>Item Number</u>	<u>Amount</u>
Municipal Emergency Services, Inc.	Line Items 1 and 3	\$26,771.09
Allstar Fire Equipment Co.	Line Items 2 and 4	<u>\$ 7,252.32</u>
	TOTAL	\$34,023.41

3. The City Council hereby authorizes the City's Purchasing Agent to execute agreements on behalf of the City of El Cajon with Municipal Emergency Services, Inc. and Allstar Fire Equipment Co., with such changes or amendments as maybe approved by the City Manager.

01/22/19 CC Agenda

Bid 026-19 – Bailout Kits (Municipal Emerg Svcs & Allstar Fire) awd 011419



City of El Cajon Purchasing Division

Bid Summary

Bid No. 026-19 – Bailout Kits

Line Item	Description	Municipal Emergency Services, Inc.	Allstar Fire Equipment Co.
1	Scott Jettison Self-Rescue Waist Belt	\$15,960.00*	No Bid
2	Fire Innovations Belt-NFPA Ladder/Multi-use Strap - Alum Carabiner	\$2,604.00	\$2,480.40*
3	CMC Rescue Equipment - Custom Lever Kit with Talon Hook	\$8,770.80*	\$8,835.60
4	Fire Innovations Custom Bag	\$4,479.60	\$4,219.20*
	Sales Tax (8.25%)	\$2,040.29	\$552.72
	Total Recommended Award	\$26,771.09	\$7,252.32

*RECOMMEND AWARD



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Nahid Razi, Purchasing Agent
SUBJECT: Award of Bid No. 019-19 – 2019 Motor Vehicles

RECOMMENDATION:

That the City Council adopts the next resolutions, in order, to:

1. Find the second low bidder non-responsive to Line Items 1-5;
2. Authorize the rejection and re-solicitation of Line Items 23-34; and
3. Award the bid to the lowest responsive, responsible bidders: Sunroad Auto, LLC dba Kearny Pearson Ford for Line Items 1-5 and 11-15 in the amount of \$65,504.70; and Theodore Robins Ford, Inc. for Line Items 6-10 and 16-22 in the amount of \$261,897.34.

BACKGROUND:

On June 26, 2018, the City Council approved the purchase of replacement vehicles as part of the Fiscal Year 2018-2019 budget. In total, the bid included six vehicles for the Police Department and six vehicles for the Public Works Department. The condition and estimated remaining service life of each vehicle is assessed by Fleet Division staff and is scheduled for replacement when a vehicle has reached the end of its service life. These 12 replacement vehicles currently have maintenance costs which exceed their replacement costs.

Three responses were received and opened at 2:00 p.m. on November 13, 2018. On December 14, 2018, Raceway Ford, Inc. provided written documentation stating they could not provide the vehicle as specified in Line Item 1. Therefore, Raceway Ford, Inc.'s bid submittal is considered non-responsive for this line item.

Due to ambiguity in the specifications, City staff determined it would be in the City's best interest to re-solicit Line Items 23-34 of the bid.

As stated in the bid specifications, the City reserves the right to make the award to the overall low bidder, or split the award among the bidders. For the purpose of evaluating bids for multiple awards, the sum of \$175.00 is considered to be the administrative cost to the City for issuing and administering each contract awarded. As a result, this split award will result in the lowest aggregate price to the City.

The Purchasing Division, in concurrence with the Director of Public Works, recommends award of the bid to the lowest responsive, responsible bidders: Sunroad Auto, LLC dba Kearny Pearson Ford for Line Items 1-5 and 11-15 in the amount of \$65,504.70; and Theodore Robins Ford, Inc. for Line Items 6-10 and 16-22 in the amount of \$261,897.34. The summary of bids is attached and complete proposals are on file in the Purchasing Division.

FISCAL IMPACT:

The fiscal impact of this purchase is \$327,402.04. Sufficient funds are available in the Fiscal Year 2018-2019 Vehicle Replacement Fund (605000).

Prepared By: Nahid Razi, Purchasing Agent

Reviewed By: Dirk Epperson, Director of Public Works

Approved By: Graham Mitchell, City Manager

Attachments

Bid Summary

Reso - Award



City of El Cajon Purchasing Division

Bid Summary

Bid No. 019-19 – Motor Vehicles

Line Items	Description	Theodore Robins Ford	Raceway Ford	Sunroad Auto, LLC DBA Kearny Pearson Ford
1-5	2019 Ford FWD Explorer XLT	No Bid	Non-Responsive	\$31,883.75*
6-10	2020 Ford AWD Police Utility	\$196,818.75*	\$204,658.75	\$198,883.75
11-15	2019 Ford FWD Taurus	No Bid	No Bid	\$28,896.75*
16-22	2019 Ford F-250 SRW XLT 4x2	\$45,122.75*	\$45,916.75	\$50,395.75
23-28	2019 Ford F-250 SD 4x2	Re-solicit	Re-solicit	Re-solicit
29-34	2019 Ford F-450 Super Cab XL 4x2	Re-solicit	Re-solicit	Re-solicit
Sales Tax (8.25%)		\$ 19,955.84	-	\$ 4,724.20
Total Recommended Award		\$261,897.34	-	\$65,504.70

* RECOMMEND AWARD

*RECOMMEND AWARD

ENGINEER'S ESTIMATE: \$479,848.00

RESOLUTION NO. __-19

RESOLUTION AWARDING BID FOR
2019 MOTOR VEHICLES
(Bid No. 019-19)

WHEREAS, on June 26, 2018, the City Council approved the purchase of replacement vehicles as part of the Fiscal Year 2018-2019 budget of the City of El Cajon (the "City"); and

WHEREAS, the Purchasing Division, in conjunction with the Public Works Department, solicited bids for twelve (12) vehicles, each of which are due to be replaced within this budget cycle as they have passed their replacement schedule time, and their maintenance costs are now exceeding their replacement costs; and

WHEREAS, three (3) responses for the 2019 Motor Vehicles bid were received and publicly opened at 2:00 p.m. on November 13, 2018; and

WHEREAS, on December 14, 2018, Raceway Ford, Inc. ("Raceway") provided written documentation stating they could not provide the vehicles as specified in Line Item No. 1; and therefore, Raceway's bid submittal was considered non-responsive for this line item; and

WHEREAS, due to ambiguity in the specifications, City staff determined it would be in the City's best interest to reject all bids, and re-solicit bids for Line Items 23-34 of the bid; and

WHEREAS, as stated in the bid specifications, the City reserves the right to make the award to the overall low bidder, or split the award among the bidders; and

WHEREAS, for the purpose of evaluating bids for multiple awards, the sum of \$175.00 is considered to be the administrative cost to the City for issuing and administering each contract awarded, and as a result, a split award will result in the lowest aggregate price to the City.

WHEREAS, the Purchasing Division, in concurrence with the Director of Public Works, recommends award of the bid to the lowest responsive, responsible bidders: Sunroad Auto, LLC dba Kearny Pearson Ford for Line Items 1-5 and 11-15 in the amount of \$65,504.70; and Theodore Robins Ford, Inc. for Line Items 6-10 and 16-22 in the amount of \$261,897.34, for a combined total amount of \$327,402.04; and

WHEREAS, the City Council believes it to be in the best interests of the City to award the bid to the lowest responsive, responsible bidders.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The City Council hereby finds the foregoing recitals to be true and correct, and are the findings of the City Council.

2. The City Council hereby rejects all bids and proposals except that herein mentioned, and awards the bid for 2019 Motor Vehicles in the combined total amount of \$327,402.04 as follows:

<u>Vendor</u>	<u>Item Number</u>	<u>Amount</u>
Sunroad Auto, LLC dba Kearny Pearson Ford	Line Items 1-5, 11-15	\$65,504.70
Theodore Robins Ford, Inc.	Line Items 6-10, 16-22	<u>\$261,897.34</u>
	Total amount:	\$327,402.04

3. The Purchasing Agent is hereby authorized and directed to execute purchase orders for said vehicles on behalf of the City of El Cajon.

4. The Purchasing Division is hereby authorized to re-solicit Line Items 23-34 of the bid due to ambiguity in the specifications.

01/22/19 CC Agenda

Bid 019-19 – 2019 Motor Vehicles awd (Theodore Robins & Sunroad) 011419



City Council Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Clay Schoen, Director of Finance
SUBJECT: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, and Other Written Communication from the City's Independent Auditor

RECOMMENDATION:

That the City Council receives and accept the Comprehensive Annual Financial Report and other written communication from the independent accounting firm of Rogers, Anderson, Malody & Scott, LLP, for the fiscal year ended June 30, 2018.

BACKGROUND:

Comprehensive Annual Financial Report and Independent Auditors' Report

The Comprehensive Annual Financial Report (CAFR) is prepared annually to present the City's financial condition and the fiscal year end results of government-wide operations by fund. The financial statements have been audited by the firm of Rogers, Anderson, Malody & Scott, LLP, whose Independent Auditors' Report states that, in their opinion, the financial statements are presented fairly in all material respects and are in conformance with generally accepted accounting principles (a "clean" audit opinion).

The CAFR is included as part of this report, as well as being available on the City's website at www.cityofelcajon.us/your-government/departments/finance/financial-reports. Once printed, hard copies of the CAFR will also be available for review in the City Clerk's Office and the Finance Department.

Other Correspondence

The purpose of the *Independent Auditor's Report on Internal Control Over Financial Reporting* is solely to describe the scope of the auditor's testing of internal control and compliance, and the results of that testing, not to provide an opinion of the effectiveness of the City's internal control or on compliance. Given these limitations, they did not identify any deficiencies in internal control that they consider material weaknesses or significant deficiencies.

Article XIII-B of the California Constitution establishes a statutory appropriations limit for the State and each local government within the State. The appropriations limit is adjusted annually for the cost of living and change in population. Additionally, the annual calculation of the appropriations limit is required to be reviewed as part of the annual financial audit. The

Independent Accountant's Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets, prescribed by Article XIII-B of the California Constitution is the result of that review.

Additionally, the auditors issued a letter in accordance with the Statement on Auditing Standards 114 (SAS 114). The standard requires the communication between the auditor and client to identify certain information, such as qualitative aspects of accounting practices, management representations, and other audit findings or issues, among others.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

None

FISCAL IMPACT:

None

Prepared By: Clay Schoen, Director of Finance

Reviewed By: N/A

Approved By: Graham Mitchell, City Manager

Attachments

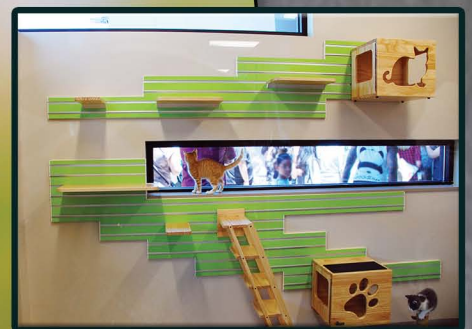
CAFR FY 2017-18

Report Internal Control

Appropriations Limit

SAS 114 FY 2018

City of El Cajon California



**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018**

City of El Cajon, California

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018



*Honoring and celebrating
the people who make El Cajon
The Valley of Opportunity*

Prepared by the Finance Department

CITY OF EL CAJON

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CITY OF EL CAJON

200 Civic Center Way

• El Cajon, California 92020

December 17, 2018

To the Honorable Mayor, Members of the City Council and Residents of the City of El Cajon:

The City of El Cajon annually publishes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of El Cajon (“the City”) for the fiscal year ended June 30, 2018.

This report consists of management’s representations concerning the finances of the City. Management, therefore, assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework over financial reporting that is designed both to protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. The City’s comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Rogers, Anderson, Malody & Scott, LLP, a firm of certified public accountants, audited the City’s financial statements with a goal to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (“clean”) opinion that the City’s basic financial statements for the fiscal year ended June 30, 2018, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also report on the City’s internal control over financial reporting and compliance with legal requirements involving the administration of federal awards. Although the independent auditor reports on internal control and compliance with legal matters, they do not express an opinion on them. These reports are contained in the City’s separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated on November 12, 1912, is located in the southern part of the state, just 15 miles due east of San Diego. The City currently occupies a land area of 14.4 square miles and serves a population of 105,557. The City has experienced population growth of approximately 7.3% over the past ten years.

By a vote of the people, the City became a charter city during fiscal year 2011-12, giving the city council more local control of municipal affairs. Policy-making and legislative authority are vested in the city council consisting of the mayor and four other council members. As part of the November 8, 2016, general election, Measure S passed directing district elections in the subsequent election of the City's four council members. The mayor is elected to serve a four-year term and council members serve four-year staggered terms. The city council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and city attorney. The City operates under the council-manager form of government. The city manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the City, and for appointing the directors of the various departments.

The City provides a full range of services, including police and fire protection, animal control, construction and maintenance of streets, parks, civic facilities, and other infrastructure, right-of-way regulation, city planning and building regulation, recreational activities, cultural events, housing assistance and wastewater services. The City is financially accountable for the El Cajon Housing Authority and El Cajon Public Financing Authority, both of which are reported as blended component units within the City's financial statements. Additional information on these separate entities can be found in note A.2 in the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the city manager in March of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the city council for review in June. The city council has a public hearing to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund (e.g., general fund), function (e.g., public safety), department (e.g., police) and activity (e.g., patrol). The city manager may transfer appropriations between departments within a fund. However, transfers of appropriations between funds require approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue fund, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and the major special revenue fund, this comparison is presented in the supplementary section of the accompanying financial statements.

Local Economy

California's economy continues to improve based on a number of key indicators. As of October 2018, state unemployment rates have improved to 4.1%, with the national rate lower at 3.7%. The San Diego regional unemployment rate is lower than both at 3.3% for the same period. Looking forward, the UCLA Anderson Forecast stated in September 2018 that "California's average unemployment rate is expected to have its normal differential to the U.S. rate 4.2% in 2020."

Additionally, State Domestic Product was \$2.8 trillion in 2017, which is up 6.7% from the previous year. The Standard and Poor's / Case Schiller 20 – City Composite Home Price Index was up 6.29% in 2017, and up 7.42% in the same period for the greater San Diego area market. The University of San Diego Index of Leading Economic Indicators continued its trend of positive movement throughout 2017.

Sales Tax Revenues – Sales tax revenues, including regular sales tax and sales tax received in lieu of property taxes, increased by \$1.8 million from the prior fiscal year, a 7.1% increase. This increase is primarily attributable to growth in the overall economy. The City's additional district sales tax, known as "Prop J" similarly increased 8.6% from the previous year.

Property Taxes – Property taxes collected in fiscal year 2017-18 increased 5.8% from the prior year. According to data from the County of San Diego Assessor's Office, the total assessed valuation of taxable property in El Cajon for fiscal year 2017-18 was \$8.9 billion; this represents a 6.9% increase from the prior year. For fiscal year 2018-19, total assessed values grew to \$9.5 billion, an increase of 5.7% from fiscal year 2017-18.

Although the economy maintains its steady growth, it is critical that the City position itself to maintain reserves and avoid cost increases that cannot be matched with revenue growth.

Long Term Financial Planning

The City utilizes many sources to evaluate and provide current and long range financial planning. These sources include the comprehensive annual financial report (CAFR), the annual budget, and the five-year business plan. In conjunction with the CAFR and the annual budget, the five-year business plan is reviewed and updated annually as a forerunner to preparing the annual budget.

As directed by the City Council Policy on Fund Balance (No. B-12), the general fund maintains a committed fund balance equal to 20% of annual budget expenditures, \$13,052,990 at June 30, 2018. Additionally, the general fund had assigned fund balance of \$8,000,000 for unfunded retirement obligations and \$6,500,000 for economic uncertainty. The \$21,239,581 unassigned fund balance at June 30, 2018, provides resources for future needs. The city council periodically rebalances these assignments based on anticipated needs, which was done on June 26, 2018. Based on recent analysis and information received to date, general fund revenue and expenditure projections for fiscal year 2018-19 are conservatively estimated. The City must continue to operate in a fiscally conservative manner and prioritize capital outlay expenditures based upon available funding.

In November 2008, the voters approved Proposition J, a twenty-year half-cent sales tax measure, intended to preserve essential City services and bridge the City's long-standing fiscal needs. A total of \$10.2 million was collected in fiscal year 2017-18 as a result of Proposition J and was vital in maintaining essential services.

Transportation related maintenance and capital projects were primarily funded by Gas Tax, TransNet, and the General Fund. A combined total of \$7,001,323 was utilized to reconstruct and resurface major thoroughfares and local residential streets, and to maintain or improve street lights and traffic signals. Projects are prioritized based upon need and available funding.

Major Fiscal Issues

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan for its employees. Each year an independent actuary, engaged by the pension plan, calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations. As a matter of policy, the City fully funds each year's actuarially determined contribution to the pension plan. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded as part of the actuarially determined contribution. Employer rates are expected to increase for a number of reasons including investment returns different than assumed and discount rate changes; rate increases are taken into consideration in the five-year business plan. Although the Public Employees' Pension Reform Act (PEPRA) established new retirement benefit levels and limits for "new members" effective January 1, 2013, it will be many years before PEPRA impacts the employer contribution rate.

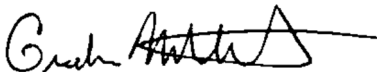
In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, the City obtains a biennial actuarial valuation of its liability for other post-employment benefits (OPEB). In fiscal year 2007-08, the City began making contributions to the California Employee Retiree Benefit Trust (CERBT) fund to transition to pre-funding the OPEB obligation rather than continue the practice of pay-as-you-go.

Awards and Acknowledgements

The City has applied for and been awarded the certificate for *Outstanding Financial Reporting* from the California Society of Municipal Finance Officers (CSMFO) beginning with the fiscal year ended 2007. Due to a change in the CSMFO award program criteria, the City is no longer eligible to apply for and receive both the certificate for *Outstanding Financial Reporting* from CSMFO and the *Certificate of Achievement for Excellence* from GFOA in a single year, although we feel that this CAFR would also meet the criteria for the GFOA award. The City is also a CSMFO recipient of the *Excellence in Operating Budgeting*, having received this award every year beginning in fiscal year 1996-97.

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated efforts of the Finance Department staff and the assistance of the City's auditors, Rogers, Anderson, Malody & Scott, LLP. In particular, we would like to express our appreciation to members of the Finance Department that prepared this report. We would also like to thank the Mayor and members of the City Council for their support and commitment to fiscal integrity and financial leadership.

Sincerely,



Graham Mitchell
City Manager



Clay Schoen
Director of Finance

*California Society of
Municipal Finance Officers*

Certificate of Award

*Outstanding Financial Reporting Award
Fiscal Year 2016-2017*

Presented to the

City of El Cajon

For meeting the criteria established to achieve the Outstanding Financial Reporting Award.

January 31, 2018



Drew Corbett

Drew Corbett
CSMFO President

Craig Boyer

Craig Boyer, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

CITY OF EL CAJON

LIST OF PRINCIPAL OFFICIALS
Fiscal Year ended June 30, 2018

Elected Officials

Mayor

Bill Wells

Councilmembers

Steve Goble

Ben Kalasho

Gary Kendrick

W. E. "Bob" McClellan

Appointed Officials

City Manager

Graham Mitchell

City Attorney

Morgan Foley

Management Team

Angela Aguirre – City Clerk

Jeff Davis – Police Chief

Colin Stowell – Fire Chief

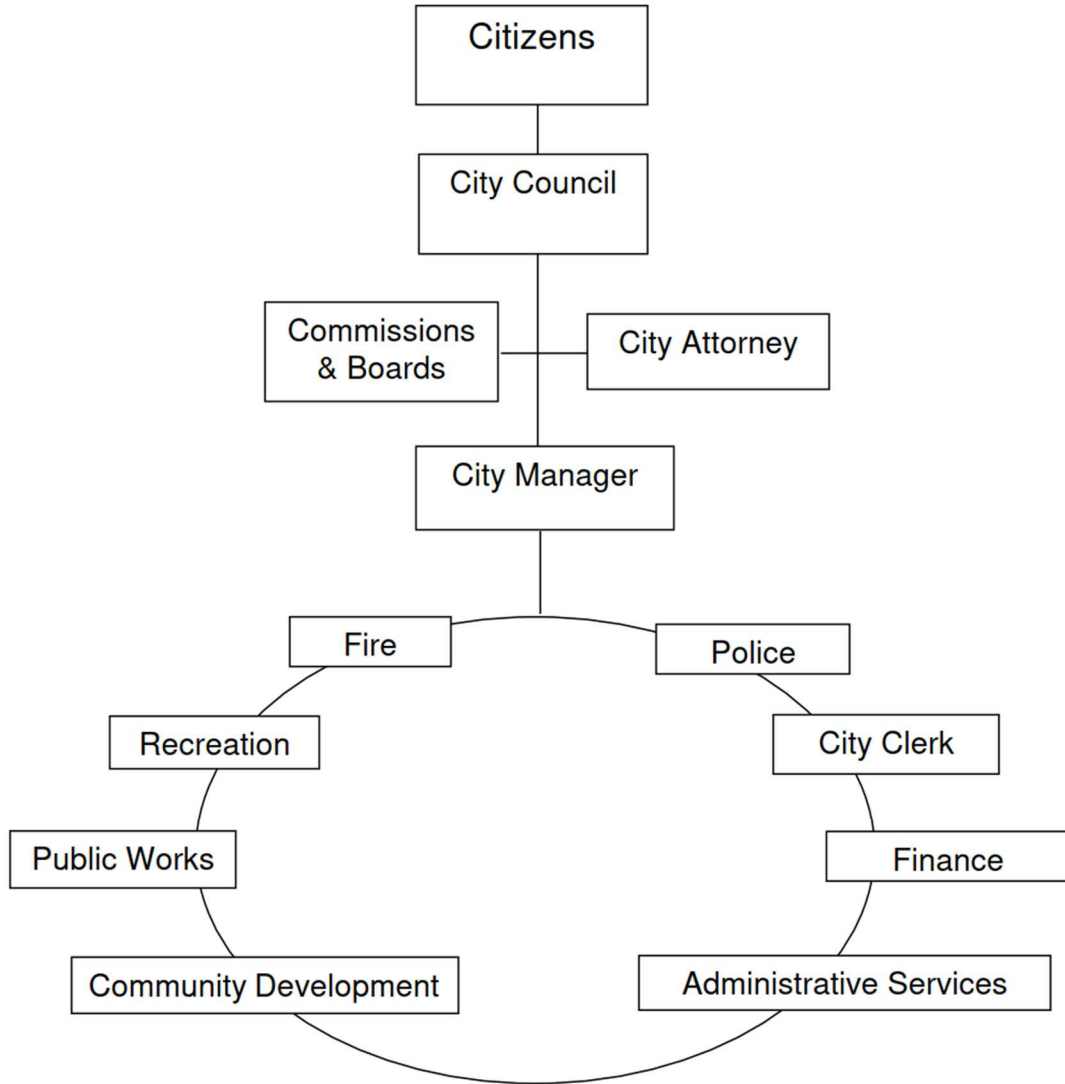
Frank Carson – Director of Recreation

Dirk Epperson – Director of Public Works

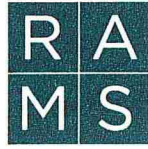
Clay Schoen – Director of Finance

CITY OF EL CAJON

ORGANIZATIONAL CHART
Fiscal Year ended June 30, 2018







ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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San Bernardino, CA 92408
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909 889 5361 F
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To the Honorable Mayor and Members of the City Council
City of El Cajon, California

Independent Auditor's Report

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA
Samuel Singery, CPA
Jing Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of El Cajon, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cajon, California, as of June 30, 2018, 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.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

The cumulative effects of applying the provisions of GASB Statement No. 75 have been reported as a restatement of beginning net position for the year ended June 30, 2018 in accordance with the Statement.

Other Matters

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 17, 2018



CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

As management of the City of El Cajon, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The net position of the City decreased by \$3.3 million, to \$239.0 million, during fiscal year ended June 30, 2018. Of this amount, governmental activities net position accounts for \$176.7 million and business-type activities total \$62.3 million. The decrease in the net position was primarily due to the recognition of expenses related to pension benefits as required by GASB pronouncements.
- The City's total assets and deferred outflows were \$6.4 million higher than the prior the fiscal year. Capital assets increased by \$12.4 million as major construction projects were completed during the fiscal year. This increase was offset by a \$6.0 million decrease in deferred outflows resulting from pension expense recognized during the fiscal year.
- The City's total liabilities and deferred inflows increased \$9.7 million from the prior fiscal year. This increase is largely due to an increase in net pension liabilities.
- At June 30, 2018, the City's governmental funds reported combined fund balances of \$98.8 million, a \$1.2 million decrease from the prior year. The governmental funds cash and investments balance at June 30, 2018 decreased \$1.7 million to \$72.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of El Cajon's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required supplementary information, and other supplementary information that presents additional detail to support the basic financial statements.

Government-wide financial statements. The government-wide financial provide a broad overview of the City's finances, in a manner similar to private-sector businesses. The government-wide financial statements can be found in section C of this report.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event 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 future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety consisting of police and fire, public works, parks and recreation, community development and capital projects. The business-type activity of the City includes wastewater operations.

The government-wide financial statements include not only the City (*primary government*), but also the El Cajon Public Financing Authority and the El Cajon Housing Authority, legally separate entities (component units) for which the City is financially accountable.

The relationships between the government-wide financial statements and the fund financial statements are summarized in the diagram that follows.

		GOVERNMENT-WIDE FINANCIAL STATEMENTS				This information is not presented in the Government-wide Financial Statements because it is not a required component.
		Statement of Net Position		Statement of Activities		
		Governmental Activities column	Business-type Activities column	Governmental Activities column	Business-type Activities column	
FUND FINANCIAL STATEMENTS	Governmental Funds	Balance Sheet	n/a	Statement of Revenues, Expenditures, and Changes in Fund Balance	n/a	n/a
	Proprietary Funds	Internal Service Funds	Enterprise Funds	Internal Service Funds	Enterprise Funds	
		Statement of Net Position	Statement of Net Position	Statement of Revenues, Expenses, and Changes in Fund Net Position	Statement of Revenues, Expenses, and Changes in Fund Net Position	Statement of Cash Flows
Fiduciary Funds	n/a	n/a	n/a	n/a	Statement of Fiduciary Net Position	

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 of the City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

The focus of the governmental funds is narrower than that of the government-wide financial statements; therefore, it is useful to compare the information presented for the 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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 17 individual governmental funds. Information is presented separately in the governmental fund financial statements for the following major governmental funds: General Fund, Low and Moderate Income Housing Asset Special Revenue Fund, HOME Special Revenue Fund, Public Safety Facilities Capital Projects Fund, and City Capital Improvement Program Capital Projects Fund. Data from the other 12 non-major governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Wastewater activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses 5 internal service funds to account for its Vehicle Maintenance, Vehicle and Equipment Replacement, Self-Insurance, Information Technology Services, and Other Post-Employment Benefits. These services predominantly benefit governmental rather than business-type functions, so they have been included with governmental activities in the government-wide financial statements. Individual fund data for each of the internal service funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The basis of accounting for these funds is much like that used for proprietary funds.

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. The notes are presented immediately following the basic financial statements.

Other information. This report also presents certain required supplementary information related to the City's progress in funding its pension and other post-employment benefits obligations and the General Fund's budgetary comparison schedule. The combining statements in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Net position over time may serve as a useful indicator of the City's financial position. At June 30, 2018, the net position of the City totaled \$239.0 million, which represents an overall decrease of \$3.0 million from the previous fiscal year.

City of El Cajon
Statement of Net Position
Data as of June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current & other assets	\$119,560,829	\$117,631,885	\$30,025,728	\$32,046,221	\$149,586,557	\$149,678,106
Capital assets, net	225,790,293	219,310,141	60,278,647	54,235,823	286,068,940	273,545,964
Total assets	345,351,122	336,942,026	90,304,375	86,282,044	435,655,497	423,224,070
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows	37,277,359	42,214,220	1,735,030	2,815,940	39,012,389	45,030,160
Total deferred outflows	37,277,359	42,214,220	1,735,030	2,815,940	39,012,389	45,030,160
LIABILITIES						
Long-term liabilities	10,048,961	10,287,701	17,515,571	16,090,182	27,564,532	26,377,883
Net pension liability	181,341,338	164,193,826	8,689,827	10,012,474	190,031,165	174,206,300
NET OPEB liability	1,865,706	2,318,996	157,845	196,194	2,023,551	2,515,190
Other liabilities	6,832,998	3,723,200	3,303,232	3,193,073	10,136,230	6,916,273
Total liabilities	200,089,003	180,523,723	29,666,475	29,491,923	229,755,478	210,015,646
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows	5,811,142	14,981,388	82,791	937,856	5,893,933	15,919,244
Total deferred inflows	5,811,142	14,981,388	82,791	937,856	5,893,933	15,919,244
NET POSITION						
Net investment in capital assets	224,144,319	217,482,744	43,106,240	38,505,588	267,250,559	255,988,332
Restricted	50,168,314	57,960,163	357,552	264,273	50,525,866	58,224,436
Unrestricted	(97,584,297)	(91,791,772)	18,826,347	19,898,344	(78,757,950)	(71,893,428)
Total net position	\$176,728,336	\$183,651,135	\$62,290,139	\$58,668,205	\$239,018,475	\$242,319,340

Governmental activities long-term liabilities increased due to the recognition of expenses related to pension and other post-employment benefits as required by GASB pronouncements, while the business-type activities long-term liabilities increased from the additional State Water Resources Control Board loan draws for the Johnson Avenue Sewer Replacement Project.

The largest portion of the City's total net position (\$267.3 million) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2018

An additional portion of the City's net position (\$50.5 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position can be used for ongoing operations without constraints established by debt covenants, enabling legislation, or other legal requirements. As of June 30, 2018 unrestricted net position was negative \$78.8 million.

City of El Cajon
Statement of Activities
Data as of June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues:						
Charges for services	\$ 8,611,362	\$ 6,755,057	\$ 20,395,530	\$ 19,903,017	\$ 29,006,892	\$ 26,658,074
Operating grants & contributions	7,581,512	6,478,047	-	-	7,581,512	6,478,047
Capital grants & contributions	3,819,611	5,625,620	-	-	3,819,611	5,625,620
General revenues:						
Property taxes	18,709,738	17,575,902	-	-	18,709,738	17,575,902
Sales taxes	37,163,462	37,559,282	-	-	37,163,462	37,559,282
Other taxes	7,763,544	7,390,128	-	-	7,763,544	7,390,128
Intergovernmental	54,999	45,845	-	-	54,999	45,845
Interest earnings	402,994	241,282	144,106	146,614	547,100	387,896
Other	(356,651)	821,817	471,626	107,265	114,975	929,082
Total revenues	<u>83,750,571</u>	<u>82,492,980</u>	<u>21,011,262</u>	<u>20,156,896</u>	<u>104,761,833</u>	<u>102,649,876</u>
EXPENSES						
General government	8,375,482	9,205,742	-	-	8,375,482	9,205,742
Public safety	58,123,097	52,741,903	-	-	58,123,097	52,741,903
Public works	14,984,088	13,175,937	-	-	14,984,088	13,175,937
Recreation	4,916,098	3,242,986	-	-	4,916,098	3,242,986
Community development	4,223,953	3,089,380	-	-	4,223,953	3,089,380
Interest on long-term debt	50,652	55,909	-	-	50,652	55,909
Wastewater	-	-	17,389,328	19,429,363	17,389,328	19,429,363
Total expenses	<u>90,673,370</u>	<u>81,511,857</u>	<u>17,389,328</u>	<u>19,429,363</u>	<u>108,062,698</u>	<u>100,941,220</u>
Increase (decrease) in net position before transfers	(6,922,799)	981,123	3,621,934	727,533	(3,300,865)	1,708,656
Transfers	-	28,495	-	(28,495)	-	-
Change in net position	(6,922,799)	1,009,618	3,621,934	699,038	(3,300,865)	1,708,656
Net position, beginning restated	183,651,135	182,641,517	58,668,205	57,969,167	242,319,340	240,610,684
Net position, ending	<u>\$ 176,728,336</u>	<u>\$ 183,651,135</u>	<u>\$ 62,290,139</u>	<u>\$ 58,668,205</u>	<u>\$ 239,018,475</u>	<u>\$ 242,319,340</u>

CITY OF EL CAJON

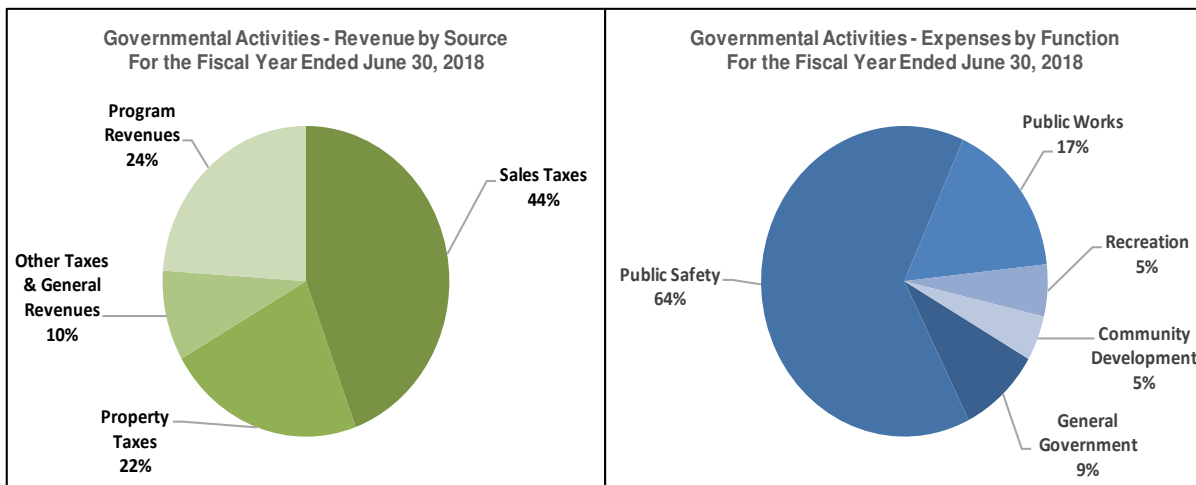
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

Governmental activities. Net position decreased by \$6.9 million during the fiscal year as a result of the City's governmental activities.

Key elements of these activities are as follows:

- Governmental activities expenses increased from last year by \$9.2 million primarily due to increased retirement benefit costs.
- Charges for services increased by \$1.9 million from the prior year as a result of development- and construction-related fees.
- Property taxes were higher by \$1.1 million or 6.5% from previous fiscal year because of increases in the assessed values for residential and commercial properties.



