



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 28, 2020, 3:00 p.m.

Bill Wells, Mayor  
Phil Ortiz, Deputy Mayor  
Steve Goble, 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 14, 2020, Meeting and the Agenda of the January 28, 2020, Meeting in accordance to State Law and Council/Authority/Successor Agency to the Redevelopment Agency Policy.

**PRESENTATIONS:**

**Presentation: Live Nation & The Magnolia**

**Presentation: Meet Yara - Station Dog for Fire Department**

**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 14, 2020, 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 waives the reading in full of all Ordinances on the Agenda.

4. Cool Parks Funding

RECOMMENDATION:

That the City Council approves to accept, appropriate and expend funds, per the terms of the agreement.

5. Target Corporation Youth Soccer Grant

RECOMMENDATION:

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

6. Resolution Authorizing the City of San Diego Local Enforcement Agency to be the Lead Waste Agency for the Regional Tire Enforcement Program

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to authorize the City of San Diego Local Enforcement Agency (LEA) to apply for funds and administer the San Diego Regional Waste Tire Enforcement Program on behalf of the City of El Cajon.

7. Emergency Update for Storm Damage Repairs

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to establish a Declaration of Emergency, and determine that the public interest and necessity requires the immediate expenditure of public money to safeguard life, health, or property per Public Contract Code section 22050.

8. Award of RFQ No. 301378 – Water Feature Maintenance and Repair

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to award to the sole responsive, responsible bidder, California Waters Development, Inc., in the amount of \$47,020 for the initial one-year term, with up to four additional one-year renewal options.

9. Contract Amendment for Mechanical Door and Gate Repair

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to increase the contract for mechanical door and gate repair in the not-to-exceed amount of \$21,951.52.

**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:**

10. Lexington Senior Apartments - Termination of Existing DDA and Sale of Leasehold Interest

RECOMMENDATION:

That the City Council/El Cajon Housing Authority continues the Public Hearing to the February 11, 2020 meeting at the request of the Developer/Operator.

## **ADMINISTRATIVE REPORTS:**

11. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019, and Other Written Communication from the City's Independent Auditor

### **RECOMMENDATION:**

That the City Council receives and accepts 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, 2019.

12. Debris Collection Services with the East County Transitional Living Center

### **RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to execute an agreement for debris collection services with the East County Transitional Living Center in the not-to-exceed amount of \$39,000.

## **COMMISSION REPORTS:**

### **ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS:**

SANDAG (San Diego Association of Governments) Board of Directors; SANDAG – Audit Committee, San Diego Division; Heartland Fire Training JPA – Alternate; LAFCO.

13. Council Activity Report
14. LEGISLATIVE REPORT: None

## **ACTIVITIES REPORTS/COMMENTS OF COUNCILMEMBERS:**

15. **COUNCILMEMBER GARY KENDRICK**  
METRO Commission/Wastewater JPA; Heartland Communications; Heartland Fire Training JPA; East County Advance Water Purification Joint Powers Authority Board.
16. **COUNCILMEMBER BOB MCCLELLAN**  
MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate
17. **COUNCILMEMBER 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 Advance Water Purification Joint Powers Authority Board - Alternate.

18. **DEPUTY MAYOR PHIL ORTIZ**  
East County Economic Development Council; League of California Cities, San Diego  
Division.

**JOINT COUNCILMEMBER REPORTS:**

**GENERAL INFORMATION ITEMS FOR DISCUSSION:**

19. El Cajon Animal Shelter Donations for December 2019

**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:

Anonymous Person - **\$200**

**ORDINANCES: FIRST READING**

**ORDINANCES: SECOND READING AND ADOPTION**

**CLOSED SESSIONS:**

20. Closed Session - Conference with Legal Counsel - Existing Litigation - pursuant to paragraph (1) of subdivision (d) of Government Code section 54956.9: El Cajon Police Officers Association vs. City of El Cajon  
San Diego Superior Court Case No. 37-2019-00005450-CU-WM-CTL

**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 28th day of January 2020, is adjourned to Tuesday, February 11, 2020, at 3:00 p.m.**



City Council  
Agenda Report

Agenda Item 1.

**DATE:** January 28, 2020

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Angela Cortez, City Clerk

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

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**RECOMMENDATION:**

That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency approves Minutes of the January 14, 2020, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

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Attachments

1-14-20 DRAFT Minutes - 3PM

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# 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

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**January 14, 2020**

A Regular Joint Meeting of the El Cajon City Council/Housing Authority/ Successor Agency to the El Cajon Redevelopment Agency, held Tuesday, January 14, 2020, was called to order by Mayor/Chair Bill Wells at 3:04 p.m., in the Council Chambers, 200 Civic Center Way, El Cajon, California.

#### **ROLL CALL**

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

**Mayor Wells invited Arkan Somo, Neighborhood Market Association President to lead the PLEDGE OF ALLEGIANCE TO THE FLAG 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 10, 2019 Meeting and the Agenda of the January 14, 2020, Meeting in accordance with State Law and El Cajon City/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Policy.

**PRESENTATIONS:** None

**AGENDA CHANGES:** None

**CONSENT ITEMS: (1 – 10)**

**MOTION BY WELLS, SECOND BY KENDRICK to APPROVE Consent Items 1 to 10.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

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

Approves Minutes of the December 10, 2019, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

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 waives the reading in full of all Ordinances on the Agenda.

4. Agreement for Civil Engineering Services

Adopts Resolution No. 001-20, to enter into an Agreement for Professional Services with NV5, Inc., to perform civil engineering services for Broadway Earthen Channel Repairs for a three-year term in the not-to-exceed amount of \$225,029.