Business-type activities. The City's business-type activity consists solely of the wastewater enterprise fund, which reported a net position of \$62.3 million at June 30, 2018. Charges for services increased \$492,513 from the previous fiscal year, while expenses decreased \$2.0 million. As a result, revenues exceeded expenses by \$3.6 million.

The largest portion of the wastewater net position (\$43.1 million) reflects the investment in capital assets used to deliver wastewater services. Additionally, \$357,552 is restricted for debt service. The remaining balance of unrestricted net position can be used for ongoing operations without constraints established by enabling legislation or other legal requirements. As of June 30, 2018 unrestricted net position was \$18.8 million.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

At June 30, 2018, the City's governmental funds reported combined fund balances of \$98.8 million, a decrease of \$1.2 million. Approximately 21.5% of this amount (\$21.2 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: a) not in spending form (\$7,071), b) restricted for particular purposes (\$34.2 million), c) committed for particular purposes (\$13.1 million), and d) assigned for particular purposes (\$30.3 million).

General Fund. This is the City's primary operating fund. As of June 30, 2018 unassigned fund balance of the General Fund was \$21.2 million, while the total fund balance was \$48.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 31.2% of total General Fund expenditures for the year.

Low and Moderate Income Housing Asset Special Revenue Fund. This fund accounts for the housing assets and functions of the former El Cajon Redevelopment Agency for the purpose of developing low to moderate income housing. As of June 30, 2018, the Low and Moderate Income Housing Asset Fund had assets of \$15.3 million, 75.3% of which were loans receivable.

HOME Special Revenue Fund. This fund accounts for HOME investment partnership grant funds received from the federal government for the purpose of providing affordable housing to low- and very low-income households. As of June 30, 2018, its first year as a major fund, total assets of the HOME fund was \$11.0 million, \$10.6 million of which were loan receivables.

Public Safety Facilities Capital Projects Fund. This fund accounts for activities associated with the construction or upgrade to police, fire, and animal control facilities. As of June 30, 2018, the ending fund balance was \$ 3.9 million, a decrease of \$8.7 million during the year. The special half-cent sales tax assessment levied to fund this activity expired on March 31, 2015. Expenditures rose to \$8.9 million as construction activity increased on the new animal care facility that opened for operations in May, 2018.

City Capital Improvement Program Projects Fund. This fund accounts for capital improvement activities related to City facilities. As of June 30, 2018, total fund balance was \$11.6 million. This represents a decrease of \$1.4 million from the previous fiscal year due to increased funding of facilities improvement projects.

Non-Major Governmental Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The total ending fund balances for these funds was approximately \$9.2 million at June 30, 2018. Primarily due to the reclassification of the HOME Special Revenue Fund as a major fund, the non-major governmental fund balance decreased by \$9.4 million.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Wastewater Enterprise Fund. This fund is used to account for activities where fees are charged to external users for wastewater services. Operating revenues increased \$492,513 to \$20.4 million during the fiscal year; non-operating revenues were \$615,732. Operating expenses totaled \$17.4 million, a \$1.9 million decrease from the previous year. As a result of this activity, net position increased \$3.6. Net position as of June 30, 2018 was \$62.3 million.

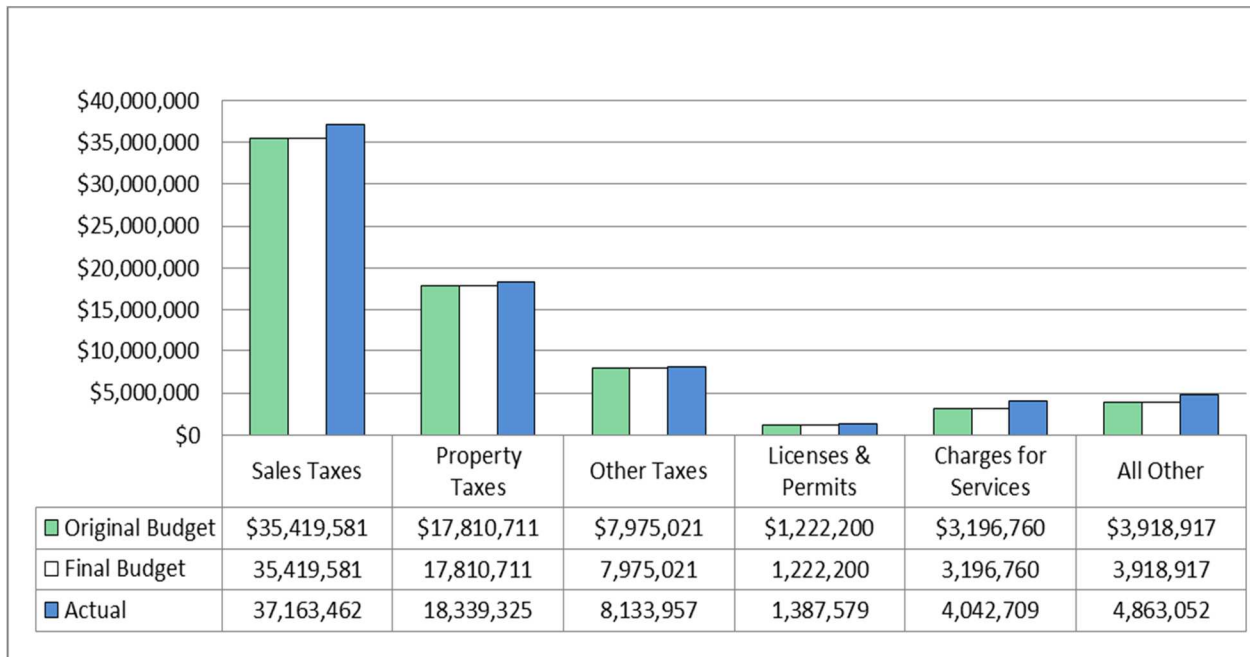
Internal Service Funds. These funds are used to account for the financing of goods or services provided by one fund/department to another fund/department on a cost-reimbursement basis. Additionally, an internal service fund is used to accumulate resources for the replacement of vehicles and equipment. The internal service funds net position at June 30, 2018, was \$11.5 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget anticipated General Fund revenues of \$69.5 million, expenditures of \$71.5 million, and other financing uses (transfers) of \$210,915. The following graphs depict the original budget, final budget, and actual results for General Fund revenues and expenditures.

Actual revenues performed better than budgetary expectations by approximately \$4.4 million. Total taxes accounted for \$2.4 million while intergovernmental revenues and charges for services exceeded expectations by \$717,143 and \$845,949, respectively.

Comparison of General Fund Revenues: Budget vs. Actual for the fiscal year ended June 30, 2018



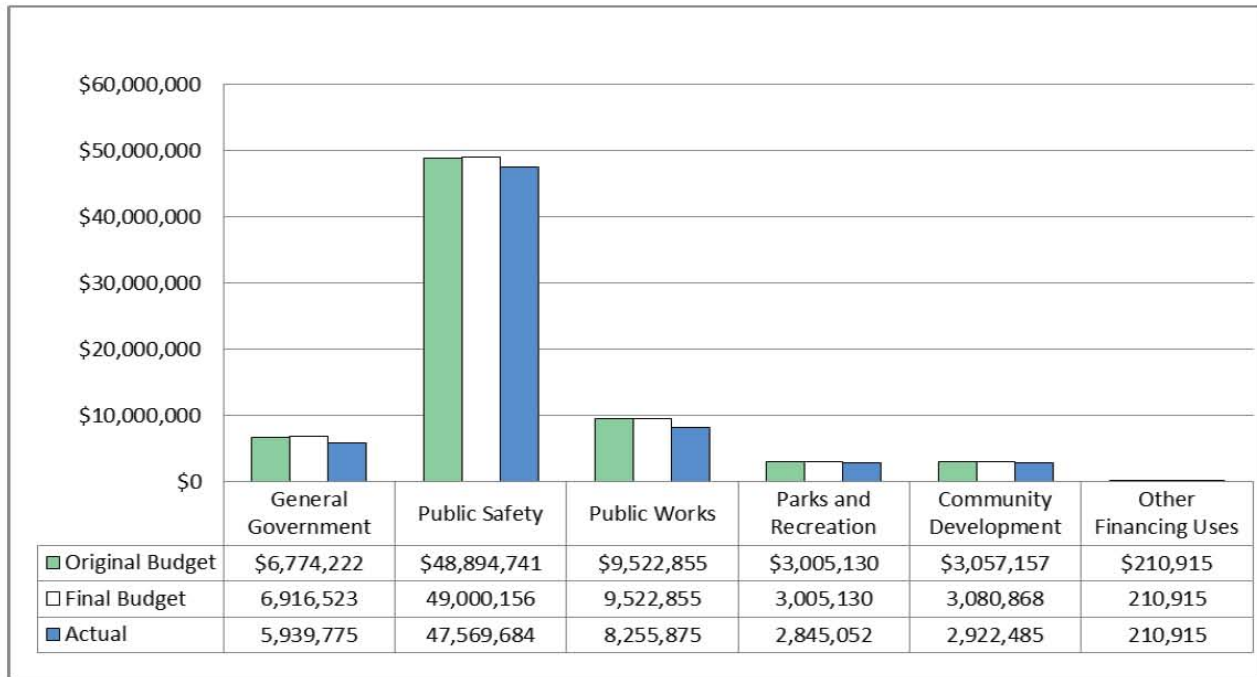
CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

Actual expenditures were under the final budgeted expenditures by \$4.0 million. While budgetary savings were experienced throughout the General Fund, the largest cost savings were generated by the General Government (14.1% under budget) and Public Works (13.3% under budget) departments.

Comparison of General Fund Expenditures: Budget vs. Actual for the fiscal year ended June 30, 2018



The Budgetary Comparison Schedule showing more details of the General Fund original and final budgets can be found in the Required Supplementary Information.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2018, the City reported capital assets with a carrying value of \$286.1 million, an increase of \$12.5 million from the prior year. Major projects that were completed during the fiscal year include the new Animal Shelter and Johnson Avenue Sewer Replacement Project. Additional information on capital assets can be found in the notes to the financial statements.

City of El Cajon
Capital Assets (net of depreciation)
Comparative Data as of June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 22,154,183	\$ 22,601,488	\$ 82,300	\$ 82,300	\$ 22,236,483	\$ 22,683,788
Rights of way	31,190,652	31,190,652	-	-	31,190,652	31,190,652
Construction in Progress	1,887,877	3,834,164	863,463	3,704,302	2,751,340	7,538,466
Use rights	1,703,311	1,853,603	-	-	1,703,311	1,853,603
Land improvements	2,960,697	3,575,466	-	-	2,960,697	3,575,466
Buildings & improvements	76,343,996	68,314,788	158,911	166,134	76,502,907	68,480,922
Machinery, equipment & vehicles	5,760,393	5,197,995	701,582	718,818	6,461,975	5,916,813
Interest in Mission Gorge Mains	-	-	7,543,075	7,727,053	7,543,075	7,727,053
Infrastructure	83,789,184	82,741,985	50,929,316	41,837,216	134,718,500	124,579,201
Total	\$ 225,790,293	\$ 219,310,141	\$ 60,278,647	\$ 54,235,823	\$ 286,068,940	\$ 273,545,964

Long-term debt. The City's long-term debts, as of June 30, 2018, are listed below. The increase is primarily due to the loan draws from State Water Resources Control Board for the Johnson Avenue Sewer Replacement Project. Additional information on the City's debt can be found in the notes to the financial statements.

City of El Cajon
Long-Term Debt
Comparative Data as of June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Capital lease	\$ 1,645,974	\$ 1,827,397	\$ -	\$ -	\$ 1,645,974	\$ 1,827,397
CA State Water Resources Loan	-	-	7,313,590	5,871,418	7,313,590	5,871,418
Due to City of San Diego	-	-	9,858,817	9,858,817	9,858,817	9,858,817
Total	\$ 1,645,974	\$ 1,827,397	\$ 17,172,407	\$ 15,730,235	\$ 18,818,381	\$ 17,557,632

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered when preparing the City's General Fund budget for fiscal year 2018-19:

- The majority of sources of economic data report low rate of unemployment, growth in the Gross Domestic Product and real-estate markets, increasing taxable sales, and moderate inflation signaling a continued slow, steady growth in the economy.
- The fiscal year 2018-19 General Fund budget expects revenues and other financing sources to increase by 2.7 million, or 3.8%, compared to estimated actual revenues for fiscal year 2017-18. This is primarily due to anticipated growth in major revenue sources with the general improvement in the economy.
- The General Fund expenditure and other financing uses budget for fiscal year 2018-19 reflects an 11.2% increase, or \$8.0 million, compared to the amended fiscal year 17-18 budget. The majority of this increase is a one-time transfer of \$4.9 million to the City Capital Improvement Projects Fund. Contributing to the remainder of the increase is the continued escalation of CalPERS employer contribution rates, as well as other salary and benefit increases from negotiated labor agreements.
- The City could be placed in a significant financially precarious position in the event of a slowdown in the local economy. As such, prudent spending, strategic fiscal planning, and aggressive economic development efforts are vital to ensure the City's financial stability.

REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report or need additional financial information, contact the City of El Cajon Finance Department, 200 Civic Center Way, El Cajon, CA 92020, (619) 441-1668 or visit the City's web site at www.cityofelcajon.us.



CITY OF EL CAJON

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments (note B)			
Cash and investments	\$ 86,596,501	\$ 25,175,791	\$ 111,772,292
Cash and investments, restricted	-	357,552	357,552
Receivables:			
Accounts, net (note C)	264,466	4,349,026	4,613,492
Interest	350,456	106,745	457,201
Intergovernmental	1,669,427	-	1,669,427
Loans (note D)	23,082,268	-	23,082,268
Taxes	7,590,640	36,614	7,627,254
Prepaid items	7,071		7,071
Land held for resale (note E)	-	-	-
Capital assets (note F):			
Non-depreciable	55,232,712	945,763	56,178,475
Amortizable or depreciable	170,557,581	59,332,884	229,890,465
Total assets	<u>345,351,122</u>	<u>90,304,375</u>	<u>435,655,497</u>
Deferred outflows of resources (note G):			
Deferred outflows - pension	36,393,755	1,660,275	38,054,030
Deferred outflows - OPEB	883,604	74,755	958,359
Total deferred outflows of resources	<u>37,277,359</u>	<u>1,735,030</u>	<u>39,012,389</u>
Combined assets and deferred outflows of resources	<u>\$ 382,628,481</u>	<u>\$ 92,039,405</u>	<u>\$ 474,667,886</u>
Liabilities:			
Accounts payable	4,516,521	2,839,496	7,356,017
Accrued interest payable	25,163	77,651	102,814
Accrued liabilities	1,863,702	114,312	1,978,014
Deposits payable	238,545	271,773	510,318
Unearned revenue	189,067	-	189,067
Long-term liabilities (note I):			
Due within one year	4,439,583	421,911	4,861,494
Due in more than one year	5,609,378	17,093,660	22,703,038
Net pension liability (note L)	181,341,338	8,689,827	190,031,165
Net OPEB liability (note N)	1,865,706	157,845	2,023,551
Total liabilities	<u>200,089,003</u>	<u>29,666,475</u>	<u>229,755,478</u>
Deferred inflows of resources (note J):			
Deferred inflows - pension	4,989,696	82,791	5,072,487
Deferred inflows - unavailable revenue	821,446	-	821,446
Total deferred inflows of resources	<u>5,811,142</u>	<u>82,791</u>	<u>5,893,933</u>
Combined liabilities and deferred inflows of resources	<u>205,900,145</u>	<u>29,749,266</u>	<u>235,649,411</u>
Net position:			
Net investment in capital assets	224,144,319	43,106,240	267,250,559
Restricted for:			
Public safety facility project fund	3,904,121	-	3,904,121
Public safety	1,613,643	-	1,613,643
Public works	17,789,881	-	17,789,881
Recreation	195,433	-	195,433
Community development	26,665,236	-	26,665,236
Debt service	-	357,552	357,552
Unrestricted	<u>(97,584,297)</u>	<u>18,826,347</u>	<u>(78,757,950)</u>
Total net position	<u>\$ 176,728,336</u>	<u>\$ 62,290,139</u>	<u>239,018,475</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON
Statement of Activities
For the fiscal year ended June 30, 2018

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,375,482	\$ 2,319,957	\$ -	\$ -
Public safety	58,123,097	2,018,135	2,863,744	79,487
Public works	14,984,088	1,728,558	2,337,164	2,842,467
Recreation	4,916,098	679,813	108,000	897,657
Community development	4,223,953	1,864,899	2,272,604	-
Interest on long-term debt	50,652	-	-	-
Total government activities	<u>90,673,370</u>	<u>8,611,362</u>	<u>7,581,512</u>	<u>3,819,611</u>
Business-type activities:				
Wastewater	<u>17,389,328</u>	<u>20,395,530</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>17,389,328</u>	<u>20,395,530</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 108,062,698</u>	<u>\$ 29,006,892</u>	<u>\$ 7,581,512</u>	<u>\$ 3,819,611</u>

General revenues:
 Taxes
 Property taxes
 Sales taxes
 Franchise taxes
 Transient lodging taxes
 Business license taxes
 Intergovernmental (unrestricted)
 Investment earnings
 Other
 Transfers
 Total general revenues and transfers
 Change in net position
 Net position, beginning
 Prior period adjustment (note O)
 Net position, beginning as restated
 Net position, ending

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (6,055,525)	\$ -	\$ (6,055,525)
(53,161,731)	-	(53,161,731)
(8,075,899)	-	(8,075,899)
(3,230,628)	-	(3,230,628)
(86,450)	-	(86,450)
(50,652)	-	(50,652)
<u>(70,660,885)</u>	<u>-</u>	<u>(70,660,885)</u>
-	3,006,202	3,006,202
-	3,006,202	3,006,202
<u>(70,660,885)</u>	<u>3,006,202</u>	<u>(67,654,683)</u>
18,709,738	-	18,709,738
37,163,462	-	37,163,462
5,311,723	-	5,311,723
1,613,926	-	1,613,926
837,895	-	837,895
54,999	-	54,999
402,994	144,106	547,100
(356,651)	471,626	114,975
-	-	-
<u>63,738,086</u>	<u>615,732</u>	<u>64,353,818</u>
(6,922,799)	3,621,934	(3,300,865)
183,211,885	58,790,359	242,002,244
439,250	(122,154)	317,096
<u>183,651,135</u>	<u>58,668,205</u>	<u>242,319,340</u>
<u>\$ 176,728,336</u>	<u>\$ 62,290,139</u>	<u>\$ 239,018,475</u>

The accompanying notes are an integral part of these financial statements.



CITY OF EL CAJON
FUND FINANCIAL STATEMENTS
MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

General Fund - This is the City's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund. The fund will continue to exist indefinitely.

SPECIAL REVENUE FUNDS are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the major Special Revenue Funds used by the City:

Low and Moderate Income Housing Asset Fund - This fund accounts for the committed, housing set-aside funds that were transferred from the former Redevelopment Agency when it was dissolved on February 1, 2012. This fund is used to increase, improve, and preserve affordable housing for low and moderate income residents of El Cajon.

HOME - This fund accounts for federal grants to support local affordable housing initiatives under the Home Investment Partnership Program.

CAPITAL PROJECTS FUNDS are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure. The following are the major Capital Projects Funds:

Public Safety Facilities - This fund was established to account for activities related to the construction of a new public safety center and animal shelter, as well as upgrades to existing fire stations. These projects are funded by a half-percent sales tax that was in place from April 2005 through March 2015 (Proposition O approved by voters in November 2004).

City Capital Improvement Program - This fund is used to account for repairs, improvements and the preservation of City owned facilities and equipment, additional public buildings and the acquisition of land.

CITY OF EL CAJON

Balance Sheet Governmental Funds June 30, 2018

	General	Special Revenue	
		Low and Moderate Income Housing Asset	HOME
Assets:			
Cash and investments (note B)	\$ 43,195,661	\$ 3,756,955	\$ 10,161
Receivables:			
Accounts (note C)	264,466	-	-
Interest	275,607	15,739	2,794
Intergovernmental	24,979	-	361,403
Loans (note D)	-	11,480,047	10,584,159
Taxes	7,554,498	-	-
Prepaid items	7,071	-	-
Due from other funds (note H)	367,395	-	-
Total assets	51,689,677	15,252,741	10,958,517
Total assets	\$ 51,689,677	\$ 15,252,741	\$ 10,958,517
Liabilities:			
Accounts payable	\$ 709,103	\$ 35,287	\$ 218
Accrued liabilities	1,753,320	-	-
Deposits payable	238,545	-	-
Due to other funds (note H)	-	-	-
Unearned revenue	189,067	-	-
Total liabilities	2,890,035	35,287	218
Deferred inflows of resources:			
Deferred inflows (note J)	-	821,446	-
Total deferred inflows of resources	-	821,446	-
Fund balance (note K):			
Nonspendable	7,071	-	-
Restricted	-	14,396,008	10,958,299
Committed	13,052,990	-	-
Assigned	14,500,000	-	-
Unassigned	21,239,581	-	-
Total fund balance	48,799,642	14,396,008	10,958,299
Total liabilities, deferred inflows of resources and fund balance	\$ 51,689,677	\$ 15,252,741	\$ 10,958,517

The accompanying notes are an integral part of these financial statements.

Capital Projects			
Public Safety Facilities Project	City Capital Improvement Program	Total Non-Major Governmental	Total Governmental Funds
\$ 4,867,867	\$ 12,042,592	\$ 8,830,861	\$ 72,704,097
-	-	-	264,466
22,419	-	33,897	350,456
-	108,520	1,174,525	1,669,427
-	-	1,018,062	23,082,268
3,495	-	32,647	7,590,640
-	-	-	7,071
-	14,798	-	382,193
<u>4,893,781</u>	<u>12,165,910</u>	<u>11,089,992</u>	<u>106,050,618</u>
<u>\$ 4,893,781</u>	<u>\$ 12,165,910</u>	<u>\$ 11,089,992</u>	<u>\$ 106,050,618</u>
\$ 989,660	\$ 548,081	\$ 1,511,899	\$ 3,794,248
-	-	37,397	1,790,717
-	-	-	238,545
-	-	382,193	382,193
-	-	-	189,067
<u>989,660</u>	<u>548,081</u>	<u>1,931,489</u>	<u>6,394,770</u>
-	-	-	821,446
-	-	-	821,446
-	-	-	7,071
-	-	8,841,038	34,195,345
-	-	-	13,052,990
3,904,121	11,617,829	325,808	30,347,758
-	-	(8,343)	21,231,238
<u>3,904,121</u>	<u>11,617,829</u>	<u>9,158,503</u>	<u>98,834,402</u>
<u>\$ 4,893,781</u>	<u>\$ 12,165,910</u>	<u>\$ 11,089,992</u>	<u>\$ 106,050,618</u>

The accompanying notes are an integral part of these financial statements.



CITY OF EL CAJON
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Governmental Funds
June 30, 2018

Fund balances of governmental funds (page 23)	\$ 98,834,402
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of depreciation used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Capital assets	371,822,236
Accumulated amortization or depreciation	(149,009,123)
Other Post Employment Benefits (OPEB) related adjustments that are not financial resources and, therefore, not reported in the governmental funds.	
Deferred outflows of resources	863,357
Net OPEB liability	(1,822,957)
Expenditures in the governmental funds that are recorded when paid and are recorded as a liability for the purposes of the statement of net position.	
Compensated absences payable	(6,007,232)
Capital lease payable	(1,645,974)
Pension related adjustments that are not financial resources and, therefore, not reported in the governmental funds.	
Deferred outflows of resources	35,903,873
Deferred inflows of resources	(4,965,268)
Net pension liability	(178,777,319)
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:	
Capital assets, net of accumulated depreciation	2,977,180
Deferred outflows	510,129
Compensated absences	(259,613)
Claims payable	(2,136,142)
Deferred inflows	(24,428)
Net pension liability	(2,564,019)
Net OPEB liability	(42,749)
Other assets and liabilities	13,071,983
	13,071,983
Net position of governmental activities (page 17)	\$ 176,728,336

The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the fiscal year ended June 30, 2018

	General	Special Revenue	
		Low and Moderate Income Housing Asset	HOME
Revenues:			
Charges for services	\$ 4,511,374	\$ -	\$ -
Intergovernmental	1,363,679	-	878,654
Investment earnings	263,139	43,407	(478)
Licenses and permits	1,387,579	-	-
Other	3,327,173	773,290	1,380
Taxes	63,636,745	-	-
Total revenues	74,489,689	816,697	879,556
Expenditures:			
Current			
General government	5,939,775	-	-
Public safety	47,569,684	-	-
Public works	8,255,875	-	-
Recreation	3,395,666	-	-
Community development	2,922,485	126,285	25,798
Capital outlay	-	-	-
Debt service			
Interest	-	-	-
Principal	-	-	-
Total expenditures	68,083,485	126,285	25,798
Excess (deficiency) of revenues over (under) expenditures	6,406,204	690,412	853,758
Other financing sources (uses):			
Transfers in	210,915	-	-
Transfers out	-	-	-
Total other financing sources (uses)	210,915	-	-
Net change in fund balances	6,617,119	690,412	853,758
Fund balances, beginning	39,177,923	13,705,596	10,104,541
Prior period adjustment (note O)	3,004,600	-	-
Fund balance, beginning restated	42,182,523	13,705,596	10,104,541
Fund balances, ending	\$ 48,799,642	\$ 14,396,008	\$ 10,958,299

The accompanying notes are an integral part of these financial statements.

Capital Projects			
Public Safety Facilities Project	City Capital Improvement Program	Non-Major	Total Governmental Funds
\$ -	\$ -	\$ 50,449	\$ 4,561,823
50,000	-	6,311,879	8,604,212
58,004	-	38,923	402,995
-	-	-	1,387,579
2,545	208,003	55,741	4,368,132
29,488	-	1,899,752	65,565,985
<u>140,037</u>	<u>208,003</u>	<u>8,356,744</u>	<u>84,890,726</u>
5,504	-	-	5,945,279
-	-	505,485	48,075,169
-	186,858	2,750,766	11,193,499
-	-	73,426	3,469,092
-	-	504,074	3,578,642
8,844,768	1,298,812	3,411,615	13,555,195
-	-	76,147	76,147
-	-	181,423	181,423
<u>8,850,272</u>	<u>1,485,670</u>	<u>7,502,936</u>	<u>86,074,446</u>
<u>(8,710,235)</u>	<u>(1,277,667)</u>	<u>853,808</u>	<u>(1,183,720)</u>
-	24,798	3,303,487	3,539,200
-	(113,374)	(3,425,826)	(3,539,200)
-	(88,576)	(122,339)	-
<u>(8,710,235)</u>	<u>(1,366,243)</u>	<u>731,469</u>	<u>(1,183,720)</u>
12,614,356	12,984,072	8,427,034	97,013,522
-	-	-	3,004,600
<u>12,614,356</u>	<u>12,984,072</u>	<u>8,427,034</u>	<u>100,018,122</u>
<u>\$ 3,904,121</u>	<u>\$ 11,617,829</u>	<u>\$ 9,158,503</u>	<u>\$ 98,834,402</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Governmental Funds For the fiscal year ended June 30, 2018

Net changes in fund balances - total governmental funds (page 27)	\$ (1,183,720)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays excluding the internal service funds exceeded depreciation in the current period.	
Capital outlay	12,358,218
Amortization or depreciation expense	(6,353,854)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Capital lease payable	181,423
The statement of activities includes the reversal of the prior year accrued interest payable on long term debt.	
	25,492
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
	612,262
Net difference in current year pension plan contribution and pension plan expense as of the measurement date.	
	(12,928,505)
Net difference in current year OPEB contribution and OPEB expense as of the measurement date.	
	451,160
Internal service funds are not governmental funds. However, they are used by management to charge the net costs of certain activities such as insurance, vehicle maintenance and replacement, information technology replacement to individual governmental funds. The net expense of the internal service funds is reported with governmental activities.	
	<u>(85,275)</u>
Changes in net position of governmental activities (page 19)	<u>\$ (6,922,799)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON
FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS

ENTERPRISE FUNDS are used to account for activities where fees are charged to external users for goods or

Wastewater - This fund accounts for the sanitary sewer disposal and maintenance of the City's sewer lines and related facilities. It is a self-supporting activity that provides services on a user charge basis to residences and businesses.

INTERNAL SERVICE FUNDS account for the charges to the City departments or other funds, on a cost-reimbursement basis, for equipment, benefits, insurance, and other administration services. The Internal Service Funds primarily serve governmental activities of the City.

CITY OF EL CAJON

Statement of Net Position

Proprietary Funds

June 30, 2018

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
Assets and deferred outflows of resources:		
Current assets:		
Cash and investments (note B)		
Cash and investments	\$ 25,175,791	\$ 13,892,404
Cash and investments, restricted	357,552	-
Receivables:		
Accounts, net of allowance for bad debt (note C)	4,349,026	-
Interest	106,745	-
Taxes	36,614	-
Total current assets	30,025,728	13,892,404
Non-current assets:		
Capital assets, not being depreciated (note F):		
Land	82,300	-
Construction in progress	863,463	-
Capital assets, being depreciated, net (note F):		
Buildings and improvements	158,911	-
Machinery and equipment	28,423	367,966
Vehicles	673,159	2,609,214
Interest in Mission Gorge Mains	7,543,075	-
Infrastructure	50,929,316	-
Total non-current assets	60,278,647	2,977,180
Deferred outflows of resources (note G):		
Deferred outflows of resources related to pensions	1,735,030	510,129
Total deferred outflows of resources	1,735,030	510,129
Total assets and deferred outflows of resources	92,039,405	17,379,713
Liabilities and deferred inflows of resources:		
Current liabilities:		
Accounts payable	2,839,496	747,436
Accrued interest payable	77,651	-
Accrued liabilities	114,312	72,985
Claims payable-current (note I and P)	-	765,000
Compensated absences payable (note I)	175,945	84,035
Deposits payable	271,773	-
California State Water Resources Control Board (note I)	245,966	-
Total current liabilities	3,725,143	1,669,456
Non-current liabilities:		
Claims payable (note I and P)	-	1,371,142
Compensated absences payable (note I)	167,219	175,578
California State Water Resources Control Board (note I)	7,067,624	-
San Diego Metropolitan Wastewater System (note I)	9,858,817	-
Net pension liability (note L)	8,689,827	2,564,019
Net OPEB liability (note N)	157,845	42,749
Total non-current liabilities	25,941,332	4,153,488
Deferred inflows of resources (note J):		
Deferred inflows of resources related to pensions	82,791	24,428
Total deferred inflows of resources	82,791	24,428
Total liabilities and deferred inflows of resources	29,749,266	5,847,372
Net position:		
Net investment in capital assets	43,106,240	2,977,180
Restricted	357,552	-
Unrestricted	18,826,347	8,555,161
Total net position	\$ 62,290,139	\$ 11,532,341

The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the fiscal year ended June 30, 2018

	Business-type Activity Enterprise Fund <u>Wastewater</u>	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	\$ 20,137,592	\$ 9,317,029
Fines	251,638	-
Licenses and permits	6,300	-
Total operating revenues	<u>20,395,530</u>	<u>9,317,029</u>
Operating expenses:		
Salaries and benefits	1,968,407	3,613,242
Materials, services and supplies	13,700,759	4,101,167
Insurance claims/premiums	-	1,823,858
Depreciation	1,720,162	692,871
Total operating expenses	<u>17,389,328</u>	<u>10,231,138</u>
Operating income (loss)	<u>3,006,202</u>	<u>(914,109)</u>
Non-operating revenues (expenses):		
Investment earnings	144,106	-
Gain (loss) on disposal of assets	7,950	29,423
Other revenue	577,886	799,411
Interest expense	(114,210)	-
Total non-operating revenues (expenses)	<u>615,732</u>	<u>828,834</u>
Income (loss) before operating transfers	<u>3,621,934</u>	<u>(85,275)</u>
Change in net position	3,621,934	(85,275)
Net position, beginning	58,790,359	11,650,699
Prior period adjustment (note O)	(122,154)	(33,083)
Net position, beginning as restated	<u>58,668,205</u>	<u>11,617,616</u>
Net position, ending	<u>\$ 62,290,139</u>	<u>\$ 11,532,341</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2018

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and charges to other funds	\$ 20,094,344	\$ 9,389,849
Payments to suppliers	(13,671,497)	(5,372,728)
Payments to employees	(3,101,206)	(3,190,098)
Net cash provided by operating activities	<u>3,321,641</u>	<u>827,023</u>
Cash flows from noncapital financing activities:		
Other revenue	577,886	799,411
Net cash provided by noncapital financing activities	<u>577,886</u>	<u>799,411</u>
Cash flows from capital and related financing activities:		
Proceeds from long term borrowing	1,712,729	-
Proceeds from sale of vehicles and equipment	7,950	24,698
Acquisitions of infrastructure, vehicles and equipment	(7,762,985)	(1,059,272)
Repayment of long term borrowing (principal)	(270,557)	-
Repayment of long term borrowing (interest)	(86,995)	-
Net cash (used for) capital and related financing activities	<u>(6,399,858)</u>	<u>(1,034,574)</u>
Cash flows from investing activities:		
Interest and dividends received	120,627	-
Net cash provided by investing activities	<u>120,627</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(2,379,704)	591,860
Cash and cash equivalents, beginning	27,913,047	13,300,544
Cash and cash equivalents, ending	<u>\$ 25,533,343</u>	<u>\$ 13,892,404</u>
Reconciliation of cash and cash equivalents at end of year to the Statement of Net Position:		
Cash and investments	\$ 25,175,791	\$ 13,892,404
Cash and investments, restricted	357,552	-
Total cash and cash equivalents at end of year	<u>\$ 25,533,343</u>	<u>\$ 13,892,404</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 3,006,202	\$ (914,109)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	1,720,162	692,871
Pension related adjustments	(1,135,151)	(173,082)
Changes in assets and liabilities:		
(Increase) in accounts receivable, net of allowance for bad debt	(328,586)	-
Increase (decrease) in taxes receivable	(7,147)	72,820
Increase (decrease) in accounts payable	29,262	552,299
Increase (decrease) in accrued liabilities	19,135	41,279
Increase (decrease) in deposits payable	34,547	-
Increase (decrease) in claims payable	-	380,000
Increase (decrease) in compensated absences payable	(16,783)	174,945
Net cash provided by operating activities	<u>\$ 3,321,641</u>	<u>\$ 827,023</u>
Noncash investing, capital, and financing activities:		
Capital contribution of infrastructure	\$ -	\$ -
Capital asset (infrastructure) included in accounts payable	-	104,662

The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON
FUND FINANCIAL STATEMENTS
FIDUCIARY FUNDS

FIDUCIARY FUNDS are used to report assets held by the City in a custodial or agency capacity for other funds, governments or individuals. The City reports the following two types of fiduciary funds:

Agency Funds are custodial in nature. These funds are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs. The City's Agency Funds are used to account for miscellaneous deposits for other agencies and for the financial transactions of the Heartland Communications Facility Authority and Heartland Fire Training Authority.

Private Purpose Trust Fund is used to report resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations or other governments. In fiscal year 2012, a private-purpose trust fund was established for the Successor Agency to the Former El Cajon Redevelopment Agency to account for the activities related to the dissolution of the former redevelopment agency.

CITY OF EL CAJON
Statement of Fiduciary Net Position (Deficit)
Fiduciary Funds
June 30, 2018

	Agency Funds	Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency	Total
Assets:			
Cash and investments	\$ 3,351,755	\$ 8,454,601	\$ 11,806,356
Cash with fiscal agent	-	2,959,488	2,959,488
Receivables:			
Accounts	87,390	-	87,390
Intergovernmental	446,978	-	446,978
Interest	14,019	21,505	35,524
Loans	-	1,900,000	1,900,000
Prepays	-	246,250	246,250
Total assets	3,900,142	13,581,844	17,481,986
Deferred outflow of resources			
Deferred amount on refunding	-	918,860	918,860
Total deferred outflow of resources	-	918,860	918,860
Total assets and deferred outflows of resources	\$ 3,900,142	\$ 14,500,704	18,400,846
Liabilities:			
Accounts payable	\$ 64,635	\$ 3,884,155	\$ 3,948,790
Accrued liabilities	68,289	-	68,289
Deposits payable	-	5,000	5,000
Interest payable	-	689,501	689,501
Long-term debt	-	57,674,172	57,674,172
Sundry agency liabilities	3,767,218	-	3,767,218
Total liabilities	\$ 3,900,142	\$ 62,252,828	\$ 66,152,970
Net position (deficit):			
Held in trust for Successor Agency to the El Cajon Redevelopment Agency		\$ (47,752,125)	\$ (47,752,125)

The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the fiscal year ended June 30, 2018

	Private Purpose Trust Fund
	Successor Agency to the Former El Cajon Redevelopment Agency
Additions:	
Property taxes	\$ 5,234,640
Intergovernmental	42,414
Investment earnings	43,486
Loss from assets held for resale	(1,053,599)
Total additions	4,266,941
Deductions:	
Administrative expenses	151,746
Program/project expenses	1,438,559
Payments to affected taxing entities	4,171,264
Interest and fiscal agent expenses	3,681,685
Total deductions	9,443,254
Change in net position	(5,176,313)
Net position (deficit), beginning	(42,575,812)
Net position (deficit), ending	\$ (47,752,125)

The accompanying notes are an integral part of these financial statements.



CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of El Cajon have been prepared in conformity with generally accepted accounting principles in the United States of America as applied to governmental units. 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.

1. Reporting entity

The City of El Cajon (City), which was established on November 12, 1912, is a legal subdivision of the State of California charged with governmental powers. The City's powers are exercised through a five member City Council which serves as its governing body. As required by generally accepted accounting principles in the United States of America (GAAP), the accompanying financial statements present the activities of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

2. Component units

Because of their relationship with the City and the nature of their operations, component units are, in substance, part of the City's operations and, accordingly, the activities of these component units are blended with the activities of the City for purposes of reporting in the accompanying basic financial statements. While each of these component units is legally separate from the City, the City is financially accountable for these entities. Financial accountability is demonstrated by the City Council acting as the governing board for each of the component units.

Descriptions of the City's blended component units are as follows:

El Cajon Housing Authority

The City Council adopted Resolution No. 32-11 on March 9, 2011, declaring the need for the El Cajon Housing Authority (Housing Authority), pursuant to Health and Safety Code Section 34200 et. seq. The City Council serves as the Commissioners of the Housing Authority. On January 24, 2012, the Commissioners appointed certain City staff to serve as officials of the Housing Authority, and authorized the Housing Authority to accept the housing assets and enforceable obligations from the former El Cajon Redevelopment Agency. There are no separately issued financial statements for the Housing Authority.

El Cajon Public Financing Authority

The El Cajon Public Financing Authority (ECPFA) is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement (JPA Agreement), dated November 9, 2004, between the City and the former Redevelopment Agency. The JPA Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of aiding the financing of projects for the City and the former Redevelopment Agency. A five-member Board governs the Authority. The City's council members constitute the Board of the Authority. Although the ECPFA is a component unit of the City of El Cajon, there were no transactions this fiscal year; therefore, there was nothing to blend. Moreover, there are no separately issued financial statements for ECPFA this fiscal year.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Component units (continued)

Successor Agency to the Former El Cajon Redevelopment Agency

Pursuant to the Dissolution Act, on January 2012, the City Council adopted a resolution electing to serve as the Successor Agency to the former El Cajon Redevelopment Agency. The Successor Agency is a separate legal entity from the City that operates under the auspices of a legislatively formed Oversight Board comprised of representatives of the affected taxing entities of the redevelopment project area. The Oversight Board is tasked with fulfilling the obligations of the former Redevelopment Agency, including but not limited to maintaining necessary bond reserves and disposing of excess property. Pursuant to Health and Safety Code Section 34179 (j), on and after July 1, 2018, the Successor Agency to the El Cajon Redevelopment Agency will be under the oversight of the County of San Diego Countywide Redevelopment Successor Agency Oversight Board. Additional information regarding the change in Oversight Board and the Successor Agency's financial transactions are presented in a separately issued financial statements available at <https://www.cityofelcajon.us/your-government/departments/community-development/successor-agency/documents>.

3. Basic financial statements

Government-Wide Statements

The statement of net position and the statement of activities display information about the primary government (the City) and its blended component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Included in direct expenses are certain incidental indirect costs. These indirect costs are not reported separately and, as such, are included as part of the program expense reported for the individual functions and activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary (agency and private-purpose trust) funds and blended component units. Separate statements for each fund category-*governmental*, *proprietary*, and *fiduciary*-are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basic financial statements (continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Major Funds

The City's major governmental and business-type funds are presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of fund-type.

Major governmental funds are defined as funds that meet both of the following criteria:

- *Ten percent criterion* – Any governmental fund that reports at least 10 percent of *any* of the following: total governmental fund assets; total governmental fund liabilities; total governmental fund revenues; or total governmental fund expenditures.
- *Five percent criterion* – Any individual governmental fund that reports at least 5 percent of the total for both governmental and enterprise funds of any one of the items for which it met the 10 percent criterion above.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund. The General Fund is always a major fund. This is the City's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund. The fund will continue to exist indefinitely.

The General Fund information presented in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds, are presented in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As such, the Recreation Special Programs Special Revenue Fund is included with the General Fund. The combination of this fund with the General Fund is presented in the Supplementary Information section in these financial statements.

Low and Moderate Income Housing Asset Special Revenue Fund. This fund accounts for the housing enforceable obligations of the former El Cajon Redevelopment Agency for the purpose of developing low to moderate income housing.

HOME Special Revenue Fund. This fund accounts for federal grants to support local affordable housing initiatives under the Home Investment Partnership Program. This fund is not annually budgeted because its fund activities (housing loans) are of a long-term basis.

Public Safety Facilities Capital Project Fund. This fund accounts for monies to be utilized for construction of public safety facilities throughout the City.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basic financial statements (continued)

City Capital Improvement Program. This fund accounts for repairs, improvements and the preservation of City owned facilities and equipment, additional public buildings and the acquisition of land. The City reports the following major enterprise fund:

Wastewater. This fund primarily accounts for the sanitary sewer disposal and maintenance of the City's sewer lines and related facilities. It is a self-supporting activity that provides services on a user charge basis to residences and businesses.

The City also reports the following fund types:

Internal Service Funds. These funds account for the maintenance, operation, and fueling of the City's automotive equipment, replacement of the City's automotive equipment, replacement of the City's information technology equipment and systems, payment of liability premiums and insurance claims both current and future, and post-employment benefits, all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds. These funds account for assets held by the City in a purely custodial capacity for other funds, governments or individuals, and are not included in the Government-Wide Statements.

4. Basis of accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic-resources measurement focus* and the *full accrual* basis of accounting, although Agency Funds have no measurement focus. Revenues are recorded when *earned* and expenses are recorded at the same time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds financial statements are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end for such items as property taxes, sales taxes, and transient occupancy taxes. Intergovernmental revenues received as a reimbursement of expenditures are considered available if collected within six months of year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*. The City allocates certain indirect expenses incurred by the general government activity to those activities that benefit.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Implementation of New Governmental Accounting Standards Board (GASB) Pronouncement

Beginning with the fiscal year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This statement replaces the requirements of Statements No. 45 for accounting and financial reporting for Other Post-Employment Benefits. The disclosures required by this statement provide decision-useful information, supporting assessments of accountability and interperiod equity, and the creation of additional transparency.

6. Property taxes

The County of San Diego (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the City of El Cajon. The City's current year tax collection is received through periodic apportionments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on the property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Since the passage of California's Proposition 13, beginning with fiscal Year 1978-79 general property taxes are based either on a flat 1% rate applied to the 1975-76 full value of the property or on 1% of the sales price of any property sold or of the cost of any new construction after the 1975-76 valuations. Taxable values of properties (exclusive of increases related to sales and new construction) can rise at a maximum of 2% per year.

7. Budgetary information

Budgets are generally prepared on a basis consistent with generally accepted accounting principles (GAAP), with the exception of General Fund and one fund that was considered a special revenue fund prior to the implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. These two funds are budgeted as separate individual funds, but are consolidated into the General Fund for financial reporting purposes. The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager, and a preliminary budget that is transmitted from the City Manager to the City Council for its review before the required date of adoption. Once transmitted to the City Council, the preliminary budget is made available for inspection. Prior to adoption, a budget workshop meeting is held by the City Council. Additionally, a public hearing is held to give the public the opportunity to comment upon the preliminary budget. Notice of such public hearing is given in a newspaper of general circulation.

The approval of the budget is accomplished by the adoption of a Budget Resolution by the City Council, prior to the beginning of the fiscal year. The level of budgetary control is at the department level. For purposes of this requirement, each fund, other than the General Fund, is considered to be a separate department. The City Manager is authorized to transfer appropriations within a departmental budget. Any appropriations transfers between funds require City Council approval. Appropriations lapse at year-end to the extent that they have not been expended. All governmental funds have appropriated adopted annual budgets except for all capital projects funds and the following special revenue funds: CDBG, HOME and Various Donations.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Encumbrances

Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. A listing of significant encumbrances outstanding at year-end is included in Note Q – Commitments and Contingencies.

9. Claims and judgments

The City provides for public liability claims and judgments through its self-insurance fund. The costs of claims and judgments are recorded when the liability is incurred and measurable. The City also purchases excess public liability insurance above self-insured retention amounts.

10. Cash and cash equivalents

City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

11. Investments

In accordance with GASB Statement No. 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

In the accompanying financial statements, investments are stated at fair value except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. In the fund financial statements, changes in fair value that occur during a fiscal year are recognized as "Investment earnings" reported for the fiscal year. "Investment earnings" includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments.

12. Prepaid items

Prepaid items represent expenses paid late in the current fiscal year for services to be provided early in the following fiscal year. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased (consumption method).

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Capital assets

Capital assets, which include land; buildings and improvements; machinery and equipment; interest in Mission Gorge Mains and infrastructure assets (i.e., roads, bridges, curbs and gutters, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as those with an initial, individual cost of \$10,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at acquisition value on the date contributed.

The estimated useful lives of capital assets using the straight-line method of depreciation are as follows:

Category	Useful Life
Infrastructure	20 - 60 years
Buildings and improvements	10 - 50 years
Machinery and equipment	2 - 20 years
Interest in Mission Gorge Mains	60 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Improvements are capitalized and depreciated (if applicable) over the remaining useful lives of the related capital assets. Capital assets and the related obligations acquired under lease/purchase agreements, if any, are capitalized and accounted for in accordance with the FASB Codification.

14. Interfund transactions and balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered and are recorded as transfers in or out.

15. Deferred Outflows or Inflows of Resources

Deferred Outflows of Resources. This is the consumption of net assets by the government that is applicable to a future reporting period and has a positive effect on net position, similar to assets.

Deferred Inflows of Resources. This is an acquisition of net assets by the government that is applicable to a future reporting period and has a negative effect on net position, similar to liabilities.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Fund balances

The components of the fund balances of governmental funds now reflect the classifications as described below.

Nonspendable fund balance – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance – includes amounts that can be used only for specific purposes as determined by the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment, which may be done in conjunction with the adoption of the annual budget resolution, or by a separate action taken during a properly noticed City Council meeting.

Assigned fund balance – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Manager is the designated official for establishing fund balance assignments per City Council Policy No. B-12, Fund Balance.

Unassigned fund balance – includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City Council Policy on Fund Balance (No. B-12) also establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by assigned amounts, then the unassigned amounts.

In the General Fund, Committed fund balance represents the operating reserve equal to 20% of annual expenditures, adjusted each year in conjunction with the City Council's adoption of the annual budget. Assigned fund balance is an amount to assist in accelerating the reduction of the unfunded pension liability and stabilize service levels during economic uncertainty. Unassigned fund balance represents the residual fund balance and is to mitigate the effects of unforeseen changes in revenues and/or expenditures.

In the Special Revenue, Capital Projects and Debt Service Funds, Assigned fund balance represents the intent to utilize this portion of fund balance for the purposes that these funds were established.

17. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

18. Pension

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

Net pension liability is the Plan's total pension liability based on entry age normal actuarial cost method less the plan's fiduciary net position. This may be a negative liability (net pension asset).

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. This may be a negative expense (pension income).

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. The following timeframes were used in these financial statements.

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

19. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

20. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates. Management believes that the estimates are reasonable.

21. Prior year data

Prior year amounts on the Statement of Net Activities have been reclassified to conform to current year presentation of the same information. Total Governmental Activities and Net Position are not affected by this reclassification.

NOTE B: CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, totaled \$126,895,688, and are reflected in the accompanying financial statements and consist of the following:

Cash and investments in the financial statements		Cash and investments consist of the following	
STATEMENT OF NET POSITION:			
Cash and investments	\$ 111,772,292	Cash on hand	\$ 4,845
Cash and investments, restricted	357,552	Deposits with financial institutions	19,414,130
		Investments	107,476,713
FIDUCIARY FUNDS			
Cash and investments	11,806,356		
Cash and investments with fiscal agent	2,959,488		
Total cash and investments	<u>\$ 126,895,688</u>	Total cash and investments	<u>\$ 126,895,688</u>

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

The following table lists some of the investment types authorized for the City by the California Government Code Section 53601 and the City's investment policy. The table also identifies certain provisions of the California Government Code or the City's investment policy, if more restrictive, that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by the 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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE B: CASH AND INVESTMENTS (continued)

<u>Investment Types Authorized by State Law and the City's Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Bank Deposits	N/A	N/A	None
Certificates of Deposits	N/A	30%	None
Placement Service Deposits	N/A	30%	None
Securities of the US Government or its Agencies	5 years	None	None
US Treasury Bills, Notes, Bonds or Certificates	5 years	None	None
Medium-Term Notes	5 years	30%	None
Municipal Debt	5 years	20%	None
Supranationals	5 years	30%	None
Asset-Backed Securities	5 years	20%	None
Bankers' Acceptance	180 days	30%	None
Commercial paper	270 days	25%	10%
Repurchase Agreements	30 days	30%	None
Money Market Mutual Funds	N/A	15%	10%
County of San Diego Treasury	N/A	30%	None
JPA Pools (other investment pools)/CAMP	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 65,000,000 <i>per LAIF account</i>

Investments Authorized by Debt Agreements

The debt agreements govern the investment of debt proceeds held by bond trustee rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are generally authorized for investments with fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
General Obligations of States	None	None	None
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 65,000,000 <i>per LAIF account</i>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE B: CASH AND INVESTMENTS (continued)

Investments Authorized by Debt Agreements

The debt agreements govern the investment of debt proceeds held by bond trustee rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are generally authorized for investments with fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
General Obligations of States	None	None	None
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 65,000,000 <i>per LAIF account</i>

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based 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. LAIF has a maximum transaction of 15 per month with a minimum amount of \$5,000. Any withdrawal of \$10,000,000 requires 24-hour notice.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is \$65,000,000 per account.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE B: CASH AND INVESTMENTS (continued)

Investment in JPA Pool/CAMP

The City is a voluntary participant in the CAMP Trust (Trust), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. There are no minimum deposit requirements or limits on deposits and withdrawals. Dividends from net investment income are declared on a daily basis and paid on the last day of the month. Dividends paid are automatically reinvested in each account by the purchase of additional shares. The contract creating the Trust specifies the types of investments that can be made by the investment portfolio with available cash: U.S. Government securities, securities of federally sponsored agencies, repurchase agreements, banker's acceptances, negotiable certificates of deposit and commercial paper. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP.

Interest Rate Risk and Interest Rate Fluctuations

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investments (including investments held by bond trustees) did not include investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information below).

One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in months)</u>			
		<u>12 or less</u>	<u>13 to 24</u>	<u>25 to 60</u>	<u>> 60</u>
US Agency securities	\$ 37,547,661	\$ 13,613,647	\$ 16,705,670	\$ 7,228,344	\$ -
US Treasuries	18,550,324	7,809,134	-	10,741,190	-
Corporate notes	17,531,764	4,968,260	4,671,338	7,892,166	-
CAMP cash pool	53,805	53,805	-	-	-
LAIF (2 accounts)	30,833,670	30,833,670	-	-	-
Held by fiscal agent	-	-	-	-	-
LAIF	845,807	845,807	-	-	-
Invesco STIT Treasury Private	2,113,682	2,113,682	-	-	-
Total	\$ 107,476,713	\$ 60,238,005	\$ 21,377,008	\$ 25,861,700	\$ -

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE B: CASH AND INVESTMENTS (continued)

Fair Value Measurement

The hierarchy levels for investments as of June 30, 2018, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments by fair value level</u>			
US Agency securities	\$ -	\$ 37,547,661	\$ -
US Treasuries	18,550,324	-	-
Corporate notes	-	17,531,764	-
Total investments by fair value level	<u>\$ 18,550,324</u>	<u>\$ 55,079,425</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)

Held by fiscal agent:

Invesco STIT Treasury Private	<u>\$ 2,113,682</u>
Total investments measured at net asset value (NAV)	<u>\$ 2,113,682</u>

Investments not subject to GASB Statement No. 72

CAMP cash pool	\$ 53,805
LAIF (2 accounts)	30,833,670
Held by fiscal agent:	
LAIF	<u>845,807</u>
Total investments not subject to GASB Statement No. 72	<u>\$ 31,733,282</u>

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 year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Not Rated</u>
US Agency securities	\$ 37,547,661	N/A	AA+	Aaa	\$ -
US Treasuries	18,550,324	N/A	AA+	Aaa	-
Corporate notes	17,531,764	"A category"	A-/A+/AA-/AA+/AAA	A2/A1/Aa1/Aa3/Aa1/Aaa	-
CAMP cash pool	53,805	N/A	AAAm	Not Rated	-
LAIF (2 accounts)	30,833,670	N/A	Not Rated	Not Rated	30,833,670
Held by fiscal agent:					
LAIF	845,807	N/A	Not Rated	Not Rated	845,807
Invesco STIT Treasury Private	2,113,682	N/A	AAAm	Aaa-mf	-
Total	<u>\$ 107,476,713</u>				

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE B: CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. 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 are as follows:

<u>Issuer</u>	<u>Type</u>	<u>Amount</u>
Federal National Mortgage Association	Federal Agency Securities	\$ 21,769,558
Federal Home Loan Mortgage Corporation	Federal Agency Securities	9,863,127
Federal Home Loan Banks	Federal Agency Securities	5,914,976

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2018, none of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

For the investments with fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE C: ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD DEBT

Accounts receivable and related allowance for bad debt are as follows:

Governmental Activities:		Business-type Activities:	
General Fund	\$ 264,466	Wastewater	\$ 4,769,026
		Less allowance for bad debt	(420,000)
Total Governmental Activities	\$ 264,466		\$ 4,349,026

Allowance for bad debt is recognized to ensure that receivables are not overstated due to uncollectible accounts. Bad debt reserve is maintained for accounts receivable based on a variety of factors, including the length of time receivables are past due, economic conditions, significant one-time events, and historical experience.

NOTE D: LOANS RECEIVABLE

Lexington Avenue Senior Apartments **\$ 220,000**

In fiscal year 1994, the City and the former Redevelopment Agency entered into a Disposition and Development Agreement with a Lexington Avenue Senior Apartments to provide for the development of affordable housing on certain property situated within the Project Area. The former Redevelopment Agency loaned \$550,000, which is to be repaid in forty equal annual installments of \$13,750 each, with no interest. If the apartments remain in compliance with the provisions of the agreement during the one-year period preceding the due date of the note installment, the installment is forgiven and the principal balance of the note is reduced by the amount forgiven. This loan is now an asset of the El Cajon Housing Authority as the successor housing entity. At the end of the agreement, fiscal year 2034, the property will revert to the El Cajon Housing Authority.

Chambers Senior Residences, L.P. **\$ 5,299,872**

In fiscal year 2010, the former Redevelopment Agency entered into a Disposition Development Agreement with Chambers Senior Residences, L.P. for the development and construction of affordable housing units for forty-eight senior households with very low income and family households with moderate income. The former Redevelopment Agency agreed to provide a loan up to \$4,500,000, secured by a Deed of Trust. The loan bears interest at the rate of 3%. Loan repayments will be based on residual receipts from the monies earned on the property once it is built. The balance outstanding includes principal and accrued interest of \$4,500,000 and \$799,872 respectively, at June 30, 2018.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE D: LOANS RECEIVABLE (continued)

South Sunshine Associates, L.P. **\$ 1,118,739**

In fiscal year 2016, the City entered into a HOME Funding Agreement with South Sunshine Associates, L.P. for the acquisition and development of a 70-unit affordable housing project tailored to low-income families and veteran households. The City agreed to provide a loan up to \$1,200,000, secured by a Deed of Trust. The loan is due on or before July 31, 2073 with an interest rate of 3% starting to accrue upon project completion. As of June 30, 2018, the balance outstanding includes a loan disbursement of \$1,118,739 for the acquisition and development of the property.

South Sunshine Associates, L.P. **\$ 877,338**

In fiscal year 2018, the El Cajon Housing Authority entered into an Affordable Housing Agreement with South Sunshine Associates, L.P. for the construction development of a 70-unit affordable housing project tailored to low-income families and veteran households. The Housing Authority agreed to provide a loan up to \$1,300,000, secured by a Deed of Trust and Assignment of Rents. Loan repayments will be based on residual receipts from the monies earned on the property once it is built. The loan is due on or before December 31, 2070 with an interest rate of 3%. As of June 30, 2018, the balance outstanding includes a loan disbursement of \$873,089 and accrued interest of \$4,249.

Other Various Housing Loans **\$ 15,566,319**

The City and the Housing Authority have made various acquisition and rehabilitation loans to low income households during the past few years. Provided that the Borrower continues to occupy the property as their primary residence, the principal sum is to be repaid upon the sale, transfer or change in title to the property. A few of the loans are forgivable if the Borrower meets certain criteria. The loans are secured by a Deed of Trust. The outstanding balances on these loans are as follows: CDBG \$304,938; HOME \$9,465,420; CAL HOME \$713,124; and Housing Authority (Low/Moderate Income Housing Assets) \$5,082,837.

Total Loans Receivable **\$ 23,082,268**

NOTE E: LAND HELD FOR RESALE

In September, 2016, the real property located at 812-816 Grossmont Avenue was deeded back to the El Cajon Housing Authority as security for a defaulted housing loan totaling \$647,365. The property had an appraised value of \$568,000 at the time of the transfer.

On June 23, 2017, the El Cajon Housing Authority entered into a Disposition Development Agreement with San Diego Habitat for Humanity Inc. (Developer) for the sale and development of two existing residential units. The Developer acquired the real property from the Housing Authority for \$640,000. The Developer made a down payment of \$300,000 and a promissory note was executed for the remaining \$340,000 (reported in Note D Loans Receivable – Other Various Housing Loans.)

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE F: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 22,601,488	\$ -	\$ (447,305)	\$ 22,154,183
Rights of way	31,190,652	-	-	31,190,652
Construction in progress	3,834,164	1,675,053	(3,621,340)	1,887,877
Total assets, not being depreciated:	<u>57,626,304</u>	<u>1,675,053</u>	<u>(4,068,645)</u>	<u>55,232,712</u>
Capital assets being amortized or depreciated:				
Use rights	2,003,895	-	-	2,003,895
Land improvements	8,019,204	104,900	-	8,124,104
Buildings and improvements	92,475,468	10,715,580	-	103,191,048
Machinery and equipment	6,257,792	638,501	-	6,896,293
Vehicles	11,125,507	1,137,789	(293,256)	11,970,040
Infrastructure	191,829,475	3,323,700	-	195,153,175
Total assets being amortized or depreciated	<u>311,711,341</u>	<u>15,920,470</u>	<u>(293,256)</u>	<u>327,338,555</u>
Less accumulated amortization or depreciation for:				
Use rights	(150,292)	(150,292)	-	(300,584)
Land improvements	(4,443,738)	(719,669)	-	(5,163,407)
Buildings and improvements	(24,160,680)	(2,686,372)	-	(26,847,052)
Machinery and equipment	(3,883,075)	(505,067)	-	(4,388,142)
Vehicles	(8,302,229)	(708,825)	293,256	(8,717,798)
Infrastructure	(109,087,490)	(2,276,501)	-	(111,363,991)
Total accumulated amortization or depreciation	<u>(150,027,504)</u>	<u>(7,046,726)</u>	<u>293,256</u>	<u>(156,780,974)</u>
Total capital assets being amortized or depreciated, net	<u>161,683,837</u>	<u>8,873,744</u>	<u>-</u>	<u>170,557,581</u>
Governmental activity capital assets, net	<u>\$ 219,310,141</u>	<u>\$ 10,548,797</u>	<u>\$ (4,068,645)</u>	<u>\$ 225,790,293</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 82,300	\$ -	\$ -	\$ 82,300
Construction in progress	3,704,302	684,303	(3,525,142)	863,463
Total assets, not being depreciated:	<u>3,786,602</u>	<u>684,303</u>	<u>(3,525,142)</u>	<u>945,763</u>
Capital assets being depreciated:				
Buildings and improvements	427,527	-	-	427,527
Machinery and equipment	134,113	-	-	134,113
Vehicles	2,417,115	118,231	(40,502)	2,494,844
Interest in Mission Gorge Mains	11,038,654	-	-	11,038,654
Infrastructure	87,460,909	10,485,594	-	97,946,503
Total assets being depreciated	<u>101,478,318</u>	<u>10,603,825</u>	<u>(40,502)</u>	<u>112,041,641</u>
Less accumulated depreciation for:				
Buildings and improvements	(261,393)	(7,223)	-	(268,616)
Machinery and equipment	(103,066)	(2,624)	-	(105,690)
Vehicles	(1,729,344)	(132,843)	40,502	(1,821,685)
Interest in Mission Gorge Mains	(3,311,601)	(183,978)	-	(3,495,579)
Infrastructure	(45,623,693)	(1,393,494)	-	(47,017,187)
Total accumulated depreciation	<u>(51,029,097)</u>	<u>(1,720,162)</u>	<u>40,502</u>	<u>(52,708,757)</u>
Total capital assets being depreciated, net	<u>50,449,221</u>	<u>8,883,663</u>	<u>-</u>	<u>59,332,884</u>
Business-type activity capital assets, net	<u>\$ 54,235,823</u>	<u>\$ 9,567,966</u>	<u>\$ (3,525,142)</u>	<u>\$ 60,278,647</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE F: CAPITAL ASSETS (continued)

Amortization and depreciation expense are charged to functions based on their usage of the related assets. The amounts allocated to each function are as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 977,958	Wastewater	\$ 1,720,162
Public safety	2,931,965		
Public works	2,419,232		
Recreation	632,294		
Community development	85,277		
Total depreciation expense	<u>\$ 7,046,726</u>	Total depreciation expense	<u>\$ 1,720,162</u>

NOTE G: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources related to pensions and other post-employment benefits including contributions subsequent to the measurement date, amortization of differences between expected and actual experiences, and amortization of the net difference between projected and actual earnings on pension plan investments.

<u>Deferred Outflows of Resources</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Deferred Outflows of Resources Related to Pensions	\$ 36,393,755	\$ 1,660,275
Deferred Outflows of Resources Related to Other Post-Employment Benefits	883,604	74,755
Total Deferred Outflows of Resources	<u>\$ 37,277,359</u>	<u>\$ 1,735,030</u>

NOTE H: INTERFUND BALANCES AND TRANSFERS

Interfund Balances (Due To/Due From):

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>	<u>Due Within One Year</u>
	NON-MAJOR FUNDS		
General Fund	Special Revenue	\$ 353,776	\$ 353,776
General Fund	Capital Projects	13,619	13,619
City Capital Improvement Program Fund	Special Revenue	14,798	14,798
Totals		<u>\$ 382,193</u>	<u>\$ 382,193</u>

All items are for short-term working capital deficits financed primarily with the receipt of grants in the next fiscal year.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE H: INTERFUND BALANCES AND TRANSFERS (continued)

Interfund Transfers (Transfer In/Transfer Out):

TRANSFERS OUT	TRANSFER IN			Total
	MAJOR FUND		NON-MAJOR FUNDS	
	General Fund	City Capital Improvement Program Project	Capital Projects	
MAJOR FUNDS				
City Capital Improvement Program Project	\$ -	\$ -	\$ 113,374	\$ 113,374
NON-MAJOR FUNDS				
Special Revenue	210,915	24,798	815,599	1,051,312
Capital Projects	-	-	2,374,514	2,374,514
Total	\$ 210,915	\$ 24,798	\$ 3,303,487	\$ 3,539,200

Transfers are used to subsidize various programs and capital projects.

NOTE I: LONG-TERM LIABILITIES

Summary of the changes in long-term liabilities for the fiscal year ended June 30, 2018, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 6,704,162	\$ 3,020,969	\$ (3,458,286)	\$ 6,266,845	\$ 3,488,100
Claims payable (note O)	1,756,142	380,000	-	2,136,142	750,000
Capital lease	1,827,397	-	(181,423)	1,645,974	186,483
Total governmental activities	\$ 10,287,701	\$ 3,400,969	\$ (3,639,709)	\$ 10,048,961	\$ 4,424,583
Business-Type Activities					
Compensated absences	\$ 359,947	\$ 174,044	\$ (190,827)	\$ 343,164	\$ 175,945
CA State Water Resources	5,871,418	1,712,729	(270,557)	7,313,590	245,966
SD Metro Wastewater System	9,858,817	-	-	9,858,817	-
Total business-type activities	\$ 16,090,182	\$ 1,886,773	\$ (461,384)	\$ 17,515,571	\$ 421,911

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE I: LONG-TERM LIABILITIES (continued)

Compensated absences:

Compensated absences balances for the fiscal year ended June 30, 2018, are as follows:

Governmental Activities:		Business-Type Activities:	
MAJOR FUNDS		MAJOR FUNDS	
General Fund	\$ 5,908,312	Wastewater enterprise	\$ 343,164
NON-MAJOR SPECIAL REVENUE FUNDS			
Gas Tax	82,756		
Transit	16,164		
INTERNAL SERVICE FUNDS			
	259,613		
Total	<u>\$ 6,266,845</u>	Total	<u>\$ 343,164</u>

Capital lease:

County of San Diego \$ 1,645,974

In October 2016, the City entered into an installment sale agreement (Agreement) with the County of San Diego (County). The County's Regional Communication System (RCS) provides a standardized communication services platform to public safety and public service agencies operating in San Diego and Imperial Counties. The initial system became operational in 1998 and had an anticipated end-of-life in 2012. Work began to replace the aging system in 2013. The City's continued participation in the system has obligated the City to its proportionate share the cost of the RCS upgrade. The Agreement between the City and the County represents the City's share of the backbone infrastructure, including radio equipment.

The leased asset, Use Right (Note F), is amortized on a straight line basis over 10 years. At June 30, 2018, the net book value of the asset is \$1,703,311, which consists of \$2,003,895 initial cost, less accumulated amortization of \$300,584.

The future minimum lease payments by fiscal year and the present value of the minimum lease payments is as follows:

<u>Year ending June 30</u>	
2019	\$ 232,407
2020	232,407
2021	232,407
2022	232,407
2023	232,407
2024-2026	<u>697,220</u>
Total minimum lease payments	\$ 1,859,255
Less: interest at 2.79%	<u>(213,281)</u>
Present value of minimum lease payments	<u>\$ 1,645,974</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE I: LONG-TERM LIABILITIES (continued)

Note payable:

<u>California State Water Resources Control Board</u>	\$ 7,313,590
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The City entered into an installment sale agreement (Agreement) with the California State Water Resources Control Board (CSWRCB) to finance the construction of the Johnson Avenue Sewer Interceptor Project (Project) in March 2014, amended in April 2015, and in June 2017, wherein the City agreed to sell to CSWRCB and CSWRCB purchased from the City the Project. Simultaneously, the City purchased from the CSWRCB and the CSWRCB sold to the City the Project. All rights, title and interest in the Project immediately vests with the City on the date of execution and delivery of the Agreement.

The CSWRCB agreed to provide funding for this project of up to \$11,300,000 at an interest rate of 2.1% per annum payable in annual installments beginning October 19, 2016 through October 19, 2035. Funding has been provided in full or in part by the Clean Water State Revolving Fund (CWSRF) through an agreement with the CSWRCB. CWSRF is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. Contingent on the City's performance under this Agreement, CSWRCB agrees to forgive \$2,000,000 of the principal due under this Agreement.

Pledged revenues

The City has pledged the Net Revenues of the Wastewater Enterprise Fund, and any Reserve Fund, towards this obligation until the note is paid off. The City also agreed, to the extent permitted by law, to fix, prescribe and collect sewer rates during each Fiscal Year necessary to yield Net Revenues that are at least 1.2 times the highest year's debt service under this Agreement, or 1.1 times the highest year's debt service for all debts. As of June 30, 2018, pledged net revenues and debt service are \$7,076,149 and \$357,552, respectively.

Reserve fund

The CSWRCB also required that the City maintain and fund a separate account for a Reserve Amount, up to an amount not exceeding the lesser of (i) ten percent of the aggregate principal amount of the obligation, (ii) the maximum annual debt service with respect to the obligation, or (iii) 125 percent of the average annual debt service with respect to the obligation. As of June 30, 2018, the City has restricted cash and investments in the amount of \$357,552 for this purpose.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE I: LONG-TERM LIABILITIES (continued)

Note payable (continued):

Debt service requirement

The debt service requirement provided by CSWRCB, and presented below, is based on the \$5,313,590 non-forgivable portion only. A debt service requirement for the forgivable portion, \$2,000,000, will not be established by CSWRCB unless the City fails to meet the performance criteria under this Agreement.

Year ending June 30	Principal	Interest	Total
2019	\$ 245,966	\$ 111,585	\$ 357,551
2020	251,131	106,420	357,551
2021	256,405	101,146	357,551
2022	261,790	95,762	357,552
2023	267,287	90,264	357,551
2024-2028	1,423,026	364,731	1,787,757
2029-2033	1,578,853	208,904	1,787,757
2034-2036	1,029,132	43,523	1,072,655
Totals	<u>\$ 5,313,590</u>	<u>\$ 1,122,335</u>	<u>\$ 6,435,925</u>

Obligation due to San Diego Metropolitan Wastewater System

\$ 9,858,817

In a prior year, the City entered into an agreement to reimburse the City of San Diego, as operator of the San Diego Metropolitan Wastewater System (SDMWS) for costs incurred by SDMWS in the construction of the Mission Gorge Mains. The parties are in agreement as to the obligation; however, both the total dollar amount to be remitted and the amounts of the annual installments are still being negotiated by the parties. No agreement has been made with respect to whether or not interest will be applied to the obligation.

NOTE J: DEFERRED INFLOWS OF RESOURCES

Deferred inflow of resources for the fiscal year ended June 30, 2018, is as follows:

	General	Special Revenue	Internal Service Funds	Wastewater Fund	Totals
		Housing Authority			
PENSIONS					
Changes of assumptions	\$ 1,321,826	\$ -	\$ -	\$ -	\$ 1,321,826
Differences between expected and actual experience	3,643,442	-	24,428	82,791	3,750,661
UNAVAILABLE REVENUE					
Loans receivable	-	821,446	-	-	821,446
Totals	<u>\$ 4,965,268</u>	<u>\$ 821,446</u>	<u>\$ 24,428</u>	<u>\$ 82,791</u>	<u>\$ 5,893,933</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE K: FUND BALANCE, DEFICITS AND EXPENDITURES IN EXCESS OF APPROPRIATIONS

Fund balance for the fiscal year ended June 30, 2018, are as follows:

	General	Special Revenue		Capital Projects		Non-Major	Total Governmental Funds
		Low and Moderate Income		Public Safety Facilities Project	City Capital Improvement Program Project		
		Housing Asset	HOME				
Nonspendable							
Prepaid items	\$ 7,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,071
Restricted							
Animal shelter operations	-	-	-	-	-	41,458	41,458
Animal shelter project	-	-	-	-	-	262,856	262,856
Community development	-	3,737,407	374,140	-	-	294,859	4,406,406
Loans receivable (note D)	-	10,658,601	10,584,159	-	-	1,018,062	22,260,822
Public safety	-	-	-	-	-	1,309,329	1,309,329
Public works project	-	-	-	-	-	923,326	923,326
RTCIP impact fee	-	-	-	-	-	344,015	344,015
RMRA	-	-	-	-	-	601,892	601,892
Transportation projects	-	-	-	-	-	4,045,241	4,045,241
Committed	13,052,990	-	-	-	-	-	13,052,990
Assigned							
Capital projects	-	-	-	3,904,121	11,617,829	325,808	15,847,758
Economic uncertainty	6,500,000	-	-	-	-	-	6,500,000
Unfunded retirement obligations	8,000,000	-	-	-	-	-	8,000,000
Unassigned	21,239,581	-	-	-	-	(8,343)	21,231,238
Totals	<u>\$ 48,799,642</u>	<u>\$ 14,396,008</u>	<u>\$ 10,958,299</u>	<u>\$ 3,904,121</u>	<u>\$ 11,617,829</u>	<u>\$ 9,158,503</u>	<u>\$ 98,834,402</u>

Fund deficits for individual funds that are aggregated are listed below. The deficits in the funds are due to expenditures being incurred before the revenue has been received.

	<u>Deficit Balances</u>
NON-MAJOR CAPITAL PROJECTS FUNDS:	
Parks and Recreation Improvement Grants Fund	\$ 6,351

Excess of Expenditures over Appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures Over Appropriations</u>
Local Public Safety Fund	\$ 327,059	\$ 333,860	\$ 6,801

The excess in expenditures over appropriations in the Local Public Safety Special Revenue Fund at the fiscal year ended June 30, 2018 is attributed to a timing difference for the accrual of the interest payment for the County RCS capital lease.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE L: DEFINED BENEFIT PENSION PLANS

1. Pension Plan Description

Plan Description

The City provides retirement benefits to all eligible employees (employees who work at least 1,000 hours per fiscal year) through California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. Retirement benefits under a defined benefit plan (Plan) is based on a formula, rather than contributions and earnings to a savings plan, and are calculated based on a member's years of service credit, age at retirement and final compensation (average salary for a defined period of employment). There are three basic types of retirement: Non-Industrial Disability retirement for employees who can no longer perform the usual duties of their current position due to illness or injury, Industrial Disability retirement for safety risk pool (police and fire) employees who are unable to perform the usual duties of their current position due to job-related illness or injury, and Service retirement or "normal" retirement. The benefit provisions and all other requirements are established by State Statute, as recently amended by the Public Employees' Pension Reform Act (PEPRA), and City ordinance.

The Plan consists of individual rate plans (benefit tiers) within a safety risk pool and a miscellaneous risk pool (all other). Rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. The City sponsors five rate plans (three safety and two miscellaneous). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. CalPERS' comprehensive annual financial report and a full description of the pension plan regarding benefit provisions, assumptions and membership information are available online at www.calpers.ca.gov.

The rate plan provisions and benefits in effect at June 30, 2018, are summarized as noted below. All members have a benefit vesting schedule of five years of service and receive benefit payments monthly for life.

	CLASSIC MEMBER Membership date prior to January 1, 2013			PEPRA MEMBER Membership date on or after January 1, 2013	
	MISCELLANEOUS	SAFETY		MISCELLANEOUS	SAFETY
		TIER 1	TIER 2		
Benefit formula	3.0% @ 60	3.0% @ 50	3.0% @ 55	2.0% @ 62	2.7% @ 57
Retirement age	50 - 60+	50+	50 - 55+	52 - 67+	50 - 57+
Monthly benefits, % eligible compensation	2.0% to 3.0%	3.00%	2.4% to 3.0%	1.0% to 2.5%	2.0% to 2.7%
Member Paid Contribution Rate	8.000%	9.000%	9.000%	6.250%	12.250%
Employer Contribution Rate	33.761%	47.459%	42.057%	33.761%	47.459%

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

1. Pension Plan Description (continued)

Employees Covered

During the 2016-17 measurement period, the following number of employees were covered by the benefit terms of the Plan:

	MISCELLANEOUS	SAFETY
Inactive employees or beneficiaries currently receiving benefits	479	291
Inactive employees entitled to but not yet receiving benefits	280	116
Active employees	229	168
Totals	988	575

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers to 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. 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. The total contributions to the Plan for the fiscal year ended June 30, 2018, is \$14,135,106.

2. Net Pension Liability Information

The City reported a net pension liability of \$190,031,165. The net pension liability is measured as the total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position. The net pension liability is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The City's net pension liability was based on a projection of the City's long-term contributions to the plan, actuarially determined.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

2. Net Pension Liability Information (continued)

Assumptions

Following is a summary of principal assumptions and methods used to determine the net pension liability.

ACTUARIAL COST METHOD	Entry Age Normal in accordance with the requirements of GASB68
ACTUARIAL METHOD/PERIOD	For details, see June 30, 2016 Funding Valuation Report available online at www.calpers.ca.gov
ACTUARIAL ASSUMPTIONS	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Salary increases	Varies by entry age and service
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Change of Assumptions: In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In, 2016 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" is available online at www.calpers.ca.gov, under the GASB 68 section.

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

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

2. Net Pension Liability Information (continued)

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

<u>ASSET CLASS</u>	<u>CURRENT TARGET ALLOCATION</u>	<u>REAL RETURN YEARS 1-10^(a)</u>	<u>REAL RETURN YEARS 11+^(b)</u>
Global Equity	47.0 %	4.90 %	5.38 %
Global Fixed Income	19.0 %	0.80 %	2.27 %
Inflation Sensitive	6.0 %	0.60 %	1.39 %
Private Equity	12.0 %	6.60 %	6.63 %
Real Estate	11.0 %	2.80 %	5.21 %
Infrastructure and Forestland	3.0 %	3.90 %	5.36 %
Liquidity	2.0 %	(0.40)%	(0.90)%

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15% is \$190,031,165. The net pension liability using a discount rate that is 1% lower (6.15%) than the current rate is \$260,135,167 and using a discount rate that is 1% higher (8.15%) than the current rate is \$132,257,893.

3. Pension Plan's Fiduciary Net Position

Detailed information about the Plan's fiduciary net positions is available in a separately issued CalPERS financial report. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2017 Actuarial Valuation Report, Appendix B. This report and CalPERS' audited financial statements are available on the CalPERS' website <https://www.calpers.ca.gov/> under Forms and Publications.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

4. Changes in the Net Pension Liability

Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	INCREASE (DECREASE) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
MISCELLANEOUS			
Balance at 06/30/2016 (valuation date)	\$ 204,780,550	\$ 138,541,648	\$ 66,238,902
Changes recognized for the measurement period:			
Service cost	2,765,699	-	2,765,699
Interest on total pension liability	15,080,991	-	15,080,991
Changes of benefit terms	-	-	-
Changes of assumptions	11,547,296	-	11,547,296
Differences between expected and actual experiences	(1,052,850)	-	(1,052,850)
Net plan to plan resource movement	-	-	-
Contributions from the employer	-	5,729,154	(5,729,154)
Contributions from the employees	-	1,179,611	(1,179,611)
Net investment income	-	15,602,402	(15,602,402)
Benefit payments, including refunds of employee contributions	(11,469,789)	(11,469,789)	-
Administrative expense	-	(204,547)	204,547
Other miscellaneous income	-	-	-
Net changes during 2016-17	<u>16,871,347</u>	<u>10,836,831</u>	<u>6,034,516</u>
Balance at 06/30/2017 (measurement date)	<u>\$ 221,651,897</u>	<u>\$ 149,378,479</u>	<u>\$ 72,273,418</u>
SAFETY			
Balance at 06/30/2016 (valuation date)	\$ 288,427,805	\$ 180,460,407	\$ 107,967,398
Changes recognized for the measurement period:			
Service cost	4,627,095	-	4,627,095
Interest on total pension liability	21,187,689	-	21,187,689
Changes of benefit terms	-	-	-
Changes of assumptions	17,772,474	-	17,772,474
Differences between expected and actual experiences	(4,240,228)	-	(4,240,228)
Net plan to plan resource movement	-	-	-
Contributions from the employer	-	7,963,467	(7,963,467)
Contributions from the employees	-	1,501,090	(1,501,090)
Net investment income	-	20,358,562	(20,358,562)
Benefit payments, including refunds of employee contributions	(15,884,588)	(15,884,588)	-
Administrative expense	-	(266,438)	266,438
Other miscellaneous income	-	-	-
Net changes during 2016-17	<u>23,462,442</u>	<u>13,672,093</u>	<u>9,790,349</u>
Balance at 06/30/2017 (measurement date)	<u>\$ 311,890,247</u>	<u>\$ 194,132,500</u>	<u>\$ 117,757,747</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

4. Changes in the Net Pension Liability (continued)

Pension Expense

For the measurement period ending June 30, 2017, the total pension expense recognized is \$14,135,106 consisting of \$5,962,467 and \$8,172,639, for miscellaneous and safety, respectively.

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized as pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Amortization is computed on a straight-line basis and the period differs depending on the source of the gain or loss:

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Differences between expected and actual experience	1.2-2.1 years	3.0-3.6 years
Changes in assumptions	2.1 years	3.6 years
Net difference between projected and actual earnings on plan investments	5.0 years	5.0 years

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants. The Plans' EARSL for the 2016-17 measurement period is as follows:

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Total future service years (a)	1,990	2,029
Total number of participants (active, inactive and retired)	966	567
EARSL for the 2016-17 measurement period	2.1 years	3.6 years

a) The sum of the remaining service years of the active employees. Inactive employees and retirees have remaining service years equal to total future service years is based on the members' probability of decrementing due to an event other than receiving a cash refund.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE L: DEFINED BENEFIT PENSION PLANS (continued)

4. Changes in the Net Pension Liability (continued)

Deferred Outflows and Inflows of Resources Related to Pensions

The following presents the Deferred Outflows and Deferred Inflows related to pensions as of the measurement date of June 30, 2017.

	DEFERRED OUTFLOWS OF RESOURCES (Note G)	DEFERRED INFLOWS OF RESOURCES (Note J)
Pension contributions subsequent to the measurement date	\$ 14,135,106	\$ -
Differences between actual and expected experience	821,692	(3,750,661)
Changes in assumptions	18,884,260	(1,321,826)
Net difference between projected and actual earnings on plan investments	4,212,971	-
Totals	<u>\$ 38,054,029</u>	<u>\$ (5,072,487)</u>

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

MEASUREMENT PERIOD ENDED JUNE 30	DEFERRED OUTFLOWS/(INFLOWS) OF RESOURCES
2018	\$ 7,676,071
2019	9,753,202
2020	4,137,057
2021	(2,719,894)
2022	-
Thereafter	-

NOTE M: DEFINED CONTRIBUTION PENSION PLAN

City provides a defined contribution retirement plan (the "Plan") for specified part-time, temporary and seasonal employees who work less than 1,000 hours per fiscal year in lieu of Social Security coverage. In a defined contribution plan, benefits depend solely on amount contributed to the plan plus investment earnings. The plan provisions were established by the City Council to comply with the Omnibus Budget Reconciliation Act of 1990. The plan is a qualified pension plan as specified by Internal Revenue Code Section 414(l), and is administered by Nationwide Retirement Solutions.

Eligible employees are fully vested effective their dates of hire. If participating employees become eligible for participation in CalPERS, by virtue of working more than 1,000 hours per fiscal year or otherwise, contributions to the Plan shall cease once the employee is enrolled in CalPERS. If a participating employee is hired into a regular full-time position, all contributions and earnings in the plan are transferred to the City's Deferred Compensation Plan, also administered by Nationwide Retirement Solutions.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE M: DEFINED CONTRIBUTION PENSION PLAN (continued)

Contributions are equal to 7.5% of each participating employee's compensation and are made by the City. Contributions are invested with a third party administrator in a liquid savings account. Earnings are at a variable rate and accrue daily commencing on the date the funds are posted. For the year ended June 30, 2018, the City's total payroll and covered payroll was \$727,400. The City made employer contributions of \$54,555. The assets held in trust by the plan administrator had a fair value of \$521,271 at June 30, 2018.

Distribution shall be by lump sum only, twelve months after termination of employment. Such distribution shall include investment earnings accrued to date of fund withdrawal. In the event of a participating employee's death, the waiting period will be waived.

NOTE N: OTHER POST-EMPLOYMENT BENEFITS

1. OPEB Plan Description

Plan Description

The City has established a retiree healthcare plan (Plan) and is participating in an agent multiple-employer defined benefit retiree healthcare plan. Following is the description of current retiree benefit plan provided to retired miscellaneous and safety members who retired on or after July 14, 1988:

Benefit types provided	Medical only
Required service	5 years and retiring directly from City service
Minimum Age	50
Dependent Coverage	Yes
Benefit	Minimum employer contribution in accordance with the Public Employees Medical and Hospital Care Act (PEMHCA)
Duration of Benefits	As long as eligible employee is enrolled in CalPERS healthcare plans

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	151
Inactive employees or beneficiaries currently receiving benefits	197
Total	<u>348</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

1. OPEB Plan Description (continued)

Contributions

The annual contribution is a combination of projected pay-as-you go and an additional amount to prefund health benefits as determined annually by the City Council. For the fiscal year ended June 30, 2018, the City's cash contributions were \$650,000 in prefunding payment to the trust and \$308,359 of premium payments to CalPERS for PEMHCA health benefits resulting in total payments of \$958,359. The City created a California Employer's Retiree Benefit Trust (CERBT) account with CalPERS in fiscal year 2008 for the purpose of prefunding obligations.

2. Net OPEB Liability Information

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions

Actuarial cost method	Entry Age Normal Cost Method
Amortization method/period	15 years, level percent of pay
Asset valuation method	Market
Inflation rate	2.75%
Projected salary increase	3.30%
Discount rate	7.28%
Healthcare cost trend rate	3.00%
Mortality Rate	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using the Scale BB published by the Society of Actuaries.
Retirement Age	The probabilities of retirement are based on the 2014 California Public Employees' Retirement System (CalPERS) Experience Study for the period 1997 to 2011

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

2. Net OPEB Liability Information (continued)

Changes in assumption adopted for the actuarial valuation dated June 30, 2017 were as follows:

- Healthcare cost trend rate lowered from 4% to 3%. The City's required PEHMCA minimum contribution has not been strongly correlated to overall health insurance premium activity.
- Projected salary increase assumption was lowered from 4.0% to 3.3%.
- Discount rate assumption lowered from 7.36% used in the 2015 valuation to 7.28%.

Discount Rate

The discount rate used to measure the City's total OPEB liability was 7.28 percent. The rate is reasonable given the current level of actuarial funding and the City's annual contributions to the CERBT trust. The projection of cash flows used to determine the discount rate is based on the assumption that the City's contributions are made at rates equal to the actuarially determined contribution rates, in addition to the amount of annual benefit payments. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocations, Strategy 1	Expected Real Rates of Return Years 1-11 ^(a)	Expected Real Rates of Return Years 11-60 ^(b)
Global Equity	57%	5.25%	5.71%
Fixed Income	27%	1.79%	2.40%
Treasury Inflation-Protected Securities	5%	1.00%	2.25%
Real Estate Investment Trust	8%	3.25%	7.88%
Commodities	3%	0.34%	4.95%
Total	100%		

(a) Inflation rate of 2.5% was used for this period

(b) Inflation rate of 3.0% was used for this period

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

2. Net OPEB Liability Information (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
6.28%	\$ 2,239,395	\$ 215,844
7.28%	2,023,551	-
8.28%	1,829,795	(193,756)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trends

GASB Statement 75 also requires the impact of a 1% decrease and a 1% increase in the medical trend rates. These impacts were not calculated since the City contributes the PEMHCA minimum which has not been strongly correlated to any healthcare cost trend rates or overall insurance premium activity. The changes in healthcare cost trends do not impact the City's OPEB liabilities significantly because the PEMHCA minimum is independent of any medical index.

The annual adjustment to the minimum PEMHCA reimbursement is estimated at 3% per year, which is less than what is predicted for near-term medical trends.

3. OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at www.calpers.ca.gov. The plan itself does not issue financial statements.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

4. Changes in the Net OPEB Liability

Schedule of Changes in NET OPEB Liability

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at June 30, 2017 (Valuation Date June 30, 2017)	\$ 5,372,050	\$ 2,856,860	\$ 2,515,190
Changes recognized for the measurement period:			
Service cost	78,533	-	78,533
Interest	391,440	-	391,440
Changes of assumptions	-	-	-
Contributions - employer	-	697,498	(697,498)
Net investment income	-	269,514	(269,514)
Benefits payments	(310,068)	(310,068)	-
Administrative expenses	-	(5,400)	5,400
Net Changes	<u>159,905</u>	<u>651,544</u>	<u>(491,639)</u>
Balance at June 30, 2018	<u>\$ 5,531,955</u>	<u>\$ 3,508,404</u>	<u>\$ 2,023,551</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

<u>Source of Gains and Losses</u>	<u>Recognition Period</u>
<ul style="list-style-type: none"> • Net difference between projected and actual earnings on OPEB Plan investments 	5 years
<ul style="list-style-type: none"> • All other amounts 	Expected average remaining service lifetime (EARSL) (14.4 Years at June 30, 2017)

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE N: OTHER POST-EMPLOYMENT BENEFITS (continued)

4. Changes in the Net OPEB Liability (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$457,554. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement period	\$ 958,359	\$ -
Total	\$ 958,359	\$ -

The \$958,359 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019.

To qualify for deferral, certain types of changes to total OPEB liability must be based on GASB Statement No. 75 valuations. Since the City's prior valuation was performed in accordance with GASB Statement No. 45 and were not restated in accordance with GASB Statement No. 75, it is not possible to calculate the deferred outflows and inflows of resources.

NOTE O: PRIOR PERIOD ADJUSTMENT

The following schedules present the prior period adjustments to the beginning net position and fund balance:

Government-Wide Financial Statements:

	Governmental Activities	Business- Type Activities	Total
Net Position, previously reported	\$ 183,211,885	\$ 58,790,359	\$ 242,002,244
Sales tax not accrued in FY 2016-17	3,004,600	-	3,004,600
Net change GASB Statement No. 75 implementation	(2,565,350)	(122,154)	(2,687,504)
Net Position, restated	\$ 183,651,135	\$ 58,668,205	\$ 242,319,340

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE O: PRIOR PERIOD ADJUSTMENT (continued)

Fund Financial Statements:

Governmental Funds:

	General Fund
Fund Balance, previously reported	\$ 39,177,923
Sales tax not accrued in FY 2016-17	3,004,600
Fund Balance, restated	<u>\$ 42,182,523</u>

Proprietary Funds:

	Wastewater Enterprise Fund	Internal Service Funds
Net Position, previously reported	\$ 58,790,359	\$ 11,650,699
Net change GASB Statement No. 75 implementation	(122,154)	(33,083)
Net Position, restated	<u>\$ 58,668,205</u>	<u>\$ 11,617,616</u>

NOTE P: RISK MANAGEMENT

General Liability Insurance

The City is exposed to various general liability risks of loss related to torts; theft of, damage to, and destruction of assets; errors and commissions; and natural disasters. The City, including its component units, uses the Self Insurance Fund to account for and finance risks for general liability. There were no significant changes in insurance coverage from the prior year, and there were no settlements in excess of the insurance coverage in any of the prior three years.

The City is self-insured for liability insurance through CSAC Excess Insurance Authority (EIA) with a self-insured retention (SIR) of \$250,000. The total general liability policy limit is \$25,000,000, including the \$250,000 SIR. The Director of Administrative Services/Risk Manager administered claims against the City. The estimated liability for pending and incurred but not reported (IBNR) claims at June 30, 2018, has been incorporated in the financial statements as claims payable in the Self Insurance Internal Service Fund and is based on history and actuarial studies.

The aggregate change in the balance of liability is as follows:

	<u>2018</u>	<u>2017</u>
Claims payable, beginning of year	\$ 1,756,142	\$ 1,756,142
Current fiscal year claims and changes in estimates	1,265,646	44,566
Claim payments	(885,646)	(44,566)
Claim payable, end of year	<u>\$ 2,136,142</u>	<u>\$ 1,756,142</u>

The City's accrued liability at year-end of \$2,136,142, is composed of approximately 70% of the actuarially computed expected liability, in addition to \$765,000 for ongoing cases.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE P: RISK MANAGEMENT (continued)

Worker's Compensation Insurance

The City participates in CSAC Excess Insurance Authority's (CSAC EIA) programs for both primary and excess coverage. The primary coverage covers the first dollar to \$125,000; the excess layer covers losses up to the statutory limit. York Risk Management is the City's third party claims administrator. Loss control services are obtained on an as needed basis.

Property Insurance

The City participates in the Public Entity Property Insurance Program (PEPIP) through Alliant Insurance Services for coverage on the City's physical assets. This includes all real and personal property owned by the City or for which the City has assumed responsibility to insure, e.g. buildings, structures, computer equipment, heavy duty equipment, mechanical equipment, vehicles, furniture and fixtures. The deductible varies depending on the type of loss.

NOTE Q: COMMITMENTS AND CONTINGENCIES

Operating Leases

The City has entered into several operating leases in the conduct of its day-to-day operations to provide for services. None of these operating leases are considered to be significant commitments.

Federal and State Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would not have a material effect on the City's financial position.

Litigation

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City's legal counsel, these actions when finally adjudicated will not have a material effect on the City's financial position.

Recent Court Decision

On May 15, 2017, the U.S. Supreme Court denied the City of San Gabriel's petition for review of the Ninth Circuit Court of Appeals' decision in *Flores v. City of San Gabriel*. The primary issue was whether the Fair Labor Standards Act (FLSA) required cash payments made in lieu of health benefits to be included in the regular rate calculation for overtime pay purposes; the Ninth Circuit held that such payments must be included for overtime purposes under the FLSA. The City of El Cajon is evaluating this recent court decision and believes the City may have some liability as a result. However, the amount of that liability has not yet been determined nor can it be reasonably estimated at the time this CAFR was published.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE Q: COMMITMENTS AND CONTINGENCIES (continued)

Significant Encumbrances

Encumbrances represent purchase orders, contracts or other commitments for the expenditure of monies. However, because these commitments will be honored in subsequent years, they do not constitute an expenditure or liability for financial statement purposes. At fiscal year-end, the City had the following significant encumbrances.

Purchase of freightliner	\$ 472,316
East County Performing Arts Center Project	495,000
Traffic Signal Project	743,105
City Hall HVAC Project	901,233
Storm Drain Project	2,108,821

NOTE R: JOINT VENTURES

The City represents the greatest membership share in two of the joint powers authorities to which it belongs. A summary of each joint power authority, the City's participation, and any related party transactions with each authority are as follows:

Heartland Fire Training Authority

The purpose of Heartland Fire Training Authority (HFTA) is to provide a fire-fighting training facility and training courses for personnel of the member agencies. HFTA was created on October 1, 1999, 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. El Cajon's membership share was 13.97% for the fiscal year ending June 30, 2018.

On October 27, 2009, HFTA entered into a Facility Lease Agreement with the City of El Cajon. The executed agreement included a proposed capital improvement project based on a prioritized list of capital improvement needs. The lease agreement provides for annual rent payments of \$66,500 that was utilized by the City of El Cajon to fund the capital improvement project. The City also provides clerical and accounting services for HFTA. Charges for services were \$26,718 for the fiscal year ending June 30, 2018.

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

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE R: JOINT VENTURES (continued)

Heartland Communications Facility Authority

The purpose of the Heartland Communication Facility Authority (HCFA) is to equip, maintain, operate and staff a facility to provide emergency call receiving and dispatching services to member agencies. HCFA was created on June 25, 1986, 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, and the Fire Protection Districts of Alpine, Bonita-Sunnyside, Lakeside, and San Miguel. One elected official from each member agency is appointed to the HCFA Commission. The commission approves an annual budget based on the costs of operating the Authority. El Cajon's membership share was 26.78% for the fiscal year ending June 30, 2018.

HCFA leases a portion of the property located at 100 E. Lexington Avenue from the City. Lease payments totaled \$48,723 for the fiscal year ending June 30, 2018. The City also provides clerical and accounting services for HCFA. Charges for services were \$50,250 for the fiscal year ending June 30, 2018.

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

NOTE S: TAX ABATEMENTS

Sunroad E C Land, Inc.

In March, 2013, as part of the City's revitalization program, the City and Sunroad E C Land, Inc. (Sunroad), entered into an Owner Participation and Development Agreement for redevelopment of real property. Sunroad owns the land and agreed to construct a BMW motorcar dealership (BMW) consistent with BMW USA's new image requirement that includes modern European style frontage, showroom service areas, and customer waiting areas. In consideration for Sunroad's investment in the City, the City agreed to return to Sunroad a percentage of the net sales taxes (based on sales taxes in excess of \$93,000 per quarter) derived by BMW as follows:

Fiscal Year	Operating Years	Percentage of Net Sales Taxes
FY2012-13 through FY2016-17	Years 1 through 5	75%
FY2017-18 through FY2021-22	Years 6 through 10	60%
FY2022-23 through FY2026-27	Years 11 through 15	50%

In FY2017-18, no monies were paid to Sunroad under this agreement.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

NOTE S: TAX ABATEMENTS (continued)

El Cajon Hotels, LP and Magnolia Hotel, Inc.

In August, 2015, as part of the City's revitalization program, the City and El Cajon Hotels, Inc. entered into a Disposition and Development Agreement to develop real property into a 120-room Courtyard by Marriott Hotel (Courtyard). As an economic incentive to building and operating a quality hotel, the City and El Cajon Hotel, Inc. agreed to a transient occupancy tax (TOT) rebate sharing program. In December, 2015, the TOT agreement was assigned by El Cajon Hotel, Inc. to Magnolia Hotel, Inc. (Hotel) as follows:

Fiscal Year	Operating Years	Percentage of TOT rebate due to Hotel
FY2017-18 through FY2021-22	Years 1 through 5	100%
FY2022-23 through FY2026-27	Years 6 through 10	50%

In FY2017-18, the total amount rebated to Hotel under this agreement is \$117,332.

Tipton Enterprises, Inc. dba Tipton Honda

In June, 2015, the City and Tipton Enterprises, Inc. entered into an Owner Participation and Development Agreement to redevelop the existing Honda dealership that included the acquisition of the adjacent property for expansion. Tipton Honda represented that they will invest approximately \$2.3 million into the acquisition and redevelopment of this dealership. In consideration for this approximate investment, the City agreed to return to Tipton Honda a percentage of the net sales taxes (based on sales taxes in excess of \$342,000 per year) not to exceed \$2.3 million as follows:

Fiscal Year	Operating Years	Percentage of Net Sales Taxes
FY2017-18 through FY2022-23	Years 1 through 6	65%
FY2023-24 through FY2028-29	Years 7 through 12	50%

CITY OF EL CAJON

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF EL CAJON
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual ¹	Variance with Final Budget
	Original	Final		
Taxes:				
Sales and use	\$ 35,419,581	\$ 35,419,581	\$ 37,163,463	\$ 1,743,882
Property	17,810,711	17,810,711	18,339,325	528,614
Franchise	5,407,262	5,407,262	5,311,723	(95,539)
Transient lodging	1,400,332	1,400,332	1,613,926	213,594
Business licenses	867,427	867,427	837,895	(29,532)
Property transfer	300,000	300,000	370,413	70,413
Total taxes	<u>61,205,313</u>	<u>61,205,313</u>	<u>63,636,745</u>	<u>2,431,432</u>
Intergovernmental:				
Motor vehicle license fees	45,000	45,000	54,723	9,723
Reimbursements	576,536	576,536	1,283,956	707,420
Total intergovernmental	<u>621,536</u>	<u>621,536</u>	<u>1,338,679</u>	<u>717,143</u>
Licenses and permits	<u>1,222,200</u>	<u>1,222,200</u>	<u>1,387,579</u>	<u>165,379</u>
Charges for services:				
Planning and engineering	368,000	368,000	948,992	580,992
Public safety	982,150	982,150	1,205,933	223,783
All others	1,846,610	1,846,610	1,887,784	41,174
Total charges for services	<u>3,196,760</u>	<u>3,196,760</u>	<u>4,042,709</u>	<u>845,949</u>
Investment earnings	<u>300,000</u>	<u>300,000</u>	<u>262,189</u>	<u>(37,811)</u>
Other:				
Fines	558,500	558,500	685,061	126,561
Sale of property	1,000	1,000	80,643	79,643
Rental income	951,800	951,800	979,666	27,866
Miscellaneous	1,486,081	1,486,081	1,516,814	30,733
Total other	<u>2,997,381</u>	<u>2,997,381</u>	<u>3,262,184</u>	<u>264,803</u>
Total revenues	<u>69,543,190</u>	<u>69,543,190</u>	<u>73,930,085</u>	<u>4,386,895</u>

¹ Includes only the General fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No. 54 (see Required Supplementary Information Note 3).

CITY OF EL CAJON
Budgetary Comparison Schedule (continued)
General Fund
For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual ¹	Variance with Final Budget
	Original	Final		
General government:				
City council	\$ 482,181	\$ 482,181	\$ 429,946	\$ 52,235
Council contingency	100,000	100,000	74,375	25,625
City manager	1,498,886	1,641,187	1,388,871	252,316
Community services and events	250,000	250,000	222,236	27,764
Centennial celebration	36,613	36,613	6,205	30,408
City attorney	798,620	798,620	556,445	242,175
City clerk and elections	471,692	471,692	368,087	103,605
Human resources	754,206	754,206	537,432	216,774
Administrative services	421,675	421,675	404,494	17,181
Finance	1,960,349	1,960,349	1,951,684	8,665
Total general government	<u>6,774,222</u>	<u>6,916,523</u>	<u>5,939,775</u>	<u>976,748</u>
Public safety:				
Police:				
Administration	4,198,849	4,198,849	4,219,942	(21,093)
Inspection and training	1,912,132	1,912,132	1,825,933	86,199
Records	1,112,512	1,112,512	825,034	287,478
Communications	2,179,948	2,179,948	1,999,383	180,565
Patrol	13,180,530	13,180,530	13,577,881	(397,351)
Special operations unit	2,150,865	2,150,865	2,414,821	(263,956)
Traffic enforcement	1,909,386	1,909,386	1,799,130	110,256
Investigation	5,178,142	5,178,142	4,221,453	956,689
Laboratory	842,976	842,976	682,337	160,639
Auxillary	173,652	173,652	146,104	27,548
Animal control	878,792	878,792	829,922	48,870
Total police	<u>33,717,784</u>	<u>33,717,784</u>	<u>32,541,940</u>	<u>1,175,844</u>
Fire:				
Administration	1,853,956	1,853,956	1,788,565	65,391
Emergency Medical Services	201,058	201,058	111,282	89,776
Suppression	11,047,440	11,152,855	11,316,247	(163,392)
Heartland Fire and Rescue	2,074,503	2,074,503	1,811,650	262,853
Total fire	<u>15,176,957</u>	<u>15,282,372</u>	<u>15,027,744</u>	<u>254,628</u>
Total public safety	<u>48,894,741</u>	<u>49,000,156</u>	<u>47,569,684</u>	<u>1,430,472</u>

¹ Includes only the General fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No. 54 (see Required Supplementary Information Note 3).

CITY OF EL CAJON
Budgetary Comparison Schedule (continued)
General Fund
For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual ¹	Variance with Final Budget
	Original	Final		
Public works:				
Administration	\$ 641,249	\$ 641,249	\$ 678,214	\$ (36,965)
Facilities maintenance	2,102,876	2,102,876	1,764,712	338,164
ECPAC administration	302,934	302,934	62,795	240,139
Engineering	1,701,884	1,701,884	1,526,076	175,808
Traffic engineering and maintenance	1,691,323	1,691,323	1,386,444	304,879
Parks	2,110,258	2,110,258	1,806,708	303,550
Street maintenance	972,331	972,331	1,030,926	(58,595)
Total public works	<u>9,522,855</u>	<u>9,522,855</u>	<u>8,255,875</u>	<u>1,266,980</u>
Recreation	<u>3,005,130</u>	<u>3,005,130</u>	<u>2,845,052</u>	<u>160,078</u>
Community development:				
Administration	438,243	438,243	455,075	(16,832)
Planning	1,250,713	1,250,713	1,100,742	149,971
Building and fire safety	1,368,201	1,391,912	1,366,668	25,244
Total community development	<u>3,057,157</u>	<u>3,080,868</u>	<u>2,922,485</u>	<u>158,383</u>
Total expenditures	<u>71,254,105</u>	<u>71,525,532</u>	<u>67,532,871</u>	<u>3,992,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,710,915)</u>	<u>(1,982,342)</u>	<u>6,397,214</u>	<u>8,379,556</u>
Other financing sources (uses):				
Transfers in	<u>210,915</u>	<u>210,915</u>	<u>210,915</u>	<u>-</u>
Total other financing sources (uses)	<u>210,915</u>	<u>210,915</u>	<u>210,915</u>	<u>-</u>
Net change in fund balance	<u>(1,500,000)</u>	<u>(1,771,427)</u>	<u>6,608,129</u>	<u>8,379,556</u>
Fund balance, beginning	39,053,359	39,053,359	39,053,359	-
Prior period adjustment (note O)	-	-	3,004,600	3,004,600
Fund balance, beginning restated	<u>39,053,359</u>	<u>39,053,359</u>	<u>42,057,959</u>	<u>3,004,600</u>
Fund balance, ending	<u>\$ 37,553,359</u>	<u>\$ 37,281,932</u>	<u>\$ 48,666,088</u>	<u>\$ 11,384,156</u>

¹ Includes only the General fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No. 54 (see Required Supplementary Information Note 3).

CITY OF EL CAJON
Budgetary Comparison Schedule (continued)
General Fund
For the fiscal year ended June 30, 2018

**Reconciliation of the Budgetary Comparison Schedule - General Fund to the Statement of Revenues,
Expenditures and Change in Fund Balances - Governmental Funds (GAAP Basis)**

Actual revenues from budgetary comparison schedule (page 80)	\$ 73,930,085
Revenues from other general funds are combined with the general fund, as required under generally accepted accounting principles	
Recreation Special Programs	<u>559,604</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis) (page 91)	<u>74,489,689</u>
Actual expenditures from budgetary comparison schedule (page 82)	67,532,871
Expenditures from other general funds are combined with the general fund, as required under generally accepted accounting principles	
Recreation Special Programs	<u>550,614</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis) (page 91)	<u>68,083,485</u>
Actual other financing sources (uses) from budgetary comparison schedule (page 82)	<u>210,915</u>
Total other financing sources (uses) revenues as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis) (page 91)	<u>210,915</u>
Net change in fund balance as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis)	6,617,119
Fund balance restated, beginning of year (GAAP Basis) (page 91)	<u>42,182,523</u>
Fund balance, end of year (GAAP Basis) (page 91)	<u><u>\$ 48,799,642</u></u>

Recreation Special Programs Fund is combined with the General Fund for reporting purposes on a GAAP basis, pursuant to GASB Statement No. 54 (See Required Supplementary Information Note 3).

CITY OF EL CAJON

Notes to the Budgetary Comparison Schedule For the fiscal year ended June 30, 2018

1. Budgetary control and accounting

Budgets are generally prepared on a basis consistent with generally accepted accounting principles (GAAP), with the exception of the General Fund and a fund which was considered special revenue fund prior to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. These two funds are budgeted as separate individual funds, but are consolidated into the General Fund for financial reporting purposes.

The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager and a final recommended budget that is transmitted to the City Council for its review before the required date of adoption. Once transmitted to the City Council, the preliminary budget is made available for inspection. Prior to adoption, a budget workshop meeting is held by the City Council. A public hearing is held to give the public the opportunity to comment upon the preliminary budget. Notice of such public hearing is given in a newspaper of general circulation.

The approval of the budget is accomplished by the adoption of a Budget Resolution by the City Council, prior to the beginning of the fiscal year. Annual budgets are adopted for all governmental funds, except for the City's capital project funds and Low and Moderate Income Housing Asset, HOME, CDBG and Various Donations Special Revenue funds. The level of budgetary control is at the department level. For purposes of this requirement, each fund other than the General Fund is considered to be a separate department. The City Manager is authorized to transfer appropriations within a departmental budget. Any appropriations transfers between departments or funds require City Council approval. Appropriations lapse at year-end to the extent that they have not been expended or encumbered.

2. Expenditures in excess of appropriations

There were no departments within the General Fund whose expenditures exceeded appropriations.

3. General fund

The Budgetary Comparison Schedule presented in the Required Supplementary Information is for the City's General Fund as reported in the City's budget. Financial statements for the General Fund prepared on a GAAP basis include an additional fund that does not meet the criteria to be classified as special revenue fund. The additional fund that is combined with the General Fund (GAAP basis) is the Recreation Special Programs. A reconciliation of the budgetary comparison schedule-General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis) is included in Supplementary Information as well as the Combined Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund (GAAP Basis), and budgetary comparisons of the additional fund (pages 83-85).

4. Major Special Revenue Funds

Budgetary to actual comparison schedules are not presented for the two major Special Revenue Funds, Low and Moderate Income Housing Asset and HOME Special Revenue Funds. These funds are not annually budgeted because the fund activities (housing loans), are of a long-term basis.

CITY OF EL CAJON

Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years* As of June 30, 2018

	Measurement Period			
	2013-2014	2014-2015	2015-2016	2016-2017
Total pension liability				
Service cost	\$ 6,754,765	\$ 6,665,134	\$ 6,878,605	\$ 7,392,794
Interest on total pension liability	33,181,886	34,564,139	35,726,698	36,268,680
Changes in benefits	-	-	-	-
Differences between expected and actual experience	-	1,806,444	(799,619)	(5,293,078)
Changes in assumptions	-	(8,219,372)	-	29,319,770
Benefit payments, including refunds of employee contributions	(23,438,073)	(24,732,428)	(25,946,629)	(27,354,377)
Net change in total pension liability	16,498,578	10,083,917	15,859,055	40,333,789
Total pension liability - beginning	450,766,805	467,265,383	477,349,300	493,208,355
Total pension liability - ending (a)	\$ 467,265,383	\$ 477,349,300	\$ 493,208,355	\$ 533,542,144
Plan fiduciary net position				
Contributions - employer	\$ 9,758,501	\$ 11,741,601	\$ 12,433,117	\$ 13,692,621
Contributions - employee	2,682,128	2,621,411	2,590,908	2,680,701
Net investment income	50,182,599	7,349,560	1,649,050	35,960,964
Benefit payments	(23,438,073)	(24,732,428)	(25,946,629)	(27,354,377)
Plan to plan resource movement	-	256	-	-
Administrative expense	-	(372,199)	(200,189)	(470,985)
Net change in plan fiduciary net position	39,185,155	(3,391,799)	(9,473,743)	24,508,924
Plan fiduciary net position - beginning	292,682,442	331,867,597	328,475,798	319,002,055
Plan fiduciary net position - ending (b)	331,867,597	328,475,798	319,002,055	343,510,979
Net pension liability - ending (a)-(b)	\$ 135,397,786	\$ 148,873,502	\$ 174,206,300	\$ 190,031,165
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	71.02%	68.81%	64.68%	64.38%
Covered-employee payroll	\$ 28,851,261	\$ 29,392,736	\$ 30,331,851	\$ 29,096,674
Net pension liability as percentage of covered employee payroll	469.30%	506.50%	574.33%	653.10%

Notes to schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefits changes as well as any offers of two years additional service credit (a.k.a. Golden Handshakes).

Changes of assumptions. For the measurement date June 30, 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, the amounts reported reflect an adjustment of the discount rate from 7.5 per cent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, the amounts reported were based on the 7.5 per cent discount rate.

*GASB Statement No. 68 was first implemented in fiscal year 2015.

CITY OF EL CAJON
Schedule of Plan Contributions - Pension
Last Ten Fiscal Years*
As of June 30, 2018

	Fiscal Years			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 9,758,501	\$ 10,735,361	\$ 11,993,411	\$ 13,206,060
Contributions in relation to the actuarially determined contributions	<u>(9,758,501)</u>	<u>(11,741,601)</u>	<u>(12,433,117)</u>	<u>(13,692,621)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ (1,006,240)</u>	<u>\$ (439,706)</u>	<u>\$ (486,561)</u>
Covered-employee payroll	\$ 28,851,261	\$ 29,392,736	\$ 30,331,851	\$ 29,096,674
Contributions as a percentage of covered-employee payroll	33.82%	36.52%	39.54%	45.39%

Methods and assumptions used to determine the actuarially determined contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	June 30, 2016 funding valuation report
Asset valuation method	Actuarial value of assets, June 30, 2016 funding valuation report
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses including inflation
Retirement age	The probabilities of retirement are based on the 2014 California Public Employees' Retirement System (CalPERS) experience study for the period 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS experience study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

*GASB Statement No. 68 was first implemented in fiscal year 2015.

CITY OF EL CAJON

Schedule of Changes in the Net OPEB Liability and Related Ratios As of June 30, 2018*

	Measurement Period 2016-2017
Total OPEB Liability	
Service cost	\$ 78,533
Interest on total OPEB liability	391,440
Actuarial gains/losses	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	(310,068)
Net change in total OPEB liability	159,905
Total OPEB liability - beginning	5,372,050
Total OPEB liability - ending (a)	\$ 5,531,955
Plan fiduciary net position	
Contributions - employer	\$ 697,498
Net investment income	269,514
Benefit payments	(310,068)
Administrative expense	(5,400)
Net change in plan fiduciary net position	651,544
Plan fiduciary net position - beginning	2,856,860
Plan fiduciary net position - ending (b)	3,508,404
Net OPEB liability - ending (a)-(b)	\$ 2,023,551
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	63.42%
Covered-employee payroll	\$ 29,096,674
Net OPEB liability as percentage of covered employee payroll	6.95%

Notes to schedule:

The City's prior valuation was performed in accordance with GASB Statement No. 45. It is not possible to calculate certain types of changes in total OPEB liability such as net gains and losses and changes in assumptions. Valuation based deferred items will not begin until the next valuation.

*GASB Statement No. 75 was first implemented in fiscal year 2018. Information is required only for measurement periods for which GASB Statement No. 75 is applicable.

CITY OF EL CAJON
Schedule of Plan Contributions - OPEB
As of June 30, 2018*

	Fiscal Year
	2018
Actuarially determined contribution	\$ 398,230
Contributions in relation to the actuarially determined contributions	(958,359)
Contributions deficiency (excess)	\$ (560,129)
 Covered-employee payroll	 \$ 29,096,674
 Contributions as a percentage of covered-employee payroll	 1.37%

Methods and assumptions used to determine the actuarially determined contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method/period	15 years, level percent of pay
Asset valuation method	Market
Inflation	2.75%
Projected salary increases	3.30%
Discount rate	7.28%
Healthcare cost trend rate	3.00%, annual adjustment to PEHMCA Amount
Retirement age	2014 California Public Employees' Retirement System (CalPERS) Experience Study for the period 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using the Scale BB published by the Society of Actuaries.

*GASB Statement No. 75 was first implemented in fiscal year 2018. Information is required only for measurement periods for which GASB Statement No. 75 is applicable.

CITY OF EL CAJON

SUPPLEMENTARY INFORMATION



CITY OF EL CAJON

Balance Sheet

General Fund (GAAP Basis)

June 30, 2018

	General Fund	Recreation Special Programs	Total ¹
Assets:			
Cash and investments	\$ 42,881,215	\$ 314,446	\$ 43,195,661
Receivables:			
Accounts	222,550	41,916	264,466
Interest	274,542	1,065	275,607
Intergovernmental	24,979	-	24,979
Taxes	7,554,498	-	7,554,498
Prepaid items	7,071	-	7,071
Due from other funds	367,395	-	367,395
Total assets	51,332,250	357,427	51,689,677
 Total assets	 \$ 51,332,250	 \$ 357,427	 \$ 51,689,677
 Liabilities:			
Accounts payable	\$ 704,138	\$ 4,965	\$ 709,103
Accrued liabilities	1,728,727	24,593	1,753,320
Deposits payable	233,297	5,248	238,545
Unearned revenue	-	189,067	189,067
Total liabilities	2,666,162	223,873	2,890,035
 Fund balance			
Nonspendable:			
Prepaid items	7,071	-	7,071
Committed	13,052,990	-	13,052,990
Assigned:			
Economic uncertainty	6,500,000	-	6,500,000
Unfunded retirement obligations	8,000,000	-	8,000,000
Unassigned	21,106,027	133,554	21,239,581
Total fund balance	48,666,088	133,554	48,799,642
 Total liabilities, deferred inflows of resources and fund balance	 \$ 51,332,250	 \$ 357,427	 \$ 51,689,677

¹ The total for General Fund (GAAP Basis) includes additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54. This total is reported on the Balance Sheet-Governmental Funds for the General Fund (page D-1).

CITY OF EL CAJON

Statement of Revenues, Expenditures and Changes in Fund Balances General Fund (GAAP Basis) For the fiscal year ended June 30, 2018

	General Fund	Recreation Special Programs	Reconciliation to Fund Financial Statements	Total ¹
Revenues:				
Charges for services	\$ 4,042,709	\$ 468,665	\$ -	\$ 4,511,374
Intergovernmental	1,338,679	25,000	-	1,363,679
Investment earnings	262,189	950	-	263,139
Licenses and permits	1,387,579	-	-	1,387,579
Other	3,262,184	64,989	-	3,327,173
Taxes	63,636,745	-	-	63,636,745
Total revenues	<u>73,930,085</u>	<u>559,604</u>	<u>-</u>	<u>74,489,689</u>
Expenditures:				
Current:				
General government	5,939,775	-	-	5,939,775
Public safety	47,569,684	-	-	47,569,684
Public works	8,255,875	-	-	8,255,875
Recreation	2,845,052	550,614	-	3,395,666
Community development	2,922,485	-	-	2,922,485
Total expenditures	<u>67,532,871</u>	<u>550,614</u>	<u>-</u>	<u>68,083,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,397,214</u>	<u>8,990</u>	<u>-</u>	<u>6,406,204</u>
Other financing sources (uses):				
Transfers in	<u>210,915</u>	<u>-</u>	<u>-</u>	<u>210,915</u>
Total other financing sources (uses)	<u>210,915</u>	<u>-</u>	<u>-</u>	<u>210,915</u>
Net change in fund balances	6,608,129	8,990	-	6,617,119
Fund balances, beginning	39,053,359	124,564	-	39,177,923
Prior period adjustment (note O)	3,004,600	-	-	3,004,600
Fund balance, beginning restated	<u>42,057,959</u>	<u>124,564</u>	<u>-</u>	<u>42,182,523</u>
Fund balances, ending	<u>\$ 48,666,088</u>	<u>\$ 133,554</u>	<u>\$ -</u>	<u>\$ 48,799,642</u>

¹ The total for General Fund (GAAP Basis) include an additional fund that does not meet the criteria to be classified as special revenue fund, pursuant to GASB Statement No. 54. This total is reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds for the General Fund.

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Recreation Special Programs¹ Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 477,680	\$ 477,680	\$ 468,665	\$ (9,015)
Intergovernmental	2,500	2,500	25,000	22,500
Investment earnings	-	-	950	950
Other	65,900	65,900	64,989	(911)
	546,080	546,080	559,604	13,524
Total revenues				
Expenditures:				
Current:				
Recreation	547,273	547,273	547,491	(218)
Capital outlay	-	-	3,123	(3,123)
	547,273	547,273	550,614	(3,341)
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(1,193)	(1,193)	8,990	10,183
Net change in fund balance	(1,193)	(1,193)	8,990	10,183
Fund balance, beginning	124,564	124,564	124,564	-
Fund balance, ending	\$ 123,371	\$ 123,371	\$ 133,554	\$ 10,183

¹ Recreation Special Programs is considered General Fund (GAAP Basis), pursuant to GASB Statement No. 54. This fund has a legally adopted budget and as such, a budgetary comparison schedule is presented.

A reconciliation of the budgetary comparison schedule-General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds (GAAP Basis) is included in Required Supplementary Information.

CITY OF EL CAJON
Combined Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total
Assets:			
Cash and investments	\$ 6,923,759	\$ 1,907,102	\$ 8,830,861
Receivables:			
Interest	28,441	5,456	33,897
Intergovernmental	845,022	329,503	1,174,525
Loans	1,018,062	-	1,018,062
Taxes	32,647	-	32,647
Total assets	<u>8,847,931</u>	<u>2,242,061</u>	<u>11,089,992</u>
Total assets	<u>\$ 8,847,931</u>	<u>\$ 2,242,061</u>	<u>\$ 11,089,992</u>
Liabilities:			
Accounts payable	\$ 548,821	\$ 963,078	\$ 1,511,899
Accrued liabilities	37,397	-	37,397
Due to other funds	368,574	13,619	382,193
Total liabilities	<u>954,792</u>	<u>976,697</u>	<u>1,931,489</u>
Fund balance			
Restricted:			
Animal shelter operations	41,458	-	41,458
Animal shelter project	262,856	-	262,856
Community development	294,859	-	294,859
Loans receivable	1,018,062	-	1,018,062
Public safety	1,309,329	-	1,309,329
Public works projects	923,326	-	923,326
RTCIP impact fee	-	344,015	344,015
RMRA	-	601,892	601,892
Streets projects	4,045,241	-	4,045,241
Assigned:			
Capital projects	-	325,808	325,808
Unassigned	(1,992)	(6,351)	(8,343)
Total fund balance	<u>7,893,139</u>	<u>1,265,364</u>	<u>9,158,503</u>
Total liabilities and fund balance	<u>\$ 8,847,931</u>	<u>\$ 2,242,061</u>	<u>\$ 11,089,992</u>

CITY OF EL CAJON

Combined Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the fiscal year ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Charges for services	\$ -	\$ 50,449	\$ 50,449
Intergovernmental	5,344,712	967,167	6,311,879
Investment earnings	38,904	19	38,923
Other	55,741	-	55,741
Taxes	-	1,899,752	1,899,752
Total revenues	5,439,357	2,917,387	8,356,744
Expenditures:			
Current:			
Public safety	505,485	-	505,485
Public works	2,145,246	605,520	2,750,766
Recreation	-	73,426	73,426
Community development	504,074	-	504,074
Capital outlay	772,461	2,639,154	3,411,615
Capital lease:			
Interest	76,147	-	76,147
Principal	181,423	-	181,423
Total expenditures	4,184,836	3,318,100	7,502,936
Excess (deficiency) of revenues over (under) expenditures	1,254,521	(400,713)	853,808
Other financing sources (uses):			
Transfers in	-	3,303,487	3,303,487
Transfers out	(1,051,312)	(2,374,514)	(3,425,826)
Total other financing sources (uses)	(1,051,312)	928,973	(122,339)
Net change in fund balances	203,209	528,260	731,469
Fund balances, beginning	7,689,930	737,104	8,427,034
Fund balances, ending	\$ 7,893,139	\$ 1,265,364	\$ 9,158,503

CITY OF EL CAJON

NON-MAJOR SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the non-major Special Revenue Funds used by the City:

Gas Tax - This fund accounts for state funds for preventive maintenance and repair of qualifying city streets.

Transit - This fund accounts for transit monies received under the Transportation Development Act.

Federal/County Asset Forfeiture - This fund accounts for asset forfeiture revenues and expenditures.

Local Public Safety - This fund accounts for allocation of the state's sales tax revenue (Proposition 172) to be used for public safety, including sheriffs, police and fire protection.

Federal, State and Local Grants - This fund accounts for various federal, state and local grants.

Housing In-Lieu Fees - This fund accounts for in-lieu fees received from developers as an alternative to constructing the affordable housing units. These funds will be utilized by the City to support the development of affordable housing units.

CDBG (Community Development Block Grants) - This fund accounts for federal grants for public facilities, capital improvements, and public services. This fund is not annually budgeted because fund activities are of a long-term basis.

Various Donations - This fund accounts for various donations received used to pay for specific functions and/or programs of the city. This fund is not annually budgeted because donations vary greatly from year to year.

CITY OF EL CAJON
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2018

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
Assets:				
Cash and investments	\$ 4,140,593	\$ 736,805	\$ 212,094	\$ 499,901
Receivables:				
Interest	16,778	3,096	925	2,348
Intergovernmental	-	-	-	-
Loans	-	-	-	-
Taxes	-	-	-	32,647
Total assets	<u>4,157,371</u>	<u>739,901</u>	<u>213,019</u>	<u>534,896</u>
Total assets	<u>\$ 4,157,371</u>	<u>\$ 739,901</u>	<u>\$ 213,019</u>	<u>\$ 534,896</u>
Liabilities:				
Accounts payable	\$ 78,270	\$ 6,966	\$ 2,821	\$ 26,289
Accrued liabilities	33,860	3,537	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>112,130</u>	<u>10,503</u>	<u>2,821</u>	<u>26,289</u>
Fund balance:				
Restricted:				
Animal shelter operations	-	-	-	-
Animal shelter project	-	-	-	-
Community development	-	-	-	-
Loans receivable	-	-	-	-
Public safety	-	-	210,198	508,607
Public works projects	-	729,398	-	-
Streets projects	4,045,241	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>4,045,241</u>	<u>729,398</u>	<u>210,198</u>	<u>508,607</u>
Total liabilities and fund balance	<u>\$ 4,157,371</u>	<u>\$ 739,901</u>	<u>\$ 213,019</u>	<u>\$ 534,896</u>

Budgeted		Unbudgeted		Total Non-Major Special Revenue Funds
Federal, State, and Local Grants	Housing In Lieu Fees	CDBG	Various Donations	
\$ 737,458	\$ 290,415	\$ -	\$ 306,493	\$ 6,923,759
3,029	1,195	-	1,070	28,441
731,844	-	113,178	-	845,022
713,124	-	304,938	-	1,018,062
-	-	-	-	32,647
<u>2,185,455</u>	<u>291,610</u>	<u>418,116</u>	<u>307,563</u>	<u>8,847,931</u>
<u>\$ 2,185,455</u>	<u>\$ 291,610</u>	<u>\$ 418,116</u>	<u>\$ 307,563</u>	<u>\$ 8,847,931</u>
\$ 383,054	\$ -	\$ 51,421	\$ -	\$ 548,821
-	-	-	-	37,397
304,825	-	63,749	-	368,574
<u>687,879</u>	<u>-</u>	<u>115,170</u>	<u>-</u>	<u>954,792</u>
-	-	-	41,458	41,458
-	-	-	262,856	262,856
-	291,610	-	3,249	294,859
713,124	-	304,938	-	1,018,062
590,524	-	-	-	1,309,329
193,928	-	-	-	923,326
-	-	-	-	4,045,241
-	-	(1,992)	-	(1,992)
<u>1,497,576</u>	<u>291,610</u>	<u>302,946</u>	<u>307,563</u>	<u>7,893,139</u>
<u>\$ 2,185,455</u>	<u>\$ 291,610</u>	<u>\$ 418,116</u>	<u>\$ 307,563</u>	<u>\$ 8,847,931</u>

CITY OF EL CAJON

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds For the fiscal year ended June 30, 2018

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
Revenues:				
Intergovernmental	\$ 2,073,177	\$ 263,987	\$ -	\$ 438,631
Investment earnings	20,534	3,460	1,196	2,993
Other	154	79	32,797	-
Total revenues	2,093,865	267,526	33,993	441,624
Expenditures:				
Current:				
Public safety	-	-	36,765	32,493
Public works	1,931,670	186,750	-	-
Community development	-	-	-	-
Capital outlay	-	-	24,824	43,797
Capital lease:				
Interest	-	-	-	76,147
Principal	-	-	-	181,423
Total expenditures	1,931,670	186,750	61,589	333,860
Excess (deficiency) of revenues over (under) expenditures	162,195	80,776	(27,596)	107,764
Other financing (uses):				
Transfers out	(59,445)	-	-	(160,000)
Total other financing (uses)	(59,445)	-	-	(160,000)
Net change in fund balances	102,750	80,776	(27,596)	(52,236)
Fund balances, beginning	3,942,491	648,622	237,794	560,843
Fund balances, ending	\$ 4,045,241	\$ 729,398	\$ 210,198	\$ 508,607

Budgeted		Unbudgeted		
Federal, State, and Local Grants	Housing In Lieu Fees	CDBG	Various Donations	Total Non-Major Special Revenue Funds
\$ 1,435,617	\$ -	\$ 1,133,300	\$ -	\$ 5,344,712
3,699	1,490	4,210	1,322	38,904
16,159	-	91	6,461	55,741
<u>1,455,475</u>	<u>1,490</u>	<u>1,137,601</u>	<u>7,783</u>	<u>5,439,357</u>
436,227	-	-	-	505,485
26,826	-	-	-	2,145,246
124,698	-	379,376	-	504,074
703,840	-	-	-	772,461
-	-	-	-	76,147
-	-	-	-	181,423
<u>1,291,591</u>	<u>-</u>	<u>379,376</u>	<u>-</u>	<u>4,184,836</u>
<u>163,884</u>	<u>1,490</u>	<u>758,225</u>	<u>7,783</u>	<u>1,254,521</u>
-	-	(831,867)	-	(1,051,312)
-	-	(831,867)	-	(1,051,312)
163,884	1,490	(73,642)	7,783	203,209
<u>1,333,692</u>	<u>290,120</u>	<u>376,588</u>	<u>299,780</u>	<u>7,689,930</u>
<u>\$ 1,497,576</u>	<u>\$ 291,610</u>	<u>\$ 302,946</u>	<u>\$ 307,563</u>	<u>\$ 7,893,139</u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Gas Tax Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,854,237	\$ 2,854,237	\$ 2,073,177	\$ (781,060)
Investment earnings	-	-	20,534	20,534
Other	-	-	154	154
Total revenues	<u>2,854,237</u>	<u>2,854,237</u>	<u>2,093,865</u>	<u>(760,372)</u>
Expenditures:				
Current:				
Public works	2,447,000	2,447,000	1,931,670	515,330
Capital outlay	8,500	8,500	-	8,500
Total expenditures	<u>2,455,500</u>	<u>2,455,500</u>	<u>1,931,670</u>	<u>523,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>398,737</u>	<u>398,737</u>	<u>162,195</u>	<u>(236,542)</u>
Other financing (uses):				
Transfers out	<u>(75,499)</u>	<u>(151,499)</u>	<u>(59,445)</u>	<u>(92,054)</u>
Total other financing sources (uses)	<u>(75,499)</u>	<u>(151,499)</u>	<u>(59,445)</u>	<u>(92,054)</u>
Net change in fund balance	323,238	247,238	102,750	(144,488)
Fund balance, beginning	<u>3,942,491</u>	<u>3,942,491</u>	<u>3,942,491</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 4,265,729</u></u>	<u><u>\$ 4,189,729</u></u>	<u><u>\$ 4,045,241</u></u>	<u><u>\$ (144,488)</u></u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Transit Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 90,883	\$ 90,883	\$ 263,987	\$ 173,104
Investment earnings	-	-	3,460	3,460
Other	-	-	79	79
Total revenues	<u>90,883</u>	<u>90,883</u>	<u>267,526</u>	<u>176,643</u>
Expenditures:				
Current:				
Public works	238,470	230,470	186,750	43,720
Capital outlay	64,700	72,700	-	72,700
Total expenditures	<u>303,170</u>	<u>303,170</u>	<u>186,750</u>	<u>116,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(212,287)</u>	<u>(212,287)</u>	<u>80,776</u>	<u>293,063</u>
Net change in fund balance	(212,287)	(212,287)	80,776	293,063
Fund balance, beginning	<u>648,622</u>	<u>648,622</u>	<u>648,622</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 436,335</u></u>	<u><u>\$ 436,335</u></u>	<u><u>\$ 729,398</u></u>	<u><u>\$ 293,063</u></u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Federal/County Asset Forfeiture Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,196	\$ 1,196
Other	30,000	30,000	32,797	2,797
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>33,993</u>	<u>3,993</u>
Expenditures:				
Current:				
Public safety	94,934	94,934	36,765	58,169
Capital outlay	26,500	26,500	24,824	1,676
Total expenditures	<u>121,434</u>	<u>121,434</u>	<u>61,589</u>	<u>59,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(91,434)</u>	<u>(91,434)</u>	<u>(27,596)</u>	<u>63,838</u>
Net change in fund balance	(91,434)	(91,434)	(27,596)	63,838
Fund balance, beginning	<u>237,794</u>	<u>237,794</u>	<u>237,794</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 146,360</u></u>	<u><u>\$ 146,360</u></u>	<u><u>\$ 210,198</u></u>	<u><u>\$ 63,838</u></u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Local Public Safety Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 438,631	\$ 38,631
Investment earnings	-	-	2,993	2,993
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>441,624</u>	<u>41,624</u>
Expenditures:				
Current:				
Public safety	33,152	33,152	32,493	659
Capital outlay	44,000	61,500	43,797	17,703
Capital lease:				
Interest	50,984	50,984	76,147	(25,163)
Principal	<u>181,423</u>	<u>181,423</u>	<u>181,423</u>	<u>-</u>
Total expenditures	<u>309,559</u>	<u>327,059</u>	<u>333,860</u>	<u>(6,801)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,441</u>	<u>72,941</u>	<u>107,764</u>	<u>34,823</u>
Other financing (uses):				
Transfers out	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net change in fund balance	(69,559)	(87,059)	(52,236)	34,823
Fund balance, beginning	<u>560,843</u>	<u>560,843</u>	<u>560,843</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 491,284</u></u>	<u><u>\$ 473,784</u></u>	<u><u>\$ 508,607</u></u>	<u><u>\$ 34,823</u></u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Federal, State and Local Grants Special Revenue Fund Budget and Actual

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,543,940	\$ 2,043,041	\$ 1,435,617	\$ (607,424)
Investment earnings	-	-	3,699	3,699
Other	-	-	16,159	16,159
Total revenues	<u>1,543,940</u>	<u>2,043,041</u>	<u>1,455,475</u>	<u>(587,566)</u>
Expenditures:				
Current:				
Public safety	520,136	768,214	436,227	331,987
Public works	197,616	197,616	26,826	170,790
Community development	419,885	419,885	124,698	295,187
Capital outlay	<u>633,109</u>	<u>884,132</u>	<u>703,840</u>	<u>180,292</u>
Total expenditures	<u>1,770,746</u>	<u>2,269,847</u>	<u>1,291,591</u>	<u>978,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(226,806)</u>	<u>(226,806)</u>	<u>163,884</u>	<u>390,690</u>
Other financing sources (uses):				
Transfers out	<u>(5,464)</u>	<u>(5,464)</u>	-	<u>5,464</u>
Total other financing sources (uses)	<u>(5,464)</u>	<u>(5,464)</u>	-	<u>5,464</u>
Net change in fund balance	(232,270)	(232,270)	163,884	396,154
Fund balance, beginning	<u>1,333,692</u>	<u>1,333,692</u>	<u>1,333,692</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 1,101,422</u></u>	<u><u>\$ 1,101,422</u></u>	<u><u>\$ 1,497,576</u></u>	<u><u>\$ 396,154</u></u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Housing In Lieu Fees Special Revenue Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,490	\$ 1,490
Total revenues	-	-	1,490	1,490
Expenditures:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	1,490	1,490
Other financing sources:				
Transfers out	(287,000)	(287,000)	-	(287,000)
Total other financing sources	(287,000)	(287,000)	-	(287,000)
Net change in fund balance	(287,000)	(287,000)	1,490	288,490
Fund balance, beginning	290,120	290,120	290,120	-
Fund balance, ending	\$ 3,120	\$ 3,120	\$ 291,610	\$ 288,490



CITY OF EL CAJON

MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The following Capital Projects Funds have been classified as major funds:

Public Safety Facilities - This fund was established to account for activities related to the construction of a new public safety center and animal shelter, as well as upgrades to existing fire stations. These projects are funded by a half-percent sales tax that was in place from April 2005 through March 2015 (Proposition O approved by voters in November 2004).

City Capital Improvement Program - This fund is used to account for repairs, improvements and the preservation of City owned facilities and equipment, additional public buildings and the acquisition of land.

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Public Safety Facilities Project Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 29,488	\$ 29,488
Intergovernmental	-	-	50,000	50,000
Investment earnings	-	-	58,004	58,004
Other	-	-	2,545	2,545
Total revenues	-	-	140,037	140,037
Expenditures:				
Current:				
General government	10,600	10,600	5,504	5,096
Capital outlay	10,112,500	10,112,500	8,844,768	1,267,732
Total expenditures	10,123,100	10,123,100	8,850,272	1,272,828
Excess (deficiency) of revenues over (under) expenditures	(10,123,100)	(10,123,100)	(8,710,235)	1,412,865
Net change in fund balance	(10,123,100)	(10,123,100)	(8,710,235)	1,412,865
Fund balance, beginning	12,614,356	12,614,356	12,614,356	-
Fund balance, ending	<u>\$ 2,491,256</u>	<u>\$ 2,491,256</u>	<u>\$ 3,904,121</u>	<u>\$ 1,412,865</u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance City Capital Improvement Program Projects Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other	\$ 986,500	\$ 986,500	\$ 208,003	\$ (778,497)
Total revenues	986,500	986,500	208,003	(778,497)
Expenditures:				
Current:				
Public works	262,593	268,093	186,858	81,235
Capital outlay	5,308,159	5,946,209	1,298,812	4,647,397
Total expenditures	5,570,752	6,214,302	1,485,670	4,728,632
Excess (deficiency) of revenues over (under) expenditures	(4,584,252)	(5,227,802)	(1,277,667)	3,950,135
Other financing (uses):				
Transfers in	926,498	926,498	24,798	(901,700)
Transfers out	(77,500)	(177,353)	(113,374)	(63,979)
Total other financing sources (uses)	848,998	749,145	(88,576)	(965,679)
Net change in fund balance	(3,735,254)	(4,478,657)	(1,366,243)	3,112,414
Fund balance, beginning	12,984,072	12,984,072	12,984,072	-
Fund balance, ending	\$ 9,248,818	\$ 8,505,415	\$ 11,617,829	\$ 3,112,414



CITY OF EL CAJON

NON-MAJOR CAPITAL PROJECTS FUNDS

The following Capital Projects Funds have been classified as non-major funds:

Public Works Projects - This fund accounts for research, planning, construction, improvement, maintenance, and operation of public streets and highways and their related public facilities for non-motorized traffic.

Parks and Recreation Improvement Grants - This fund is used to account for state grants to repair and improve City recreational facilities.

Parks Impact Fees - This fund is used to account for City financed park and recreational improvements financed with park impact fees.

Transportation Projects - This fund accounts for major street construction projects funded through TransNet (half-percent special sales tax), Specific Street Obligations, and Gas Tax. Expenditures in this fund are restricted to improvements in the City's transit and street system.

CITY OF EL CAJON
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2018

	Public Works Projects	Parks and Recreation Improvement Grants	Parks Impact Fees	Transportation Projects	Total Non-major Capital Projects Funds
Assets:					
Cash and investments	\$ 27,010	\$ 14,696	\$ 67,954	\$ 1,797,442	\$ 1,907,102
Receivables:					
Interest	-	-	276	5,180	5,456
Intergovernmental	-	-	-	329,503	329,503
Total assets	<u>27,010</u>	<u>14,696</u>	<u>68,230</u>	<u>2,132,125</u>	<u>2,242,061</u>
Total assets	<u>\$ 27,010</u>	<u>\$ 14,696</u>	<u>\$ 68,230</u>	<u>\$ 2,132,125</u>	<u>\$ 2,242,061</u>
Liabilities:					
Accounts payable	\$ 27,010	\$ 21,047	\$ -	\$ 915,021	\$ 963,078
Due to other funds	-	-	-	13,619	13,619
Total liabilities	<u>27,010</u>	<u>21,047</u>	<u>-</u>	<u>928,640</u>	<u>976,697</u>
Fund balance:					
Restricted:					
RTCIP impact fee	-	-	-	344,015	344,015
RMRA	-	-	-	601,892	601,892
Committed	-	-	-	-	-
Assigned					
Capital projects	-	-	68,230	257,578	325,808
Unassigned	-	(6,351)	-	-	(6,351)
Total fund balance	<u>-</u>	<u>(6,351)</u>	<u>68,230</u>	<u>1,203,485</u>	<u>1,265,364</u>
Total liabilities and fund balance	<u>\$ 27,010</u>	<u>\$ 14,696</u>	<u>\$ 68,230</u>	<u>\$ 2,132,125</u>	<u>\$ 2,242,061</u>

CITY OF EL CAJON

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) Non-Major Capital Projects Funds For the fiscal year ended June 30, 2018

	Public Works Projects	Parks and Recreation Improvement Grants	Parks Impact Fees	Transportation Projects	Total Non-major Capital Projects Funds
Revenues:					
Taxes	\$ -	\$ -	\$ 24,452	\$ 1,875,300	\$ 1,899,752
Intergovernmental	-	-	-	967,167	967,167
Charges for services	-	-	-	50,449	50,449
Investment earnings	-	-	227	(208)	19
Total revenues	<u>-</u>	<u>-</u>	<u>24,679</u>	<u>2,892,708</u>	<u>2,917,387</u>
Expenditures:					
Current:					
Public works	597,258	-	-	8,262	605,520
Recreation	-	73,426	-	-	73,426
Capital outlay	2,046,764	592,390	-	-	2,639,154
Total expenditures	<u>2,644,022</u>	<u>665,816</u>	<u>-</u>	<u>8,262</u>	<u>3,318,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,644,022)</u>	<u>(665,816)</u>	<u>24,679</u>	<u>2,884,446</u>	<u>(400,713)</u>
Other financing (uses):					
Transfers in	2,644,022	659,465	-	-	3,303,487
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,374,514)</u>	<u>(2,374,514)</u>
Total other financing (uses)	<u>2,644,022</u>	<u>659,465</u>	<u>-</u>	<u>(2,374,514)</u>	<u>928,973</u>
Net change in fund balances	-	(6,351)	24,679	509,932	528,260
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>43,551</u>	<u>693,553</u>	<u>737,104</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ (6,351)</u>	<u>\$ 68,230</u>	<u>\$ 1,203,485</u>	<u>\$ 1,265,364</u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Public Works Projects Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public works	1,294,918	1,382,918	597,258	785,660
Capital outlay	5,615,994	6,251,364	2,046,764	4,204,600
Total expenditures	6,910,912	7,634,282	2,644,022	4,990,260
Excess (deficiency) of revenues over (under) expenditures	(6,910,912)	(7,634,282)	(2,644,022)	4,990,260
Other financing (uses):				
Transfers in	6,910,912	7,634,282	2,644,022	(4,990,260)
Transfers out	-	-	-	-
Total other financing sources (uses)	6,910,912	7,634,282	2,644,022	(4,990,260)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) Parks and Recreation Improvement Grants Project Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Recreation	91,500	94,700	73,426	21,274
Capital outlay	907,700	1,080,553	592,390	488,163
Total expenditures	999,200	1,175,253	665,816	509,437
Excess (deficiency) of revenues over (under) expenditures	(999,200)	(1,175,253)	(665,816)	509,437
Other financing (uses):				
Transfers in	999,200	1,175,253	659,465	(515,788)
Transfers out	-	-	-	-
Total other financing sources (uses)	999,200	1,175,253	659,465	(515,788)
Net change in fund balance	-	-	(6,351)	(6,351)
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ (6,351)	\$ (6,351)

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance

Park Impact Fees Project Fund

Budget and Actual

For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,000	\$ 5,000	\$ 24,452	\$ 19,452
Investment earnings	-	-	227	227
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>24,679</u>	<u>19,679</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>24,679</u>	<u>19,679</u>
Net change in fund balance	5,000	5,000	24,679	19,679
Fund balance, beginning	<u>43,551</u>	<u>43,551</u>	<u>43,551</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 48,551</u></u>	<u><u>\$ 48,551</u></u>	<u><u>\$ 68,230</u></u>	<u><u>\$ 19,679</u></u>

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance Transportation Projects Fund Budget and Actual For the fiscal year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 3,693,113	\$ 3,693,113	\$ 1,875,300	\$ (1,817,813)
Intergovernmental	2,789,185	3,375,490	967,167	(2,408,323)
Charges for services	-	-	50,449	50,449
Investment earnings	-	-	(208)	(208)
Other	7,500	7,500	-	(7,500)
Total revenues	<u>6,489,798</u>	<u>7,076,103</u>	<u>2,892,708</u>	<u>(4,183,395)</u>
Expenditures:				
Current:				
Public works	75,000	75,000	8,262	66,738
Capital outlay	-	-	-	-
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>8,262</u>	<u>66,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,414,798</u>	<u>7,001,103</u>	<u>2,884,446</u>	<u>(4,116,657)</u>
Other financing (uses):				
Transfers out	<u>(6,694,798)</u>	<u>(7,316,103)</u>	<u>(2,374,514)</u>	<u>(4,941,589)</u>
Total other financing sources (uses)	<u>(6,694,798)</u>	<u>(7,316,103)</u>	<u>(2,374,514)</u>	<u>(4,941,589)</u>
Net change in fund balance	(280,000)	(315,000)	509,932	824,932
Fund balance, beginning	<u>693,553</u>	<u>693,553</u>	<u>693,553</u>	<u>-</u>
Fund balance, ending	<u>\$ 413,553</u>	<u>\$ 378,553</u>	<u>\$ 1,203,485</u>	<u>\$ 824,932</u>



CITY OF EL CAJON

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one fund, or department, to other funds, or departments, on a cost-reimbursement basis.

Vehicle Maintenance - This fund accounts for maintenance and operating expenses of the City's automotive and equipment fleets.

Vehicle and Equipment Replacement - This fund accounts for the replacement of the City's automotive and equipment fleets.

Self-Insurance - This fund accounts for liability insurance premiums, payment of claims and to establish reserves against future claims.

Information Technology Services - This fund accounts for the replacement of the City's information technology services and replacement of equipment.

Other Post-Employment Benefits - This fund accounts for post-employment benefits of the City including annual required healthcare contribution and terminal conversions of vacation and sick time.

CITY OF EL CAJON
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	Information Technology Services	Other Post Employment Benefits	Total
Assets and deferred outflows of resources:						
Current assets:						
Cash and investments	\$ 2,358,418	\$ 5,253,331	\$ 2,738,740	\$ 2,951,605	\$ 590,310	\$ 13,892,404
Total current assets	<u>2,358,418</u>	<u>5,253,331</u>	<u>2,738,740</u>	<u>2,951,605</u>	<u>590,310</u>	<u>13,892,404</u>
Non-current assets:						
Capital assets, being depreciated net:						
Machinery and equipment	-	71,864	-	296,102	-	367,966
Vehicles	-	2,609,214	-	-	-	2,609,214
Total non-current assets	<u>-</u>	<u>2,681,078</u>	<u>-</u>	<u>296,102</u>	<u>-</u>	<u>2,977,180</u>
Deferred outflows of resources:						
Deferred outflows related to pensions (Note G)	410,984	-	99,145	-	-	510,129
Total deferred outflows of resources	<u>410,984</u>	<u>-</u>	<u>99,145</u>	<u>-</u>	<u>-</u>	<u>510,129</u>
Total assets and deferred outflows of resources	<u>\$ 2,769,402</u>	<u>\$ 7,934,409</u>	<u>\$ 2,837,885</u>	<u>\$ 3,247,707</u>	<u>\$ 590,310</u>	<u>\$ 17,379,713</u>
Liabilities and deferred inflows of resources:						
Current liabilities:						
Accounts payable	\$ 53,967	\$ 104,663	\$ 100,552	\$ 488,254	\$ -	\$ 747,436
Accrued liabilities	26,737	-	7,036	39,212	-	72,985
Claims payable-current	-	-	765,000	-	-	765,000
Compensated absences	52,720	-	-	31,315	-	84,035
Total current liabilities	<u>133,424</u>	<u>104,663</u>	<u>872,588</u>	<u>558,781</u>	<u>-</u>	<u>1,669,456</u>
Non-current liabilities:						
Claims payable	-	-	1,371,142	-	-	1,371,142
Compensated absences	36,377	-	-	139,201	-	175,578
Net pension liability	2,063,153	-	500,866	-	-	2,564,019
Net OPEB liability	35,468	-	7,281	-	-	42,749
Total non-current liabilities	<u>2,134,998</u>	<u>-</u>	<u>1,879,289</u>	<u>139,201</u>	<u>-</u>	<u>4,153,488</u>
Deferred inflows of resources:						
Deferred inflows related to pensions (note J)	19,656	-	4,772	-	-	24,428
Total deferred inflows of resources	<u>19,656</u>	<u>-</u>	<u>4,772</u>	<u>-</u>	<u>-</u>	<u>24,428</u>
Total liabilities and deferred inflows of resources	<u>2,288,078</u>	<u>104,663</u>	<u>2,756,649</u>	<u>697,982</u>	<u>-</u>	<u>5,847,372</u>
Net position:						
Net investment in capital assets	-	2,681,078	-	296,102	-	2,977,180
Unrestricted	481,324	5,148,668	81,236	2,253,623	590,310	8,555,161
Total net position	<u>\$ 481,324</u>	<u>\$ 7,829,746</u>	<u>\$ 81,236</u>	<u>\$ 2,549,725</u>	<u>\$ 590,310</u>	<u>\$ 11,532,341</u>

CITY OF EL CAJON

Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the fiscal year ended June 30, 2018

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	Information Technology Services	Other Post Employment Benefits	Total
Operating revenues:						
Charges for services	\$ 2,400,000	\$ 750,000	\$ 870,000	\$ 3,797,029	\$ 1,500,000	\$ 9,317,029
Total operating revenues	2,400,000	750,000	870,000	3,797,029	1,500,000	9,317,029
Operating expenses:						
Salaries and benefits	545,618	-	307,495	1,264,419	1,495,710	3,613,242
Materials, services and supplies	1,354,834	62,059	619,321	2,056,703	8,250	4,101,167
Insurance claims/premiums	3,869	-	1,819,989	-	-	1,823,858
Depreciation	489	571,330	-	121,052	-	692,871
Total operating expenses	1,904,810	633,389	2,746,805	3,442,174	1,503,960	10,231,138
Operating income (loss)	495,190	116,611	(1,876,805)	354,855	(3,960)	(914,109)
Non-operating revenues (expenses):						
Other revenue	4,914	14,400	775,375	-	4,722	799,411
Gain on disposal of machinery and equipment	-	24,698	-	4,725	-	29,423
Total non-operating revenues	4,914	39,098	775,375	4,725	4,722	828,834
Change in net position (deficit)	500,104	155,709	(1,101,430)	359,580	762	(85,275)
Net position (deficit), beginning	8,668	7,674,037	1,188,301	2,190,145	589,548	11,650,699
Prior period adjustment (note O)	(27,448)	-	(5,635)	-	-	(33,083)
Net position, beginning as restated	(18,780)	7,674,037	1,182,666	2,190,145	589,548	11,617,616
Net position, ending	\$ 481,324	\$ 7,829,746	\$ 81,236	\$ 2,549,725	\$ 590,310	\$ 11,532,341

CITY OF EL CAJON
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2018

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	Information Technology Services	Other Post Employment Benefits	Total
Cash flows from operating activities:						
Receipts from charges to other funds	\$ 2,400,000	\$ 822,820	\$ 870,000	\$ 3,797,029	\$ 1,500,000	\$ 9,389,849
Payments to suppliers	(1,348,179)	(62,059)	(2,385,138)	(1,569,102)	(8,250)	(5,372,728)
Payments to employees	(783,000)	-	143,302	(1,054,690)	(1,495,710)	(3,190,098)
Net cash provided by (used for) operating activities	268,821	760,761	(1,371,836)	1,173,237	(3,960)	827,023
Cash flows from noncapital financing activities:						
Other revenue	4,914	14,400	775,375	-	4,722	799,411
Net cash provided by noncapital financing activities	4,914	14,400	775,375	-	4,722	799,411
Cash flows from capital and related financing activities:						
Proceeds from sale of vehicles and equipment	-	24,698	-	-	-	24,698
Acquisitions of vehicles and equipment	-	(899,886)	-	(159,386)	-	(1,059,272)
Net cash (used for) capital and related financing activities	-	(875,188)	-	(159,386)	-	(1,034,574)
Net increase (decrease) in cash and cash equivalents	273,735	(100,027)	(596,461)	1,013,851	762	591,860
Cash and cash equivalents, beginning	2,084,683	5,353,358	3,335,201	1,937,754	589,548	13,300,544
Cash and cash equivalents, ending	<u>\$ 2,358,418</u>	<u>\$ 5,253,331</u>	<u>\$ 2,738,740</u>	<u>\$ 2,951,605</u>	<u>\$ 590,310</u>	<u>\$ 13,892,404</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 495,190	\$ 116,611	\$(1,876,805)	\$ 354,855	\$ (3,960)	\$ (914,109)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	489	571,330	-	121,052	-	692,871
Pension related adjustments	(244,743)	-	71,661	-	-	(173,082)
Changes in assets and liabilities						
Increase (decrease) in accounts receivable	-	72,820	-	-	-	72,820
Increase (decrease) in accounts payable	10,524	-	54,173	487,602	-	552,299
Increase (decrease) in accrued liabilities	2,932	-	(865)	39,212	-	41,279
Increase in claims payable	-	-	380,000	-	-	380,000
Increase in compensated absences payable	4,429	-	-	170,516	-	174,945
Total adjustments	(226,369)	644,150	504,969	818,382	-	1,741,132
Net cash provided by (used for) operating activities	<u>\$ 268,821</u>	<u>\$ 760,761</u>	<u>\$(1,371,836)</u>	<u>\$ 1,173,237</u>	<u>\$ (3,960)</u>	<u>\$ 827,023</u>
Noncash investing, capital, and financing activities:						
Capital contribution of infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital asset (infrastructure) included in accounts payable	-	104,662	-	-	-	104,662

CITY OF EL CAJON

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a purely custodial capacity for other funds, governments or individuals.

AGENCY FUNDS:

Miscellaneous Deposits - These funds account for various types of deposits.

Heartland Communication Facility Authority - This fund accounts for activities to provide emergency call receiving and dispatching services to participating agencies.

Heartland Fire Training Authority - This fund accounts for activities of fire fighting and training of personnel for the participating agencies.

CITY OF EL CAJON
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

	Miscellaneous Deposits	Heartland Communications Facility Authority	Heartland Fire Training Authority	Total
Assets:				
Cash and investments	\$ 169,111	\$ 2,048,729	\$ 1,133,915	\$ 3,351,755
Receivables:				
Accounts	-	40,626	46,764	87,390
Intergovernmental	-	446,978	-	446,978
Interest	-	9,114	4,905	14,019
Total assets	\$ 169,111	\$ 2,545,447	\$ 1,185,584	\$ 3,900,142
Liabilities:				
Accounts payable	\$ 16,813	\$ 43,681	\$ 4,141	\$ 64,635
Accrued liabilities	-	62,534	5,755	68,289
Sundry agency liabilities	152,298	2,439,232	1,175,688	3,767,218
Total liabilities	\$ 169,111	\$ 2,545,447	\$ 1,185,584	\$ 3,900,142

CITY OF EL CAJON
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Miscellaneous Deposits				
Assets:				
Cash and investments	\$ 189,936	\$ 617,371	\$ (638,196)	\$ 169,111
Total assets	<u>\$ 189,936</u>	<u>\$ 617,371</u>	<u>\$ (638,196)</u>	<u>\$ 169,111</u>
Liabilities:				
Accounts payable	\$ 13,205	\$ 16,813	\$ (13,205)	\$ 16,813
Sundry agency liabilities	176,731	600,558	(624,991)	152,298
Total liabilities	<u>\$ 189,936</u>	<u>\$ 617,371</u>	<u>\$ (638,196)</u>	<u>\$ 169,111</u>
 Heartland Communications Facility Authority				
Assets:				
Cash and investments	\$ 2,016,161	\$ 3,522,644	\$ (3,490,076)	\$ 2,048,729
Receivables:				
Accounts	33,444	40,626	(33,444)	40,626
Intergovernmental	-	446,978		446,978
Interest	5,935	9,114	(5,935)	9,114
Total assets	<u>\$ 2,055,540</u>	<u>\$ 4,019,362</u>	<u>\$ (3,529,455)</u>	<u>\$ 2,545,447</u>
Liabilities:				
Accounts payable	\$ 320,828	\$ 43,681	\$ (320,828)	\$ 43,681
Accrued liabilities	52,574	62,534	(52,574)	62,534
Sundry agency liabilities	1,682,138	3,913,147	(3,156,053)	2,439,232
Total liabilities	<u>\$ 2,055,540</u>	<u>\$ 4,019,362</u>	<u>\$ (3,529,455)</u>	<u>\$ 2,545,447</u>

CITY OF EL CAJON

Combining Statement of Changes in Fiduciary Assets and Liabilities Agency Funds (continued) For the fiscal year ended June 30, 2018

	Beginning Balance	Additions	Deletions	Ending Balance
Heartland Fire Training Authority				
Assets:				
Cash and investments	\$ 992,964	\$ 722,001	\$ (581,050)	\$ 1,133,915
Receivables:				
Accounts	-	46,764	-	46,764
Interest	3,055	4,905	(3,055)	4,905
	<u>\$ 996,019</u>	<u>\$ 773,670</u>	<u>\$ (584,105)</u>	<u>\$ 1,185,584</u>
Liabilities:				
Accounts payable	\$ 2,490	\$ 4,141	\$ (2,490)	\$ 4,141
Accrued liabilities	5,690	5,755	(5,690)	5,755
Unearned revenue	47,444	-	(47,444)	-
Sundry agency liabilities	940,395	763,774	(528,481)	1,175,688
	<u>\$ 996,019</u>	<u>\$ 773,670</u>	<u>\$ (584,105)</u>	<u>\$ 1,185,584</u>
Total Agency Funds				
Assets:				
Cash and investments	\$ 3,199,061	\$ 4,862,016	\$ (4,709,322)	\$ 3,351,755
Receivables:				
Accounts	33,444	87,390	(33,444)	87,390
Interest	8,990	14,019	(8,990)	14,019
Intergovernmental	-	446,978	-	446,978
	<u>\$ 3,241,495</u>	<u>\$ 5,410,403</u>	<u>\$ (4,751,756)</u>	<u>\$ 3,900,142</u>
Liabilities:				
Accounts payable	336,523	64,635	(336,523)	\$ 64,635
Accrued liabilities	58,264	68,289	(58,264)	68,289
Unearned revenue	47,444	-	(47,444)	-
Sundry agency liabilities	2,799,264	5,277,479	(4,309,525)	3,767,218
	<u>\$ 3,241,495</u>	<u>\$ 5,410,403</u>	<u>\$ (4,751,756)</u>	<u>\$ 3,900,142</u>

CITY OF EL CAJON

STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

Financial Trends 129 - 133

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

Revenue Capacity 134 - 140

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity 141 - 143

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 144 - 145

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 146 - 149

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relates to the services the City provides and the activities it performs.



CITY OF EL CAJON

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

	Fiscal Year									
	2009	2010	2011	2012 (a)	2013	2014	2015 (b)	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 162,657,834	\$ 171,879,175	\$ 184,845,829	\$ 187,945,040	\$ 193,537,908	\$ 210,077,278	\$ 214,159,409	\$ 218,963,053	\$ 217,482,744	\$ 224,144,319
Restricted	82,298,521	63,263,584	60,158,904	58,728,019 ^a	59,087,555 ^a	61,853,603	65,833,008	58,121,515	57,960,163	50,168,314
Unrestricted	(32,573,207)	(12,336,332)	(4,176,060)	20,608,443	28,212,027	30,515,904	(104,296,561)	(94,443,051)	(91,791,772)	(97,584,297)
Total governmental activities net position	\$ 212,383,148	\$ 222,806,427	\$ 240,828,673	\$ 267,281,502	\$ 280,837,490	\$ 302,446,785	\$ 175,695,856	\$ 182,641,517	\$ 183,651,135	\$ 176,728,336
Business-type activities										
Net investment in capital assets	\$ 37,622,872	\$ 36,625,278	\$ 37,372,058	\$ 37,954,007	\$ 37,072,743	\$ 46,121,178	\$ 38,577,875	\$ 36,498,175	\$ 38,505,588	\$ 43,106,240
Restricted	-	-	-	-	-	-	261,645	231,764	264,273	357,552
Unrestricted	28,264,958	26,124,508	21,592,156	19,536,586	18,044,303	6,881,080	14,669,740	21,239,228	19,898,344	18,826,347
Total business-type activities net position	\$ 65,887,830	\$ 62,749,786	\$ 58,964,214	\$ 57,490,593	\$ 55,117,046	\$ 53,002,258	\$ 53,509,260	\$ 57,969,167	\$ 58,668,205	\$ 62,290,139
Primary government										
Invested in capital assets, net of related debt	\$ 200,280,706	\$ 208,504,453	\$ 222,217,887	\$ 225,899,047	\$ 230,610,651	\$ 256,198,456	\$ 252,737,284	\$ 255,461,228	\$ 255,988,332	\$ 267,250,559
Restricted	82,298,521	63,263,584	60,158,904	58,728,019	59,087,555	61,853,603	66,094,653	58,353,279	58,224,436	50,525,866
Unrestricted	(4,308,249)	13,788,176	17,416,096	40,145,029	46,256,330	37,396,984	(89,626,821)	(73,203,823)	(71,893,428)	(78,757,950)
Total primary government net position	\$ 278,270,978	\$ 285,556,213	\$ 299,792,887	\$ 324,772,095	\$ 335,954,536	\$ 355,449,043	\$ 229,205,116	\$ 240,610,684	\$ 242,319,340	\$ 239,018,475

Source: City of El Cajon - Finance Department

Notes: (a) The El Cajon Redevelopment Agency was dissolved as of February 1, 2012. The former redevelopment agency's assets, liabilities, and net position' were transferred to the Successor AgencyTrust Fund
 (b) The City implemented GASB Statement 68 in fiscal year 2015, which had a significant effect on the unrestricted fund balance.

CITY OF EL CAJON

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

	Fiscal Year									
	2009	2010	2011	2012 (a)	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 7,033,654	\$ 6,616,137	\$ 6,496,555	\$ 7,696,562	\$ 9,148,684	\$ 11,388,403	\$ 9,344,953	\$ 8,606,868	\$ 9,205,742	\$ 8,375,482
Public safety	39,346,691	37,384,609	37,649,169	38,633,076	40,578,344	42,919,265	45,235,084	47,292,321	52,741,903	58,123,097
Public works	11,458,980	10,514,171	10,695,592	11,680,268	12,281,575	10,796,564	10,806,104	10,984,725	13,175,937	14,984,088
Recreation	5,222,743	5,011,660	4,811,375	4,697,831	4,622,822	4,958,144	5,526,542	5,526,453	3,242,986	4,916,098
Community development	9,987,043	10,510,062	7,085,610	8,972,209	4,669,220	2,665,013	2,906,824	3,501,648	3,089,380	4,223,953
Interest on long-term debt	3,713,294	4,145,067	4,426,180	2,910,351	987,165	792,604	483,777	174,542	55,909	50,652
Total governmental activities expenses	76,762,405	74,181,706	71,164,481	74,590,297	72,287,810	73,519,993	74,303,284	76,086,557	81,511,857	90,673,370
Business-type activities:										
Wastewater	14,595,817	15,455,843	15,413,470	16,398,495	17,710,456	17,378,120	15,867,424	16,700,356	19,429,363	17,389,328
Total business-type activities expenses	14,595,817	15,455,843	15,413,470	16,398,495	17,710,456	17,378,120	15,867,424	16,700,356	19,429,363	17,389,328
Total primary government expenses	\$ 91,358,222	\$ 89,637,549	\$ 86,577,951	\$ 90,988,792	\$ 89,998,266	\$ 90,898,113	\$ 90,170,708	\$ 92,786,913	\$ 100,941,220	\$ 108,062,698
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,169,914	\$ 1,144,209	\$ 1,124,120	\$ 1,175,685	\$ 2,229,570	\$ 2,416,175	\$ 1,523,652	\$ 1,824,092	\$ 1,653,820	\$ 2,319,957
Public safety	5,516,765	5,141,582	5,039,668	4,758,621	4,145,824	4,956,285	4,580,713	3,829,943	1,714,929	2,018,135
Public works	1,621,632	1,346,452	1,477,824	1,303,160	1,184,869	1,270,454	1,067,571	1,198,740	1,145,382	1,728,558
Recreation	511,609	693,490	657,618	677,070	696,275	1,153,051	992,221	843,635	823,711	679,813
Community development	1,052,738	1,292,549	1,172,847	1,128,417	2,166,733	332,193	1,540,318	1,962,232	1,417,215	1,864,899
Operating grants and contributions	8,179,454	6,744,073	6,827,345	9,264,974	6,811,610	6,717,307	6,970,968	6,049,885	6,478,047	7,581,512
Capital grants and contributions	14,385,324	12,503,710	11,290,298	9,396,184	16,162,285	23,453,340	14,847,109	7,468,431	5,625,620	3,819,611
Total governmental activities revenues	32,437,436	28,866,065	27,589,720	27,704,111	33,397,166	40,298,805	31,522,552	23,176,958	18,858,724	20,012,485
Business-type activities:										
Wastewater										
Charges for Services	12,072,058	11,940,997	11,456,017	13,382,226	15,369,359	15,363,078	20,341,567	19,577,156	19,903,017	20,395,530
Capital grants and contributions	39,100	15,900	-	-	-	-	-	-	-	-
Total business-type activities revenues	12,111,158	11,956,897	11,456,017	13,382,226	15,369,359	15,363,078	20,341,567	19,577,156	19,903,017	20,395,530
Total primary government revenues	\$ 44,548,594	\$ 40,822,962	\$ 39,045,737	\$ 41,086,337	\$ 48,766,525	\$ 55,661,883	\$ 51,864,119	\$ 42,754,114	\$ 38,761,741	\$ 40,408,015

(Continued)

CITY OF EL CAJON

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

	Fiscal Year									
	2009	2010	2011	2012 (a)	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	\$ (44,324,969)	\$ (45,315,641)	\$ (43,574,761)	\$ (46,886,186)	\$ (38,890,644)	\$ (33,221,188)	\$ (42,780,732)	\$ (52,909,599)	\$ (62,653,133)	\$ (70,660,885)
Business-type activities	(2,484,659)	(3,498,946)	(3,957,453)	(3,016,269)	(2,341,097)	(2,015,042)	4,474,143	2,876,800	473,654	3,006,202
Total primary government net expense	<u>\$ (46,809,628)</u>	<u>\$ (48,814,587)</u>	<u>\$ (47,532,214)</u>	<u>\$ (49,902,455)</u>	<u>\$ (41,231,741)</u>	<u>\$ (35,236,230)</u>	<u>\$ (38,306,589)</u>	<u>\$ (50,032,799)</u>	<u>\$ (62,179,479)</u>	<u>\$ (67,654,683)</u>
General Revenues and Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 32,527,556	\$ 28,896,570	\$ 28,873,349	\$ 27,082,113	\$ 20,468,597	\$ 21,692,259	\$ 21,360,064	\$ 21,396,116	\$ 17,575,902	\$ 18,709,738
Sales taxes	15,602,550	19,148,882	22,278,251	22,466,903	24,328,310	25,367,434	26,056,239	29,493,906	37,559,282	37,163,462
Franchise taxes	4,603,755	4,630,306	5,163,453	4,721,291	4,767,474	4,791,459	5,044,461	5,196,514	5,148,007	5,311,723
Transient lodging taxes	925,865	824,676	900,298	1,046,237	1,057,224	1,138,761	1,330,117	1,378,472	1,408,750	1,613,926
Business license taxes	784,047	744,613	751,196	747,522	768,726	766,515	788,397	775,603	833,371	837,895
Intergovernmental, unrestricted	542,808	289,199	502,955	-	51,550	87,385	828,833	40,931	45,845	54,999
Investment earnings	881,530	374,277	234,385	299,103	179,961	39,032	54,446	599,306	241,282	402,994
Other	703,767	811,138	646,937	1,531,970	1,352,057	801,775	676,603	703,000	821,817	(356,651)
Special item - net gain(loss) on sale	-	-	2,167,485	-	(597,018)	-	-	-	-	-
Special item - payment to Affected Taxing Entities	-	-	-	-	-	-	(1,234,000)	-	-	-
Extraordinary gain - net transfer of assets	-	-	-	21,677,883	-	-	-	-	-	-
Transfer in(out)	113,950	19,259	78,697	5,682	69,751	145,863	54,944	271,412	28,495	-
Total governmental activities	<u>56,685,828</u>	<u>55,738,920</u>	<u>61,597,006</u>	<u>79,578,704</u>	<u>52,446,632</u>	<u>54,830,483</u>	<u>54,960,104</u>	<u>59,855,260</u>	<u>63,662,751</u>	<u>63,738,086</u>
Business-type activities:										
Investment earnings	877,025	372,139	160,435	82,552	24,511	42,103	69,455	187,377	146,614	144,106
Other	904,051	8,022	90,143	1,465,778	15,015	4,014	5,413,909	1,667,142	107,265	471,626
Special item - net loss on sale of properties	-	-	-	-	(2,225)	-	-	-	-	-
Transfer in(out)	(113,950)	(19,259)	(78,697)	(5,682)	(69,751)	(145,863)	(54,944)	(271,412)	(28,495)	-
Total business-type activities	<u>1,667,126</u>	<u>360,902</u>	<u>171,881</u>	<u>1,542,648</u>	<u>(32,450)</u>	<u>(99,746)</u>	<u>5,428,420</u>	<u>1,583,107</u>	<u>225,384</u>	<u>615,732</u>
Total primary government	<u>\$ 58,352,954</u>	<u>\$ 56,099,822</u>	<u>\$ 61,768,887</u>	<u>\$ 81,121,352</u>	<u>\$ 52,414,182</u>	<u>\$ 54,730,737</u>	<u>\$ 60,388,524</u>	<u>\$ 61,438,367</u>	<u>\$ 63,888,135</u>	<u>\$ 64,353,818</u>
Changes in Net Position										
Governmental activities	\$ 12,360,859	\$ 10,423,279	\$ 18,022,245	\$ 32,692,518	\$ 13,555,988	\$ 21,609,295	\$ 12,179,372	\$ 6,945,661	\$ 1,009,618	\$ (6,922,799)
Business-type activities	(817,533)	(3,138,044)	(3,785,572)	(1,473,621)	(2,373,547)	(2,114,788)	9,902,563	4,459,907	699,038	3,621,934
Total primary government	<u>\$ 11,543,326</u>	<u>\$ 7,285,235</u>	<u>\$ 14,236,673</u>	<u>\$ 31,218,897</u>	<u>\$ 11,182,441</u>	<u>\$ 19,494,507</u>	<u>\$ 22,081,935</u>	<u>\$ 11,405,568</u>	<u>\$ 1,708,656</u>	<u>\$ (3,300,865)</u>

Source: City of El Cajon - Finance Department

Note: (a) Since its dissolution on February 1, 2012, the former Cajon Redevelopment Agency's financial activities and changes net position were recorded in the Successor Agency Trust Fund.

CITY OF EL CAJON
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011 (a)	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 27,822	\$ 287,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	16,521,049	15,492,150	-	-	-	-	-	-	-	-
Nonspendable	-	-	11,610	-	2,331	2,616	1,769	8,379	15,598	7,071
Committed	-	-	10,058,304	10,003,509	10,614,730	11,415,896	12,101,021	13,052,990	13,052,990	13,052,990
Assigned	-	-	-	5,370,474	4,947,648	3,520,000	6,020,000	6,020,000	14,500,000	14,500,000
Unassigned	-	-	10,009,181	3,401,384	10,969,345	12,987,788	12,430,127	16,573,355	14,613,935	21,239,581
Total general fund	\$ 16,548,871	\$ 15,779,171	\$ 20,079,095	\$ 18,775,367	\$ 26,534,054	\$ 27,926,300	\$ 30,552,917	\$ 35,654,724	\$ 42,182,523	\$ 48,799,642
All other governmental funds										
Reserved	\$ 62,695,222	\$ 84,028,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Special revenue funds	4,071,055	2,792,790	-	-	-	-	-	-	-	-
Capital projects funds	60,774,373	24,086,294	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	4,219	3,117	1,234,000	-	568,839	34,195,345
Restricted	-	-	60,309,471	32,917,930	31,072,800	31,521,762	33,798,874	31,368,390	31,236,465	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	29,265,577	25,454,019	27,270,420	29,729,317	29,851,850	26,613,467	26,043,452	15,847,758
Unassigned	-	-	-	-	(16,521)	(42,390)	-	(2,250)	(13,157)	(8,343)
Total all other governmental funds	\$127,540,650	\$110,907,234	\$ 89,575,048	\$ 58,371,949	\$ 58,330,918	\$ 61,211,806	\$ 64,884,724	\$ 57,979,607	\$ 57,835,599	\$ 50,034,760
Total fund balance	\$144,089,521	\$126,686,405	\$109,654,143	\$ 77,147,316	\$ 84,864,972	\$ 89,138,106	\$ 95,437,641	\$ 93,634,331	\$100,018,122	\$ 98,834,402

Source: City of El Cajon - Finance Department

Note: (a) The City implemented GASB Statement 54 for the fiscal year ended June 30, 2011. Fund balances prior to fiscal year 2011 were restated to comply with the GASB Statement 54 reporting requirements.

CITY OF EL CAJON
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 65,732,725	\$ 68,651,590	\$ 72,117,599	\$ 65,375,715	\$ 62,902,388	\$ 64,611,380	\$ 65,018,702	\$ 60,918,054	\$ 65,362,527	\$ 65,565,985
Intergovernmental	9,248,805	9,101,752	7,187,549	8,477,915	6,772,809	7,353,362	7,588,943	6,950,884	7,554,839	8,604,212
Licenses and permits	948,842	1,170,501	873,243	927,820	959,941	1,043,011	1,376,417	1,810,129	1,190,944	1,387,579
Charges for services	6,261,265	6,045,741	5,821,898	6,248,868	5,964,400	6,165,821	5,876,605	5,165,405	3,387,982	4,561,823
Investment earnings	3,046,843	1,086,786	818,018	387,216	317,649	175,953	1,031,176	768,800	460,645	402,995
Other	8,052,494	2,660,351	5,286,670	5,047,901	6,895,635	4,932,760	7,430,357	7,528,905	4,903,814	4,368,132
Total revenues	93,290,974	88,716,721	92,104,977	86,465,435	83,812,822	84,282,287	88,322,200	83,142,177	82,860,751	84,890,726
Expenditures										
General government	6,830,628	6,578,500	6,554,545	7,446,595	8,943,751	11,158,991	8,490,159	8,720,888	7,483,195	5,945,279
Public safety	39,105,822	37,934,714	38,078,503	38,458,168	39,216,674	41,758,874	44,909,375	45,379,458	45,326,731	48,075,169
Public works	6,085,158	6,201,848	5,940,300	5,553,901	5,523,424	5,196,417	5,161,698	5,695,177	9,930,389	11,193,499
Recreation	5,039,113	4,810,458	4,608,809	4,426,742	4,362,631	4,634,936	5,084,634	5,113,117	3,222,345	3,469,092
Community development	8,993,226	14,380,697	9,685,291	5,906,316	5,013,538	2,970,194	2,958,140	3,236,546	3,327,458	3,578,642
Capital outlay	12,903,731	29,010,180	37,803,738	13,997,614	9,054,501	6,443,922	6,269,915	8,907,171	6,982,930	13,555,195
Debt service: principal	1,397,167	2,873,736	1,312,000	1,362,000	2,997,000	7,187,000	7,472,000	7,990,000	176,498	181,423
Debt service: interest & fiscal charges	3,667,869	4,348,963	4,479,711	2,742,813	987,165	792,604	483,777	174,542	55,909	76,147
Total expenditures	84,022,714	106,139,096	108,462,897	79,894,149	76,098,684	80,142,938	80,829,698	85,216,899	76,505,455	86,074,446
Excess (deficiency) of revenues over (under) expenditures	9,268,260	(17,422,375)	(16,357,920)	6,571,286	7,714,138	4,139,349	7,492,502	(2,074,722)	6,355,296	(1,183,720)
Other financing sources (uses)										
Issuance of long-term debt	25,195,000	-	-	-	-	-	-	-	-	-
Premium (Discount) on issuance of bonds	769,983	-	-	-	-	-	-	-	-	-
Transfers in	11,182,389	28,484,035	15,836,395	30,436,534	11,555,208	16,101,370	15,070,867	12,427,065	5,454,368	3,539,200
Transfers out	(11,068,439)	(28,464,776)	(16,510,737)	(32,542,205)	(11,551,690)	(15,967,585)	(15,029,834)	(12,155,653)	(5,425,873)	(3,539,200)
Total other financing sources (uses)	26,078,933	19,259	(674,342)	(2,105,671)	3,518	133,785	41,033	271,412	28,495	-
Extraordinary loss	-	-	-	(36,972,442)	-	-	-	-	-	-
Special item - payment to Affected Taxing Entities	-	-	-	-	-	-	(1,234,000)	-	-	-
Net change in fund balances	\$ 35,347,193	\$ (17,403,116)	\$ (17,032,262)	\$ (32,506,827)	\$ 7,717,656	\$ 4,273,134	\$ 6,299,535	\$ (1,803,310)	\$ 6,383,791	\$ (1,183,720)
Debt service as percentage of noncapital expenditures	7.1%	9.4%	8.2%	6.2%	5.9%	10.8%	10.7%	10.7%	0.3%	0.4%

Source: City of El Cajon - Finance Department

CITY OF EL CAJON
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales and Use (a) (b)	Franchise	Transient Occupancy	Business License	Property Transfer	Other	Total
2009	\$ 35,528,950	\$ 23,302,544	\$ 4,603,755	\$ 925,865	\$ 784,047	\$ 206,897	\$ 380,667	\$ 65,732,725
2010	32,056,420	25,968,174	4,630,306	824,676	744,613	183,345	4,244,055	68,651,589
2011	31,858,255	29,928,327	5,163,453	900,298	751,196	193,141	2,940,480	71,735,150
2012 (c)	26,866,252	30,141,782	4,721,291	1,046,237	747,522	215,861	1,259,212	64,998,157
2013	20,224,259	32,662,638	4,767,474	1,057,224	768,726	244,338	2,798,900	62,523,559
2014	21,285,194	33,814,507	4,791,459	1,138,761	766,515	407,065	2,022,716	64,226,217
2015	20,987,827	33,584,316	5,044,461	1,330,117	788,397	372,237	2,532,300	64,639,655
2016	21,086,961	29,620,061	5,196,514	1,378,472	775,603	309,155	2,173,900	60,540,666
2017	17,223,736	37,559,282	5,148,007	1,408,750	833,371	352,166	2,468,900	64,994,212
2018	18,339,325	37,192,949	5,311,723	1,613,926	837,895	370,413	1,899,754	65,565,985

Source: City of El Cajon - Finance Department

Notes: (a) The voters of the City approved Proposition O, a sales tax increase of half percent which was in effect from 04/01/2005 through 03/31/2015.
(b) The voters of the City approved Proposition J, a sales tax increase of half percent which will be in effect from 04/01/2009 through 03/31/2029.
(c) Since its dissolution on February 1, 2012, the former Redevelopment Agency's property tax increment revenues have been recorded in the Successor Agency Trust Fund.

CITY OF EL CAJON
Principal Sales Tax Producers (alphabetical)
Current Fiscal Year and Nine Years Ago

Fiscal Year 2018		Fiscal Year 2009	
Taxpayer	Business Type	Taxpayer	Business Type
99 Cents Only Stores	Department Stores	Arco AM/PM Mini Marts	Service Stations
Autoland	Auto Sales - New	Best Buy Stores	Furniture/Appliance
Azko Nobel Coatings	Heavy Industry	BMW of El Cajon	Auto Sales - New
Big Lots	Department Stores	Bob Baker Chevrolet/Subaru	Auto Sales - New
Black Diamond Blade Company	Heavy Industry	Chevron Service Stations	Service Stations
Builders Fence Company	Building Materials - Retail	De La Fuente Cadillac	Auto Sales - New
California Credit Union	Business Services	Dixieline Lumber Company	Building Materials - Retail
California State Auto	Miscellaneous Retail	East County Preowned Superstor	Auto Sales - Used
Carson Trailer	Misc. Vehicle Sales	El Cajon Ford Isuzu	Auto Sales - New
Daniels Jewelers	Miscellaneous Retail	Ferguson Enterprises	Building Materials - Wholesale
David B. Lieberman	Miscellaneous Retail	Home Depot	Building Materials - Retail
Frederick's of Hollywood	Apparel Stores	J C Penney Company	Department Stores
Kaiser Permanente Hospitals	Health & Government	Lexus of El Cajon	Auto Sales - New
La Z Boy Furniture	Furniture/Appliance	Macy's Department Store	Department Stores
Mercury Air Group	Energy Sales	Mor Furniture For Less	Furniture/Appliance
Mobil Service Stations	Service Stations	Mossy Nissan	Auto Sales - New
Montroy Supply Company	Building Materials - Wholesale	Motoworld	Misc. Vehicle Sales
Napa Auto Parts	Auto Parts/Repair	Sears Roebuck & Company	Department Stores
Nissan Motor Acceptance	Leasing	Target Stores	Department Stores
Parkway Bowl	Miscellaneous Retail	The Soco Group Petroleum Dist.	Energy Sales
Tommy Stewart	Furniture/Appliance	Tipton Honda	Auto Sales - New
Toyota Motor Credit	Leasing	Toyota Of El Cajon	Auto Sales - New
Travelex Currency Services	Business Services	Vons Grocery Company	Food Markets
USA Waste of California	Light Industry	W.W. Grainger	Building Materials - Wholesale
Wimberly Flying Toys	Miscellaneous Retail	Wal Mart Stores	Department Stores

Source: SBOE data, MuniServices, LLC

CITY OF EL CAJON

Net Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Taxable Assessed Value*	Direct Tax Rate (a)	Estimated Actual Taxable Value (b)	Factor of Taxable Assessed Value
2009	\$ 5,146,788	\$ 1,306,707	\$ 587,244	\$ 205,868	\$ 486,778	\$ 7,733,385	0.111700	\$ -	-
2010	4,681,464	1,332,879	605,729	203,425	531,835	7,355,332	0.111700	-	-
2011	4,589,686	1,315,121	603,660	195,491	506,113	7,210,071	0.111700	-	-
2012	4,625,723	1,320,497	601,910	189,333	508,860	7,246,323	0.111700	-	-
2013	4,548,093	1,339,676	624,668	104,634	439,823	7,056,894	0.111700	9,143,319	1.295658
2014	4,726,844	1,363,339	627,606	107,602	425,276	7,250,667	0.111700	9,600,731	1.324117
2015	5,053,331	1,399,595	629,587	109,667	400,064	7,592,243	0.111700	10,513,598	1.384782
2016	5,373,394	1,444,336	657,520	110,394	351,773	7,937,417	0.111700	10,117,713	1.274686
2017	5,785,593	1,473,424	601,784	132,892	373,654	8,367,346	0.111700	10,730,225	1.282393
2018	6,222,933	1,516,102	647,018	123,854	361,584	8,871,491	0.111700	12,598,697	1.420133

Sources: San Diego County Assessor data, MuniServices, LLC
2011-12 and prior, previously published CAFR Report

Notes: Values are net of all exemptions, including Home Owner Exemptions

*Does not include SBOE state utility in the amount of \$531,036

(a) Total Direct Tax Rate is represented by TRA 003-001

(b) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a factor was extrapolated and applied to current assessed values.

CITY OF EL CAJON

Net Assessed Value of Property by Use Code, Citywide Last Ten Fiscal Years (in thousands of dollars)

Property Use Code	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential	\$ 5,146,788	\$ 4,681,464	\$ 4,589,686	\$ 4,625,723	\$ 4,548,093	\$ 4,726,844	\$ 5,053,331	\$ 5,373,394	\$ 5,785,593	\$ 6,222,933
Commercial	1,306,707	1,332,879	1,315,121	1,320,497	1,339,676	1,363,339	1,399,595	1,444,336	1,473,424	1,516,102
Industrial	587,244	605,729	603,660	601,910	624,668	627,606	629,587	657,520	601,783	647,018
Institutional	100,185	102,708	105,071	106,421	19,509	20,376	20,902	20,155	20,615	19,824
Vacant	93,801	88,457	80,688	73,147	76,246	79,358	81,131	82,150	92,978	83,229
Recreational	10,833	11,211	8,683	8,716	7,830	7,449	7,466	7,538	18,040	19,446
Government	-	-	-	-	-	-	-	-	1,259	1,354
Unknown	-	-	-	-	-	-	168	551	-	-
Net Secured Value	7,245,558	6,822,448	6,702,909	6,736,414	6,616,022	6,824,972	7,192,179	7,585,644	7,993,692	8,509,907
SBE unitary	1,049	1,049	1,049	1,049	1,049	419	531	531	244	531
Unsecured Value	486,778	531,835	506,113	508,860	439,823	425,276	400,064	351,773	373,654	361,584
Net Taxable Value	<u>\$ 7,732,336</u>	<u>\$ 7,354,283</u>	<u>\$ 7,209,022</u>	<u>\$ 7,245,274</u>	<u>\$ 7,055,845</u>	<u>\$ 7,250,248</u>	<u>\$ 7,592,243</u>	<u>\$ 7,937,417</u>	<u>\$ 8,367,590</u>	<u>\$ 8,872,022</u>

Sources: San Diego County Assessor data, MuniServices, LLC
2011-12 and prior, previously published CAFR Report

Notes: Use code categories are based on San Diego County Assessor's data
Value includes SBOE State Unitary Value

CITY OF EL CAJON
Direct and Overlapping Property Tax Rates ^a
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Basic City and County Levy										
City of El Cajon	0.111740	0.111700	0.111740	0.111700	0.111736	0.111736	0.111736	0.111736	0.111736	0.111736
Cajon Valley Union Elementary	0.224910	0.224900	0.224900	0.224900	0.224913	0.224913	0.224913	0.224913	0.224913	0.224913
Cajon Valley Union County Building Aid	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020
Children's Institute Tuition	0.001460	0.001460	0.001460	0.001460	0.001464	0.001464	0.001464	0.001464	0.001464	0.001464
Chula Vista Project	0.000180	0.000180	0.000180	0.000180	0.000179	0.000179	0.000179	0.000179	0.000179	0.000179
County General	0.144250	0.132100	0.132100	0.132100	0.132090	0.132090	0.132090	0.132090	0.132090	0.132090
County Library	0.012960	0.025100	0.025100	0.025100	0.025124	0.025124	0.025124	0.025124	0.025124	0.025124
County School Service	0.006860	0.006860	0.006860	0.006860	0.006862	0.006862	0.006862	0.006862	0.006862	0.006862
County School Service Capital Outlay	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730
CWA Helix Water District	0.003450	0.003450	0.003450	0.003450	0.003448	0.003448	0.003448	0.003448	0.003448	0.003448
Educational Revenue Augmentation Fund	0.129250	0.129300	0.129300	0.129300	0.129255	0.129255	0.129255	0.129255	0.129255	0.129255
Grossmont-Cuyamaca Community College	0.094190	0.094200	0.094200	0.094200	0.094191	0.094191	0.094191	0.094191	0.094191	0.094191
Grossmont Healthcare District	0.016250	0.016250	0.016250	0.016250	0.016246	0.016246	0.016246	0.016246	0.016246	0.016246
Grossmont Union High School District	0.248370	0.248400	0.248400	0.248400	0.248366	0.248366	0.248366	0.248366	0.248366	0.248366
Regional Occupational Centers	0.004380	0.004380	0.004380	0.004380	0.004377	0.004377	0.004377	0.004377	0.004377	0.004377
Total	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
Override Assessments										
Cajon Valley School Bond	0.049010	0.052240	0.052500	0.060840	0.062740	0.086340	0.082940	0.081450	0.078010	0.087610
Grossmont Healthcare District Prop G 6-06-06	0.013150	0.013150	0.013150	0.020050	0.020050	0.020050	0.020050	0.023520	0.023520	0.023520
Grossmont Union High Bond	0.027950	0.058670	0.059430	0.061210	0.061030	0.061670	0.061180	0.060530	0.057170	0.066130
Grossmont-Cuyamaca Community College	0.022570	0.027980	0.029290	0.030820	0.031730	0.047520	0.046500	0.045390	0.040050	0.046710
La Mesa Spring Valley Elementary	0.020230	0.023660	0.024930	0.025560	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Metropolitan Water District	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
Padre Dam Muni. Water Imp.Dist. C-Debt Service	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
San Diego Water Authority	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Santee Elementary Bond	0.028080	0.029160	0.034040	0.033080	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total	<u>0.165290</u>	<u>0.209160</u>	<u>0.217040</u>	<u>0.235260</u>	<u>0.179050</u>	<u>0.219080</u>	<u>0.214170</u>	<u>0.214390</u>	<u>0.202250</u>	<u>0.227470</u>
Total Tax Rate	<u>1.165290</u>	<u>1.209160</u>	<u>1.217040</u>	<u>1.235260</u>	<u>1.179050</u>	<u>1.219080</u>	<u>1.214170</u>	<u>1.214390</u>	<u>1.202250</u>	<u>1.227470</u>

Sources: San Diego County Assessor data, MuniServices, LLC
2011-12 and prior, previously published CAFR Report

Note: TRA 03-001 is represented for this report .

CITY OF EL CAJON
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (a)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 7,150,782	\$ 6,775,141	94.75 %	\$ 203,318	\$ 6,978,459	97.59 %
2010	6,607,017	6,314,709	95.58	72,787	6,387,496	96.68
2011	6,521,484	6,280,600	96.31	18,636	6,299,236	96.59
2012	6,558,058	6,375,739	97.22	44,668	6,420,407	97.90
2013	6,705,944	6,532,219	97.41	47,089	6,579,308	98.11
2014	7,038,840	6,846,801	97.27	25,902	6,872,703	97.64
2015	7,188,741	7,058,431	98.19	34,693	7,093,124	98.67
2016	7,574,543	7,443,382	98.27	41,488	7,484,870	98.82
2017	7,986,215	7,831,502	98.06	47,880	7,879,382	98.66
2018	8,434,486	8,291,346	98.30	-	8,291,346	98.30

Source: San Diego County Auditor/Controller, Property Tax Apportionment Report

Note: (a) Information required by GASB Statement 44 differs from information reported. Collections in subsequent years represent total delinquent amounts received during the fiscal year, regardless of the fiscal year of the tax levy. Data for delinquent tax collections by levy year is not available from the San Diego County Auditor/Controller's Office.

CITY OF EL CAJON
Principal Property Tax Payers
Current Fiscal Year and Nine Years Ago

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)
Star West Parkway Mall Lp	\$ 255,945,009	1	2.89%			
Prebys Conrad Trust 12 17 82	223,953,879	2	2.52%	\$ 45,236,423	3	0.58%
GKN Aerospace Chem Tronics Inc	67,591,238	3	0.76%	57,847,420	2	0.75%
Forest Park Fee Owner LLC	59,535,877	4	0.67%			
Kaiser Foundation Health Plan	51,960,566	5	0.59%	42,168,091	4	0.55%
Senior Flexonics Inc.	45,369,052	6	0.51%	31,573,046	8	0.41%
El Cajon Energy LLC	31,184,791	7	0.35%			
Cox Communications California	30,174,003	8	0.34%	33,724,949	6	0.44%
Winterfell Springs Of El Cajon	29,495,872	9	0.33%			
Harsch Investment Properties L	28,783,890	10	0.32%			
Parkway Plaza LP				214,800,114	1	2.78%
Cumberland Club Apts LP				38,993,339	5	0.50%
Home Depot USA				32,018,290	7	0.41%
Calpeak Power El Cajon LLC				28,673,347	9	0.37%
Pinnick Inc.				26,883,576	10	0.35%
Total Top 10 Taxpayers	823,994,177		9.28%	551,918,595		7.14%
Total Taxable Value (a)	\$ 8,871,491,203		100.00%	\$ 7,733,385,000		100%

Sources: San Diego County Assessor data, MuniServices, LLC 2011-12 and prior, previously published CAFR Report

Note: (a) Total Taxable Value does not include SBOE unitary

CITY OF EL CAJON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	Sales Tax Revenue Bonds	Tax Allocation Refunding Bonds (a)	Capital Leases	Notes Payable	Obligation Due to San Diego Metro Wastewater	Note Payable to State Water Resources Control Board			
2009	\$ 25,195,000	\$ 68,780,000	\$ 86,903	\$ 2,204,000	\$ 11,038,654	\$ -	\$ 107,304,557	3.24%	\$ 1,091
2010	25,195,000	67,575,000	29,736	565,000	11,038,654	-	104,403,390	3.12%	1,050
2011	25,159,000	66,320,000	-	508,000	11,038,654	-	103,025,654	3.11%	1,030
2012	25,195,000	-	-	451,000	9,858,817	-	35,504,817	1.56%	353
2013	22,255,000	-	-	394,000	9,858,817	-	32,507,817	1.43%	324
2014	15,125,000	-	-	337,000	9,858,817	-	25,320,817	0.79%	250
2015	7,710,000	-	-	280,000	9,858,817	1,308,225	19,157,042	0.93%	189
2016	-	-	-	-	9,858,817	3,768,749	13,627,566	0.56%	133
2017	-	-	1,827,397	-	9,858,817	3,871,418	15,557,632	0.61%	151
2018	-	-	1,645,974	-	9,858,817	7,313,590	18,818,381	0.68%	178

Source: City of El Cajon - Finance Department

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(a) The El Cajon Redevelopment Agency's outstanding tax allocation bonds were transferred to the Successor Agency on 02/01/2012.

(b) See Demographic and Economic Statistics on page N-16 for personal income and population data.

CITY OF EL CAJON

Pledged-Revenue Coverage Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NOTE PAYABLE - STATE WATER RESOURCES CONTROL BOARD										
Wastewater Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$21,431,675	\$19,985,038	\$20,910,132
Less: Operations and Maintenance	-	-	-	-	-	-	-	(12,260,836)	(14,563,908)	(13,833,983)
Net revenues	-	-	-	-	-	-	-	9,170,839	5,421,130	7,076,149
Debt Service										
Principal	-	-	-	-	-	-	-	-	184,664	270,557
Interest	-	-	-	-	-	-	-	-	64,545	86,995
Coverage	-	-	-	-	-	-	-	N/A	21.75	19.79
REVENUE BONDS (a)										
Sales Tax Revenues	\$ -	\$ 6,819,290	\$ 7,650,075	\$ 7,674,879	\$ 8,334,328	\$ 8,447,073	\$ 7,528,077	\$ 126,155	\$ -	\$ -
Debt Service										
Principal	-	-	-	-	2,940,000	7,130,000	7,415,000	-	-	-
Interest	-	591,034	1,008,400	1,008,400	964,300	772,600	466,700	-	-	-
Coverage	N/A	11.54	7.59	7.61	2.13	1.07	0.96	N/A	N/A	N/A
TAX ALLOCATION BONDS (b)										
Property Tax Incremental Revenues	\$12,495,350	\$11,897,087	\$11,514,535	\$ 6,313,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service										
Principal	1,170,000	1,205,000	1,255,000	1,305,000	-	-	-	-	-	-
Interest	3,541,815	3,492,829	3,442,999	1,708,769	-	-	-	-	-	-
Pass-through payments	3,208,290	3,343,196	3,204,850	1,555,164	-	-	-	-	-	-
Coverage	1.58	1.48	1.46	1.38	-	-	-	-	-	-

Source: City of El Cajon - Finance Department

Notes: (a) The Proposition O - Public Safety Building Bonds were paid in full in fiscal year 2016.

(b) The El Cajon Redevelopment Agency's outstanding tax allocation bonds were transferred to the Successor Agency on 02/01/2012

CITY OF EL CAJON

Direct and Overlapping Governmental Activities Debt As of June 30, 2018

	Total Debt 6/30/2018	Percent (%) Applicable to City of El Cajon (a)	City's Share of Debt 6/30/18
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$ 60,600,000	0.326 %	\$ 197,556
Grossmont-Cuyamaca Community College District	221,660,377	18.623	41,279,812
Grossmont Union High School District	550,714,538	19.085	105,103,870
Cajon Valley Union School District	190,756,012	46.264	88,251,361
La Mesa-Spring Valley School District	24,489,849	8.819	2,159,760
Santee School District	53,035,308	3.358	1,780,926
Grossmont Healthcare District	261,328,330	17.514	45,769,044
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 284,542,329
TOTAL OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	\$ 273,220,000	1.804 %	\$ 4,928,889
San Diego County Pension Obligation Bonds	558,525,000	1.804	10,075,791
San Diego County Superintendent of Schools Certificates of Participation	10,785,000	1.804	194,561
Grossmont-Cuyamaca Community College District General Fund Obligations	610,000	18.623	113,600
Cajon Valley Union School District Certificates of Participation	22,086,000	46.264	10,217,867
La Mesa-Spring Valley School District Certificates of Participation	12,185,321	8.819	1,074,623
Santee School District Certificates of Participation	29,929,849	3.358	1,005,044
San Miguel Consolidated Fire Protection District Certificates of Participation	4,275,000	0.001	43
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 27,610,418
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	\$ 65,140,000	90.610-100 %	\$ 60,025,737
TOTAL DIRECT DEBT - City of El Cajon	\$ -	0.000 %	\$ -
COMBINED TOTAL DEBT			\$ 372,178,484 (b)
Ratios to 2017-18 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt	\$ 8,947,833,568	3.18%	
Total Overlapping General Fund Debt		0.31%	
Overlapping Tax Increment Debt (Successor Agencies)		0.67%	
Total Direct Debt		0.00%	
Combined Total Debt		4.16%	

Source: San Diego County Assessor data, MuniServices, LLC

Notes: (a) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

CITY OF EL CAJON

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	City Population (a)	Personal Income (in thousands) (b)	Per Capita Personal Income (b)	Median Age (c)	Average Household Size (c)	% High School Graduate (c)	% Bachelor's Degree or Higher (c)	% Below Poverty (c)	City Unemployment Rate (d)
2009	98,363	\$3,314,900	\$33,700	33.3	2.83	75.2%	17.0%	22.4%	13.1%
2010	99,478	3,342,800	33,600	34.0	2.84	77.4%	14.2%	29.7%	14.2%
2011	99,981	3,309,400	33,100	34.3	2.84	78.3%	18.8%	23.5%	13.5%
2012	100,562	2,275,617	22,629	34.3	2.84	78.8%	17.1%	23.3%	12.2%
2013	100,460	2,273,317	22,629	33.7	2.84	78.8%	17.1%	23.3%	12.2%
2014	101,256	3,194,362	23,109	33.5	2.99	78.6%	17.9%	24.8%	10.3%
2015	101,444	2,050,702	23,295	32.4	3.02	78.4%	17.5%	29.7%	6.9%
2016	102,337	2,416,318	23,611	32.8	3.08	79.2%	18.2%	30.8%	5.2%
2017	102,803	2,544,066	24,747	33.3	3.06	80.4%	19.1%	24.2%	6.7%
2018	105,557	2,778,413	26,321	34.1	3.04	81.1%	19.1%	24.1%	3.6%

Source: San Diego County Assessor data, MuniServices, LLC
2011-12 and prior, previously published CAFR Report

Notes: The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark
 (a) Population Projections are provided by the California Department of Finance Projections.
 (b) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey
 (c) Median Age, Average Household Size, % High School Grads, % Bachelor's Degree or Higher and % Below Poverty is provided by US Census data
 (d) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

CITY OF EL CAJON

Top Ten Employers Current Fiscal Year and Nine Years Ago

Business Name	Fiscal Year 2018			Fiscal Year 2009		
	Number of Employees	Rank	Percent of Total Employment (%)	Number of Employees	Rank	Percent of Total Employment (%)
Cajon Valley Union Scho (a)	1,632	1	3.59%			
GKN Aerospace Chem-Tronics Inc.	909	2	2.00%	648	3	1.54%
Grossmont-Cuyamaca Community College District (b)	769	3	1.69%	1,490	1	3.54%
Grossmont Union High School District	566	4	1.24%	309	8	0.73%
Taylor Guitars	440	7	0.97%			
Wal-Mart (2 locations)	385	5	0.85%			
Country Hills Health Care	380	8	0.84%			
City of El Cajon	379	6	0.83%	652	2	1.55%
Home Depot	357	9	0.78%			
Senior Aerospace Ketema	260	10	0.57%			
University Mechanical & Engineering						
Coit Cleaning & Restoration				600	4	1.43%
Windowmaster Products				370	5	0.88%
Cass Construction Inc.				350	6	0.83%
Taylor-Lustig Inc.				320	7	0.76%
Judicial Council of California				300	9	0.71%
Sears, Roebuck & Co.				300	9	0.71%
Eldorado Care Center LLC				298	10	0.71%
Total Top 10 Employers	6,077		13.36%	5,637		13.39%
Total City Labor Force *	45,500			42,070		

Source: MuniServices, LLC
2008-09 CAFR

Notes: Results based on direct correspondence with city's local businesses.

* Total City Labor Force provided by EDD Labor Force Data.

(a) Includes full-time classified employees, full-time certificated employees, certificated administrators, management and supervisory

(b) Includes full-time classified and certificated employees in El Cajon only and the district office.

CITY OF EL CAJON
Full-time Equivalent City Government Employees
By Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (a)
General Government										
City Manager	11.55	11.55	6.55	4.50	9.35	9.35	14.20	14.75	3.05	3.85
City Clerk	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City Attorney	3.00	2.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	12.00	12.00	12.00	9.45	11.45	14.00	11.30	11.50	12.40	13.00
Administrative Services	4.00	3.50	2.80	4.40	4.00	4.00	4.00	3.80	16.50	17.00
Police										
Officers	130.50	124.00	120.00	120.00	122.00	122.00	122.00	122.00	122.00	124.00
Civilians	70.70	70.70	68.70	68.70	69.20	69.20	70.20	66.20	66.20	65.20
Animal Control	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00
Fire										
Firefighters and Officers	70.00	70.00	68.00	73.00	72.00	72.00	72.00	73.00	59.00	56.00
Civilians	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.70
Public Works (a)										
Administration and Engineering	15.70	15.61	19.68	14.63	19.05	14.10	13.80	14.70	14.30	14.40
Traffic and Streets Maintenance	28.10	27.80	25.10	22.65	23.05	24.85	25.05	26.90	22.90	27.95
Parks, Facilities, and Vehicle Maintenance	51.10	48.40	43.25	41.55	44.25	43.10	42.65	40.40	26.65	25.80
Wastewater	28.90	27.90	29.35	31.35	30.25	29.75	30.30	29.70	33.05	33.35
Recreation	15.00	14.00	15.00	14.45	15.00	15.00	16.00	16.00	16.00	41.55
Community Development	26.25	26.45	26.05	20.25	20.5	20.5	18.8	18.9	18.9	21.50
Total	479.00	465.11	448.18	437.13	452.30	450.05	452.50	450.05	423.15	458.30

Source: City of El Cajon - Finance Department

Note: (a) Part-time and seasonal employees included in total FTE count.

CITY OF EL CAJON
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Building permits issued	1,188	1,101	1,245	1,238	1,376	1,534	1,971	2,016	2,063	2,208
Building inspections conducted	5,263	7,859	4,279	4,337	5,340	2,522	9,529	9,608	5,631	6,919
Police										
Physical arrests (a)	5,300	5,321	4,605	4,513	5,015	5,088	6,589	5,121	4,861	4,754
Traffic violations	13,955	13,354	12,235	9,968	10,915	3,653	3,100	2,953	2,434	2,244
Parking violations	2,550	3,282	3,248	4,049	3,085	2,764	3,191	2,498	2,411	2,443
Animal Control										
Licenses issued	2,431	2,439	2,731	2,290	2,254	2,025	1,985	1,978	1,819	1,679
Adoptions	1,146	1,191	1,234	1,106	1,112	951	971	816	1,071	1,064
Fire										
Emergency responses	10,543	12,122	12,829	13,177	11,549	12,087	12,833	13,616	14,462	15,562
Fires extinguished (b)(c)	126	469	253	752	410	368	348	409	279	157
Fires investigated (c)	126	469	253	318	410	368	96	165	38	10
Inspections	4,108	2,657	3,058	3,684	3,921	535	813	632	1,827	1,849
Abatement compliance	294	298	288	580	407	418	2,770	88	146	73
Public works										
Street resurfacing (miles)	2	18	10	3	11	6	5	9	4	5
Recreation										
Facility rentals	615	467	385	346	362	367	334	348	362	378
Classes and other bookings	3,430	2,852	2,463	2,156	1,799	1,704	1,596	1,134	1,218	1,281
Attendance	136,540	149,990	91,572	195,677	85,574	88,875	113,924	92,871	96,455	100,677
Wastewater										
Average daily sewage transportation (thousands of gallons)	9,000	9,000	8,247	7,809	7,780	7,941	7,728	6,980	7,421	6,458

Source: City of El Cajon Departments

Notes: (a) Data restated for years 2008 - 2009.
(b) In fiscal year 2012, El Cajon Fire Department became part of the Heartland Fire and Rescue JPA and responds to fires in the La Mesa, Lemon Grove, and San Miguel fire districts.
(c) Data presented are for fires within El Cajon city limits.

CITY OF EL CAJON
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Police										
Headquarters	1	1	1	1	1	1	1	1	1	1
Satellite Police Facilities (a)	1	1	1	0	0	0	0	0	0	0
Animal Shelter	1	1	1	1	1	1	1	1	1	1
Patrol vehicle	53	56	56	56	56	56	56	56	59	59
Undercover vehicles	29	30	30	30	30	30	34	34	31	31
Tactical vehicles	6	5	5	5	5	5	5	5	5	5
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Engines/Pumper trucks	7	7	7	7	7	7	7	7	7	7
Ladder truck	1	1	1	1	1	1	1	1	1	1
Battalion Chief units	2	2	2	2	2	2	2	2	2	2
Ambulances (b)	5	6	6	7	7	7	7	4	1	1
Public works										
Streets (miles)	194	194	194	194	194	194	194	194	194	194
Streetlights	2,219	2,204	2,334	2,331	2,352	2,356	2,360	2,360	2,688	2,732
Traffic signals	112	112	112	112	112	112	112	112	112	113

(Continued)

CITY OF EL CAJON
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parks and recreation										
Acreage	120	120	120	120	120	120	120	120	120	120
Community/recreation centers	6	6	6	6	6	6	6	6	7	7
Playing fields	5	5	5	5	5	5	5	5	5	5
Playing courts	5	5	5	5	5	5	5	5	5	5
Playgrounds	5	5	6	6	6	6	6	6	7	7
Tennis courts	1	1	1	1	1	1	1	1	1	1
Ballfields	4	4	4	4	4	4	4	4	5	5
Outdoor basketball courts	3	3	3	3	3	3	3	3	3	3
Gymnasiums	4	4	4	4	4	4	4	4	4	4
Amphitheatres/Stage	3	3	3	3	3	3	3	3	3	3
Swimming pool	1	1	1	1	1	1	1	1	1	1
Skatepark/Skate plaza	1	1	1	1	1	1	1	1	2	2
Dog park	1	1	1	1	1	1	1	1	3	3
Wastewater										
Sanitary sewers (miles)	195	195	195	195	195	195	195	195	195	195
Storm sewers (miles)	72	72	72	72	72	72	72	72	82	82

Source: City Departments

Notes: (a) All divisions moved into the new Public Safety Center in August 2011.
(b) Three (3) ambulances were sold in fiscal year 2017.

CITY OF EL CAJON

ACKNOWLEDGEMENTS

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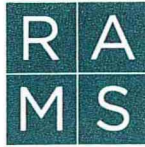
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Independent Auditor's Report

The Honorable City Council
City of El Cajon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of El Cajon (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

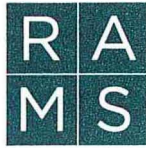
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 17, 2017



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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To the Honorable Mayor and Members of the City Council
City of El Cajon, California

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Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

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Samuel Singery, CPA
Jing Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT

**INDEPENDENT ACCOUNTANT’S REPORT ON
AGREED-UPON PROCEDURES APPLIED TO
APPROPRIATIONS LIMIT WORKSHEETS**

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet of the City of El Cajon, California, for the year ended June 30, 2018. These procedures, which were agreed to by the City of El Cajon, California and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City of El Cajon’s management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year’s limit to total adjustments and agreed the resulting amount to this year’s limit.

Finding: No exceptions were noted as a result of our procedures.



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Certified Public Accountants

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

Exception: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII-B of the California Constitution*.

This report is intended solely for the information and use of the City Council and management of the City of El Cajon, California and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

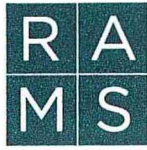
Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 4, 2018

CITY OF EL CAJON
APPROPRIATIONS LIMIT COMPUTATION
2017 - 2018

	2017-18
Per Capita Personal Income change	3.69%
Population change:	0.92%
County population growth	
CPI change converted to a ratio	1.0369
Population change converted to a ratio	1.0092
Calculation of growth factor	1.0464
2016-2017 Appropriations Limit	<u>\$ 145,976,056</u>
2017-2018 Appropriations Limit (\$145,976,056 X 1.0464)*	<u>\$ 152,755,108</u>

* = allow for rounding



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To the Honorable City Council
City of El Cajon
200 Civic Center Way
El Cajon, CA 92020

We have audited the financial statements of the City of El Cajon (the City) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 17, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 25, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and our firm have complied with all relevant ethical requirements regarding independence.

STABILITY. ACCURACY. TRUST.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note A to the financial statements. As described in Note A to the financial statements, during the year, the City adopted the following Governmental Accounting Standards Board (GASB) statements: GASB Statement No. 78, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* which establishes new accounting and reporting for other postemployment benefits plans. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net OPEB liability, related deferred inflows and outflows and OPEB expense are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, related deferred inflows and outflows and pension expense are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

The disclosure of fair value of investments in the notes to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of net OPEB liability, deferred inflows and outflows and OPEB expense in the notes to the financial statements are based on actuarial assumptions. Actual future liabilities, deferred inflows and outflows and pension expense may vary from disclosed estimates.

The disclosure of net pension liability, deferred inflows and outflows and pension expense in the notes to the financial statements are based on actuarial assumptions. Actual future liabilities, deferred inflows and outflows and pension expense may vary from disclosed estimates.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 17, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the city, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

We applied certain limited procedures to the required supplementary information (RSI), as listed in the basic financial statements table of contents, which are required information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, the budgetary comparison schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the transmittal letter and statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 17, 2018



December 17, 2018

Rogers, Anderson, Malody & Scott, LLP
735 E Carnegie Drive, Suite 100
San Bernardino, California 92408

This representation letter is provided in connection with your audit of the basic financial statements of the City of El Cajon (the City) as of June 30, 2018 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 17, 2018:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 25, 2018, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any] allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Unless disclosed to you, the City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information, including its form and content, is fairly presented in accordance with any applicable criteria.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the following significant assumptions or interpretations underlying the measurement or
- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with any applicable criteria.
- The methods of measurement or presentation have not changed from those used in the prior period.

Pension and Postretirement Benefits


We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Use of a Specialist

We agree with the findings of specialists in evaluating the NPL and NOPBL (and related deferred amounts) and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.



Graham Mitchell, City Manager



Clay Schoen, Director of Finance



City Council Agenda Report

Agenda Item 13.

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Anthony Shute, Director of Community Development
SUBJECT: Introduction of Ordinance Adding Chapter 16.56 to the El Cajon Municipal Code for the Creation of Easements by Recorded Covenants

RECOMMENDATION:

That the City Council considers approving the attached ordinance adding Chapter 16.56 to the El Cajon Municipal Code establishing the creation of easements by recorded covenants, and, if approved, take the following action:

1. By Motion and Second, moves to introduce the ordinance, and
2. Directs the City Clerk to read the title of the ordinance.

BACKGROUND:

Each tentative subdivision and parcel map is reviewed for conformance with the applicable sections of the El Cajon Municipal Code ("Municipal Code"). This includes Title 16 (Subdivision Code) and Title 17 (Zoning Code) that ensure land, easement, dedication of right-of-way, and lot requirements are met. However, when the properties in question are owned by the same

person or entity, California law does not generally allow an easement to be created across the properties in common ownership. Therefore, subdividers cannot easily bind future owners to private easements across one property meant to benefit the owner of another property, where the properties are under common ownership, such as during the subdivision process.

Government Code sections 65870-65875 create an exception to this general rule and allow the creation of easements on properties held by a common owner, when necessary to serve the limited purposes of parking, ingress, egress, emergency access, light and air access, landscaping, or open space purposes. However, before the City can require such an easement, the Government Code requires the City to adopt a local enabling ordinance that allows creation of a covenant of easement for properties held in common ownership. The covenant of easement document would describe the parcel to be subject to the easement and the parcel to be benefited, and would list the City as the third party beneficiary. Although this situation is infrequent in the City, passage of this ordinance will solve a City and developer problem of trying to satisfy requirements to ensure that these easements are permanent. Furthermore, this ordinance will help eliminate delay in development projects by simplifying the legal requirements for property owners in this situation and enable the City and property owners to ensure that necessary easements exist in perpetuity.

Staff recommends a new chapter title of the El Cajon Municipal Code be adopted that would provide a solution to the problems associated with creating easements over properties held in common ownership. Chapter 16.56 will allow for the recordation of covenants of easement. These covenants would act as easements while the properties are held by a common owner and revert to easements when the properties become owned by separate entities.

FISCAL IMPACT:

None.

Attachments

Ordinance -New Chapter 16.56

ORDINANCE NO. ____

AN ORDINANCE ADDING A NEW CHAPTER 16.56
TO THE EL CAJON MUNICIPAL CODE
ADDRESSING EASEMENTS

WHEREAS, it is the intent of the El Cajon City Council ("City Council") to provide clarity in the El Cajon Municipal Code; strengthen the relationship between zoning and subdivision regulations; and provide a more expeditious review process for projects to address easements by recorded covenants.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF EL CAJON DOES ORDAIN AS FOLLOWS:

SECTION 1: That the foregoing recitals are true and correct, and are findings of fact of the City Council in regard to amendments to the El Cajon Municipal Code.

SECTION 2: Chapter 16.56 of Title 16 of the El Cajon Municipal Code is hereby added to read as follows:

Chapter 16.56 CREATION OF EASEMENTS BY RECORDED COVENANTS

16.56.010 Purpose.

It is the purpose of this chapter to implement the provisions of Article 2.7 (commencing with section 65870) of Chapter 4 of Division 1, Title 7, of the California Government Code, subject to the limitations specified in section 65875 thereof.

16.56.020 Creation of easement by covenant.

Whenever an easement for parking, ingress, egress, emergency access, light and air access, landscaping or open space purposes is required by the county to be made in connection with approval of any subdivision, site plan, building permit, general plan or zoning amendment, or in satisfaction of such requirement imposed pursuant to any adopted city procedure, regulation or ordinance, such easement may be created by recorded covenant, provided:

- A. At the time of recording of the covenant of easement, all the real property benefitted or burdened by the covenant is under common ownership;
- B. The covenant of easement contains a legal description of the real property to be subject to the easement and of the real property to be benefitted thereby, identifies the approval, permit or designation granted which relied upon or required the covenant, and is executed by the owner of the real property.

16.56.030 Release of covenant.

The covenant of easement shall be released in the same manner as public streets, highways or service easements under Streets and Highways Code section 8300 et seq., provided that the city council make an additional finding that the restriction is no longer necessary to achieve city land use goals.

Ord-New ECMC Chapter 16.56 Addressing Easements 011519

01/22/19 CC Agenda – 1st Reading

02/12/19 CC Agenda – 2nd Reading



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Mayor Wells
SUBJECT: Council Activity Report

RECOMMENDATION:

That the City Council accept and file the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

- January 8, 2019 - Met w/ Youth Ambassador for Junior Diabetes Research Foundation
- January 10, 2019 - Lunch Meeting w/ Supervisor Dianne Jacob
- January 11, 2019 - San Diego Association of Realtors Leadership Installation
- January 11, 2019 - SANDAG Board Meeting
- January 11, 2019 - SANDAG Executive Committee Meeting
- January 14, 2019 - Meeting w/ PCG Human Services re: Family Welcome Center
- January 15, 2019 - City of San Diego State of the City Address
- January 22, 2019 - City Council Meeting(s)

I will be happy to answer any questions you may have.

Submitted By: Bill Wells, Mayor



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Councilmember Kendrick
SUBJECT: COUNCILMEMBER GARY KENDRICK
METRO Commission/Wastewater JPA; Heartland Communications;
Heartland Fire Training JPA.

RECOMMENDATION:

That the City Council accept and file the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

January 10, 2019 - Heartland Fire Training Authority
January 22, 2019 - City Council Meeting(s)

I will be happy to answer any questions you may have.

Submitted By: Gary Kendrick, Councilmember



City Council
Agenda Report

Agenda Item 17.

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Councilmember McClellan
SUBJECT: COUNCILMEMBER BOB MCCLELLAN
MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate

RECOMMENDATION:

That the City Council accept and file the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

January 17, 2019 - MTS Board Meeting
January 22, 2019 - City Council Meeting(s)

I will be happy to answer any questions you may have.

Submitted By: Bob McClellan, Councilmember



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Councilmember Kalasho
SUBJECT: **COUNCILMEMBER BEN KALASHO**

RECOMMENDATION:

That the City Council accept and file the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

January 22, 2019 - City Council Meeting(s)

I will be happy to answer any questions you may have.

Submitted By: Ben Kalasho, Councilmember



City Council
Agenda Report

Agenda Item 19.

DATE: January 22, 2019

TO: Honorable Mayor and City Councilmembers

FROM: Deputy Mayor Goble

SUBJECT: DEPUTY MAYOR STEVE GOBLE

SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Economic Development Council.

RECOMMENDATION:

That the City Council accept and file the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

- January 8, 2019 - Emails with Alex C. re: Missing "Help Stop Panhandling" Signs
- January 10, 2019 - Lunch with Joe G. from Keller Williams - Various Topics
- January 11, 2019 - Emails with Patrick H. re: Trees Buckling Sidewalks
- January 12, 2019 - Community Trash Pickup
- January 19, 2019 - Community Trash Pickup
- January 21, 2019 - Meeting with City Manager
- January 22, 2019 - City Council Meeting(s)

I will be happy to answer any questions you may have.

Submitted By: Steve Goble, Deputy Mayor



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Jeff Davis, Chief of Police
SUBJECT: El Cajon Animal Shelter Donations for December 2018

RECOMMENDATION:

In accordance with City Council Policy B-2, staff informs the City Council about receiving the following donations for the El Cajon Animal Shelter for the month of December:

Bridget Branch - \$100.00

Prepared By: Captain Michael Moulton
Reviewed By: Jeff Davis, Police Chief
Approved By: Graham Mitchell, City Manager



City Council
Agenda Report

DATE: January 22, 2019
TO: Honorable Mayor and City Councilmembers
FROM: Morgan Foley, City Attorney
SUBJECT: Introduction of Ordinance Amending Chapter 2.12 of the El Cajon Municipal Code related to City Council Procedures

RECOMMENDATION:

That the City Council considers approving the attached ordinance amending Chapter 2.12 of the El Cajon Municipal Code related to City Council Procedures, and if approved, take the following action:

1. By Motion and Second, moves to introduce the ordinance; and
2. Directs the City Clerk to read the title of the ordinance.

BACKGROUND:

At the January 8, 2019 City Council meeting, the City Council discussed proposed changes to Chapter 2.12 of the El Cajon Municipal Code related to City Council Procedures, and provided direction to the City Attorney. Attached to the agenda report is an ordinance incorporating the proposed changes approved by City Council, as well as a separate document reflecting changes to the affected sections using strikethrough for deletions and double-underscoring for additions.

Attachments

Marked Changes
Ordinance

MARKED CHANGES TO
EL CAJON MUNICIPAL CODE CHAPTER 2.12

2.12.040 Time and place of meetings.

- A. The city council shall hold regular meetings in the council chambers of the city hall, 200 ~~East Main Street~~ Civic Center Way, El Cajon, California 92020, or at such other place as may be determined by the council. The times and dates of regular ~~C~~-city council meetings shall be determined by city council resolutions.

2.12.060 Agenda—Order of business.

- C. The business of the council shall, except upon an affirmative vote of the city council or a determination by the mayor, city manager or city clerk, be taken up for consideration and disposition at a ~~four~~-three p.m. meeting.

2.12.090 Presiding officer.

- A. The mayor shall be the presiding officer at all meetings of the city council. In the absence of the mayor and the mayor pro tempore, the city clerk shall call the council to order, whereupon a temporary presiding officer shall be elected by the councilmembers present to serve until the arrival of the mayor or mayor pro tempore or until adjournment.
- B. The presiding officer shall sign all ordinances, resolutions and other documents necessitating such signature. The presiding officer shall preserve strict order and decorum at all regular, adjourned regular and special meetings of the council and shall state, or call upon the clerk to state, every question before the council, call for the vote, and announce the decision of the council on all subjects. The presiding officer shall decide all questions of order; subject, however, to an appeal to the council by any councilmember, in which event a majority vote of the council shall govern and conclusively determine such question of order. The presiding officer shall have and exercise such other powers and duties as are authorized by law.
- C. The presiding officer shall have power, authority and discretion, without a vote of the council to:
1. Set time limits on council discussion on any matter;
 2. Set time limits on any communications from members of the public to the council; in no event shall any individual public communication exceed three minutes without the consent of the ~~mayor~~-presiding officer;
 3. Declare the opening of public hearings;

4. Rule any motion on a subject not on the agenda as being out of order, in which case the motion shall thereafter be void;
5. Continue or postpone any matter until the next regular, adjourned regular or special meeting whenever the city attorney advises that there is a question as to the validity or constitutionality of the particular proposed course of action which is the subject matter of such motion;
6. May require any witness testifying to facts at any public hearing to be sworn before proceeding further with any such testimony;
7. Rule any speaker out of order, terminate any communication with the council from a member of the public who actually disrupts or otherwise impedes the orderly conduct of the council meeting; and/or declare a recess in order to establish order at any meeting-;
8. Issue a warning to a person violating paragraph 7 and, if the person continues to violate paragraph 7 and disrupts the meeting, to order that person to leave the council chambers; and
9. Order any person removed from a meeting to be excluded from further attendance at that meeting or any special, regular, or adjourned regular meeting beginning on that same date unless overruled by a majority vote of the city council.

D. The presiding officer may move, second and debate from the chair, subject only to such limitations of debate as are by these rules imposed upon all members. The presiding officer shall not be deprived of any of the rights and privileges of a councilmember by reason of being mayor or acting as the presiding officer.

2.12.150 Addressing the council.

- A. Any person desiring to address the council shall first secure the permission of the presiding officer to do so. In addition, but unless the presiding officer rules otherwise, any person shall have the right to address the council upon obtaining recognition by the presiding officer to speak subject to the following:
 1. Public Hearings. Interested persons or their authorized representatives may address the council orally or in writing relating to matters which are then subject to a public hearing pursuant to Section 2.12.100.
 2. Non-"Hearing" Matters. Interested parties or their authorized representatives may address the council with regard to matters with which they are concerned and are then the subject of council discussion. When copies of such communications are furnished

each councilmember present, such written communications shall not be read aloud at the meeting unless so ordered by a majority vote of the council. Written communications from the administrative staff shall not be read aloud unless requested by any councilmember.

3. Oral Communications. Any person may address the council under oral communications with regard to any matter with which they are concerned. The council shall not discuss any matter not on the agenda pursuant to state law and this chapter nor take any action except to refer such matter to a future agenda.
4. Addressing the Council. Each person addressing the council shall speak into the microphone at the speaker's podium, shall state his or her name or other identifying designation ~~and address~~ in an audible tone of voice for the record, and unless further time is granted by the presiding officer, shall limit the remarks to three minutes. Other than during that portion of the agenda set aside for public comment, ~~a~~All remarks shall be addressed to the council as a body, and not to any member thereof. No person other than the council and the person having the floor shall be permitted to enter into any discussion, either directly or through a member of the council, without the permission of the presiding officer.
5. Limitation to Agenda Item. Except under ~~oral communications,~~ that portion of the agenda set aside for public comment, the presiding officer shall not permit any communication, written or oral, to be made or submitted unless such communication addresses the agenda item then under discussion.
6. Consent Required. Except for that portion of the agenda set aside for public comment, ~~n~~No person shall address or question a councilmember, the staff or any other person in the audience without the prior consent of the presiding officer.
7. Permission to Speak. After a motion is made by a councilmember, no person shall address the council without first securing the permission of the council to do so.
8. Anonymous Communications. Anonymous communications, or communications using an identifying designation other than his or her name, shall not be ~~considered nor placed on a future~~ the agenda without the approval of a majority of the council. Testimony from anonymous individuals in any matter shall be given the weight each councilmember deems it deserves under the circumstances. The wearing of masks or the use of material or clothing to cover a speaker's face for reasons other than health or religious purposes, shall not be allowed.

9. Group Communications. When any identifiable group of persons, as opposed to the general public at large, wishes to address the council on the same agenda item, the presiding officer shall have the discretion to request that a spokesperson be chosen by said group to address the council. If additional issues are to be presented at the hearing by any other member of such group, the presiding officer may limit the number of persons and the time periods to address the council, so as to avoid unnecessary repetition of issues before the council.
10. Additional Opportunity to Address the Council. Subject to the needs of the council to expeditiously perform its business and to avoid repetitive testimony, any person may be permitted by the presiding officer to address the council more than once on any particular item. No person shall be allowed to address the council more than once on an item until all persons present and wishing to address the council have been provided the opportunity to do so. The presiding officer may limit the time period allowed any person to address the council on an item more than one time, and shall not permit repetitive testimony from any person.

2.12.160 Rules of decorum—Enforcement.

- A. While the council is in session, all persons shall preserve the order and decorum of the session; and neither a member of the public nor a councilmember shall, neither by conversation or otherwise, delay or interrupt ~~actually disrupt, disturb or otherwise impede the orderly conduct of the proceedings or the peace of the council nor disturb any member while speaking,~~ or refuse to obey the orders of the city council or its presiding officer, except as otherwise herein provided.
- B. Any person actually disrupting the conduct of the proceedings of the city council making personal, impertinent or slanderous remarks, or who becomes boisterous while addressing the council, which conduct delays or interrupts the due course of the meeting, shall be forthwith be excluded by the presiding officer barred from further attendance audience before that session of the council, and any special, regular, or adjourned regular meeting of the city council on that same date by the presiding officer, unless permission to continue is granted by majority vote of the council.
- C. While the city council is in session, (1) any person or councilmember who actually disrupts a council meeting by acts acting in a disorderly, noisy, sustained, contemptuous or insolent manner towards the council or any councilmember thereof, or (2) any person whose conduct actually disrupts the due course of the council meeting becomes boisterous while addressing the city council or any councilmember thereof, which conduct delays or interrupts the due course of the meeting, or (3) any member of the public in attendance who actually disrupts the meeting by failing ~~fails,~~ on demand of the presiding officer, to comply with any warning or order of the

presiding officer made in accord with the authority of this chapter, is subject to arrest for violating the California Penal Code or the criminal penalties of this code.

- D. No person, except city officials and their representatives, and representatives of the news media in possession of, and displaying, valid San Diego Police Department-issued media credentials or media credentials issued by a news agency having not less than daily broadcasts (for television or radio) or not less than monthly publications (if print) to statewide or nationwide audiences, shall be permitted within the area beyond the rostrum which is reserved for staff and council without the express consent of the presiding officer or the city council.
- E. The city manager may designate such appropriate person or persons to act as sergeant at arms to carry out all orders and instructions given by the presiding officer for the purposes of maintaining order and decorum at the city council meeting. Upon instructions of the presiding officer, it shall be the duty of the sergeant at arms, or any of them present, to remove any person who violates the order of exclusion from the meeting, and to place under arrest any person who violates the order and ~~decorum of~~ who willfully resists, delays, or obstructs removal, and which conduct disrupts the meeting, under arrest, and cause such person to be prosecuted under provisions of the California Penal Code or this code, the complaint to be signed by the presiding officer or other appropriate person present.
- F. "Disrupt," as used in this chapter, includes, but is not limited to, the utterance of loud, threatening or abusive language; whistling; clapping; stamping of feet; repeated waving of arms; displaying signs or banners that block the view of the councilmembers or other members of the public; or other actions, which prevent the conduct of the city council's business, or prevents other members of the public from participating in the meeting.

ORDINANCE NO. ____

AN ORDINANCE AMENDING CHAPTER 2.12
OF THE EL CAJON MUNICIPAL CODE
RELATING TO CITY COUNCIL PROCEDURES

WHEREAS, Chapter 2.12 of the El Cajon Municipal Code (the "ECMC") establishes regulations for city council procedures applicable to City of El Cajon (the "City") council meetings as well as meetings of other city boards, commissions, and committees; and

WHEREAS, it is the intent of the El Cajon City Council (the "City Council") to modify the regulations set forth in ECMC Chapter 2.12.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF EL CAJON DOES ORDAIN AS FOLLOWS:

SECTION 1: Subsection (A) of section 2.12.040 of Chapter 2.12 of Title 1 of the El Cajon Municipal Code is hereby repealed.

SECTION 2: A new subsection (A) is hereby added to section 2.12.040 of Chapter 2.12 of Title 1 of the El Cajon Municipal Code to read as follows:

2.12.040 Time and place of meetings.

- A. The city council shall hold regular meetings in the council chambers of the city hall, 200 Civic Center Way, El Cajon, California 92020, or at such other place as may be determined by the council. The times and dates of regular city council meetings shall be determined by city council resolutions.

SECTION 3: Subsection (C) of section 2.12.060 of Chapter 2.12 of Title 1 of the El Cajon Municipal Code is hereby repealed.

SECTION 4: A new subsection (C) is hereby added to section 2.12.060 of Chapter 2.12 of Title 1 of the El Cajon Municipal Code to read as follows:

2.12.060 Agenda—Order of business.

- C. The business of the council shall, except upon an affirmative vote of the city council or a determination by the mayor, city manager or city clerk, be taken up for consideration and disposition at a three p.m. meeting.

SECTION 5: Section 2.12.090 of Chapter 2.12 of Title 1 of the El Cajon Municipal Code is hereby repealed.

SECTION 6: A new section 2.12.090 is hereby added to Chapter 2.12 of Title 1 of the El Cajon Municipal Code to read as follows:

2.12.090 Presiding officer.

- A. The mayor shall be the presiding officer at all meetings of the city council. In the absence of the mayor and the mayor pro tempore, the city clerk shall call the council to order, whereupon a temporary presiding officer shall be elected by the councilmembers present to serve until the arrival of the mayor or mayor pro tempore or until adjournment.
- B. The presiding officer shall sign all ordinances, resolutions and other documents necessitating such signature. The presiding officer shall preserve strict order and decorum at all regular, adjourned regular and special meetings of the council and shall state, or call upon the clerk to state, every question before the council, call for the vote, and announce the decision of the council on all subjects. The presiding officer shall decide all questions of order; subject, however, to an appeal to the council by any councilmember, in which event a majority vote of the council shall govern and conclusively determine such question of order. The presiding officer shall have and exercise such other powers and duties as are authorized by law.
- C. The presiding officer shall have power, authority and discretion, without a vote of the council to:
 - 1. Set time limits on council discussion on any matter;
 - 2. Set time limits on any communications from members of the public to the council; in no event shall any individual public communication exceed three minutes without the consent of the presiding officer;
 - 3. Declare the opening of public hearings;
 - 4. Rule any motion on a subject not on the agenda as being out of order, in which case the motion shall thereafter be void;
 - 5. Continue or postpone any matter until the next regular, adjourned regular or special meeting whenever the city attorney advises that there is a question as to the validity or constitutionality of the particular proposed course of action which is the subject matter of such motion;
 - 6. May require any witness testifying to facts at any public hearing to be sworn before proceeding further with any such testimony;

7. Rule any speaker out of order, terminate any communication with the council from a member of the public who actually disrupts or otherwise impedes the orderly conduct of the council meeting; and/or declare a recess in order to establish order at any meeting;
 8. Issue a warning to a person violating paragraph 7 and, if the person continues to violate paragraph 7 and disrupts the meeting, to order that person to leave the council chambers; and
 9. Order any person removed from a meeting to be excluded from further attendance at that meeting or any special, regular, or adjourned regular meeting beginning on that same date unless overruled by a majority vote of the city council.
- D. The presiding officer may move, second and debate from the chair, subject only to such limitations of debate as are by these rules imposed upon all members. The presiding officer shall not be deprived of any of the rights and privileges of a councilmember by reason of being mayor or acting as the presiding officer.

SECTION 7: Section 2.12.150 of Chapter 2.12 of Title 1 of the El Cajon Municipal Code is hereby repealed.

SECTION 8: A new section 2.12.150 is hereby added to Chapter 2.12 of Title 1 of the El Cajon Municipal Code to read as follows:

2.12.150 Addressing the council.

- A. Any person desiring to address the council shall first secure the permission of the presiding officer to do so. In addition, but unless the presiding officer rules otherwise, any person shall have the right to address the council upon obtaining recognition by the presiding officer to speak subject to the following:
1. Public Hearings. Interested persons or their authorized representatives may address the council orally or in writing relating to matters which are then subject to a public hearing pursuant to Section 2.12.100.
 2. Non-"Hearing" Matters. Interested parties or their authorized representatives may address the council with regard to matters with which they are concerned and are then the subject of council discussion. When copies of such communications are furnished each councilmember present, such written communications shall not be read aloud at the meeting unless so ordered by a majority vote of the council. Written communications from the administrative

staff shall not be read aloud unless requested by any councilmember.

3. Oral Communications. Any person may address the council under oral communications with regard to any matter with which they are concerned. The council shall not discuss any matter not on the agenda pursuant to state law and this chapter nor take any action except to refer such matter to a future agenda.
4. Addressing the Council. Each person addressing the council shall speak into the microphone at the speaker's podium, shall state his or her name or other identifying designation in an audible tone of voice for the record, and unless further time is granted by the presiding officer, shall limit the remarks to three minutes. Other than during that portion of the agenda set aside for public comment, all remarks shall be addressed to the council as a body, and not to any member thereof. No person other than the council and the person having the floor shall be permitted to enter into any discussion, either directly or through a member of the council, without the permission of the presiding officer.
5. Limitation to Agenda Item. Except under that portion of the agenda set aside for public comment, the presiding officer shall not permit any communication, written or oral, to be made or submitted unless such communication addresses the agenda item then under discussion.
6. Consent Required. Except for that portion of the agenda set aside for public comment, no person shall address or question a councilmember, the staff or any other person in the audience without the prior consent of the presiding officer.
7. Permission to Speak. After a motion is made by a councilmember, no person shall address the council without first securing the permission of the council to do so.
8. Anonymous Communications. Anonymous communications, or communications using an identifying designation other than his or her name, shall not be placed on a future agenda without the approval of a majority of the council. Testimony from anonymous individuals in any matter shall be given the weight each councilmember deems it deserves under the circumstances. The wearing of masks or the use of material or clothing to cover a speaker's face for reasons other than health or religious purposes, shall not be allowed.

9. Group Communications. When any identifiable group of persons, as opposed to the general public at large, wishes to address the council on the same agenda item, the presiding officer shall have the discretion to request that a spokesperson be chosen by said group to address the council. If additional issues are to be presented at the hearing by any other member of such group, the presiding officer may limit the number of persons and the time periods to address the council, so as to avoid unnecessary repetition of issues before the council.
10. Additional Opportunity to Address the Council. Subject to the needs of the council to expeditiously perform its business and to avoid repetitive testimony, any person may be permitted by the presiding officer to address the council more than once on any particular item. No person shall be allowed to address the council more than once on an item until all persons present and wishing to address the council have been provided the opportunity to do so. The presiding officer may limit the time period allowed any person to address the council on an item more than one time, and shall not permit repetitive testimony from any person.

SECTION 9: Section 2.12.160 of Chapter 2.12 of Title 1 of the El Cajon Municipal Code is hereby repealed.

SECTION 10: A new section 2.12.160 is hereby added to Chapter 2.12 of Title 1 of the El Cajon Municipal Code to read as follows:

2.12.160 Rules of decorum—Enforcement.

- A. While the council is in session, all persons shall preserve the order and decorum of the session; and neither a member of the public nor a councilmember shall, by conversation or otherwise, actually disrupt, disturb or otherwise impede the orderly conduct of the proceedings, or refuse to obey the orders of the city council or its presiding officer, except as otherwise herein provided.
- B. Any person actually disrupting the conduct of the proceedings of the city council shall forthwith be excluded by the presiding officer from further attendance before that session of the council, and any special, regular, or adjourned regular meeting of the city council on that same date, unless permission to continue is granted by majority vote of the council.
- C. While the city council is in session, (1) any person or councilmember who actually disrupts a council meeting by acting in a disorderly, noisy, sustained, manner, (2) any person whose conduct actually disrupts the due course of the council meeting while addressing the city council or any councilmember thereof, or (3) any member of the public in attendance

who actually disrupts the meeting by failing, on demand of the presiding officer, to comply with any warning or order of the presiding officer made in accord with the authority of this chapter, is subject to arrest for violating the California Penal Code or this code.

- D. No person, except city officials and their representatives, and representatives of the news media in possession of, and displaying, valid San Diego Police Department-issued media credentials or media credentials issued by a news agency having not less than daily broadcasts (for television or radio) or not less than monthly publications (if print) to statewide or nationwide audiences, shall be permitted within the area beyond the rostrum which is reserved for staff and council without the express consent of the presiding officer or the city council.
- E. The city manager may designate such appropriate person or persons to act as sergeant at arms to carry out all orders and instructions given by the presiding officer for the purposes of maintaining order and decorum at the city council meeting. Upon instructions of the presiding officer, it shall be the duty of the sergeant at arms, or any of them present, to remove any person who violates the order of exclusion from the meeting, and to place under arrest any person who violates the order and who willfully resists, delays, or obstructs removal, and which conduct disrupts the meeting, and cause such person to be prosecuted under provisions of the California Penal Code or this code, the complaint to be signed by the presiding officer or other appropriate person present.
- F. "Disrupt," as used in this chapter, includes, but is not limited to, the utterance of loud, threatening or abusive language; whistling; clapping; stamping of feet; repeated waving of arms; displaying signs or banners that block the view of the councilmembers or other members of the public; or other actions, which prevent the conduct of the city council's business, or prevents other members of the public from participating in the meeting.

Ord-Revise ECMC Chapter 2.12 City Council Procedures (Decorum) 011619

01/22/19 CC Agenda – 1st Reading
02/12/19 CC Agenda – 2nd Reading



City Council
Agenda Report

DATE: January 22, 2019

TO: City Clerk

FROM: City Attorney/General Legal Counsel

SUBJECT: Closed Session - Conference with Legal Council - Existing Litigation - pursuant to paragraph (1) of subdivision (d) of Government Code section 54956.9: City of El Cajon vs. ASSCS, LLC; Cloud 9 Wellness Center, Inc.; and Does 1 through 50, inclusive, San Diego Superior Court, Case No. 37-2018-00012001-CU-OR-CTL

RECOMMENDATION:

That the following Closed Session be scheduled for the Tuesday, January 22, 2019, Joint City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency agenda at 3:00 p.m.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – pursuant to paragraph (1) of subdivision (d) of Government Code section 54956.9:

NAME OF CASE:

City of El Cajon vs. ASSCS, LLC; Cloud 9 Wellness Center, Inc.; and Does 1 through 50, inclusive, San Diego Superior Court, Case No. 37-2018-00012001-CU-OR-CTL

Morgan L. Foley
City Attorney/General Legal Counsel

MLF:hms



City Council
Agenda Report

DATE: January 22, 2019
TO: City Clerk
FROM: City Attorney/General Legal Counsel
SUBJECT: Closed Session - Conference with Labor Negotiators pursuant to Government Code section 54957.6:

Agency Designated Representatives:
Graham Mitchell, City Manager
Vince DiMaggio, Assistant City Manager
Clay Schoen, Director of Finance
Marisol Thorn, Director of Human Resources

Employee Organizations:
El Cajon Mid-Management and Professional Employees Group
El Cajon Municipal Employees Association
El Cajon Police Officers Association
El Cajon Professional Firefighters Association - Local 4603 (ECPFF)
El Cajon Police Officers' Association Management Group
Executive, Unrepresented and Confidential Employees

RECOMMENDATION:

That the following Closed Session be scheduled for the Tuesday, January 22, 2019, Joint City Council/Housing Authority/Successor Agency to El Cajon Redevelopment Agency agenda at 3:00 p.m.

CONFERENCE WITH LABOR NEGOTIATORS – pursuant to Government Code section 54957.6

NAME OF CASE:

Agency Designated Representatives:
Graham Mitchell, City Manager
Vince DiMaggio, Assistant City Manager
Clay Schoen, Director of Finance
Marisol Thorn, Director of Human Resources

Employee Organizations:

El Cajon Mid-Management and Professional Employees Group

El Cajon Municipal Employees Association

El Cajon Police Officers Association

El Cajon Professional Firefighters Association - Local 4603 (ECPFF)

El Cajon Police Officers' Association Management Group

Executive, Unrepresented and Confidential Employees

Morgan L. Foley

City Attorney/General Legal Counsel

MLF:hms