5. City Attorney Staff Members

Adopts Resolution No. 002-20, appointing the professional staff of the City Attorney's office effective January 14, 2020.



**CONSENT ITEMS: (Continued)**

6. Acceptance of The Magnolia Improvement Project (IFM3471)

1. Accepts The Magnolia (formerly ECPAC) Improvement Project, IFM3471, RFP No. 027-18; and
2. Authorizes the City Clerk to record a Notice of Completion, and release the bonds in accordance with the contract terms.

7. 2019 San Diego County Law Enforcement Foundation Grant

1. Authorizes the City Manager or designee to accept the 2019 San Diego County Law Enforcement Foundation (SDCLEF) Grant in the amount of \$2,894.30, and execute any grant documents and agreements necessary for the receipt and use of these funds; and
2. Appropriates funds in the amount of \$2,894.30 to purchase (130) Combat Application Tourniquets (CAT) to be issued to all Police Department personnel for emergency first aid purposes.

8. Term Expirations on City Commissions

That the City Council establishes a schedule for applications and interviews of candidates to serve on City Commissions/Committees, or reappoint, if appropriate.

Application Period: January 15, 2020 - February 5, 2020 at 5:00 p.m.

Interview and Appointment of Applicants: February 11, 2020 at 7:00 p.m.

9. Time Extension of Tentative Subdivision Map (TSM) 662; Magnolia Heights at South Magnolia Avenue; Engineering Job No. 3568

Grants a one-year time extension for Tentative Subdivision Map (TSM) 662, Magnolia Heights at South Magnolia Avenue, and sets the new expiration date to be February 14, 2021, in accordance with Municipal Code Section 16.12.110.

**CONSENT ITEMS: (Continued)**

- 10. Utility Easement at Wells Park to Install Underground Electric Facilities and Appurtenances

Approves Resolution No. 003-20, to:

- 1. Grant a utility easement to San Diego Gas & Electric (SDG&E);
- 2. Authorize the City Manager to execute all documents on behalf of the City of El Cajon, substantially in the form as presented to the City Council, with such changes as may be approved by the City Manager; and
- 3. Authorize recording of the easement.

**PUBLIC COMMENT:**

Paul Palombo, retired City personnel, thanked Council and staff for the opportunity to serve in the Public Works Department.

Arkan Somo, President of the Neighborhood Market Association, spoke in reference to the tobacco ordinance and requested the item be postponed to allow for additional discussions.

Jim Cirigiliano spoke in reference to Form 700 and Form 460, and requested that these forms be made available on the City's website.

Councilmember McClellan invited the students from Valhalla High School in the audience to introduce themselves to the public.

**WRITTEN COMMUNICATIONS:** None

**PUBLIC HEARINGS:**

- 11. Substandard Abatement at 2370 Valley Mill Road

**RECOMMENDATION:**

That the City Council:

- 1. Opens the public hearing and receives testimony;
- 2. Closes the public hearing;
- 3. Declares as appropriate the Building Official/Fire Marshal's actions in this case;
- 4. Directs staff to invoice the property owner for staff time and administrative costs in the amount of \$1,248.79; and
- 5. Directs staff to monitor the cleanup and renovation of the dwelling until fully compliant with State Housing Code habitability regulations.

**PUBLIC HEARINGS: (Item 11 - Continued)**

**DISCUSSION**

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

Mayor Wells opened the public hearing.

No one came forward to speak.

**MOTION BY WELLS, SECOND BY McCLELLAN, to CLOSE the Public Hearing.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

Discussion ensued among Council and Staff in regard to recommendations to the City to monitor the property.

**MOTION BY McCLELLAN, SECOND BY KENDRICK, to DIRECT staff to invoice the property owner for staff time and administrative costs in the amount of \$1,248.79, and direct staff to monitor the cleanup and renovation of the dwelling until fully compliant with State Housing Code habitability regulations.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

**ADMINISTRATIVE APPEAL:**

12. Administrative Hearing - Appeal by Cajon Massage of Denial of Special Operation License

**RECOMMENDATION:**

That the City Council conducts the Administrative Hearing; reviews documents submitted; receives testimony from witnesses who have been identified on each party's witness list; and determines whether the City Manager's denial of a Special Operation License to operate a massage establishment at 1246 East Main Street, Unit 112 should be upheld or overturned.

## ADMINISTRATIVE APPEAL: (Continued)

### DISCUSSION

City Attorney Foley introduced the Item and described the process for the Administrative Hearing. The following witnesses were sworn in:

Appellant's witnesses:

Wei Sun, Appellant  
He Zhou, Manager  
Mr. George Gedulin, Attorney for the appellant

City's witness:

Sergeant Will Guerin, Presenting Officer for the City

Yan Gu, Translator

All questions to, and answers from Mr. Sun and Mrs. Zhou were provided by Ms. Gu, a translator procured by Mr. Gedulin and the City.

Mr. Gedulin, on behalf of the Cajon Massage owner, stated that the unlawful activities by the massage therapist arrested were not with the consent of Mr. Sun or Mrs. Zhou.

Mr. Sun answered questions from Mr. Gedulin in regards to the ownership of the business, the number of employees working at Cajon Massage, and the fact that some of the people working for him, worked as independent contractors. Mr. Sun testified that after learning of the arrest at his store, the therapist arrested for unlawful activities, was fired.

Mr. Sun provided a list of preventive measures, including background checks on future employees should the City allow him to continue operating Cajon Massage.

He Zhou testified, and denied any benefit from, or knowledge of unlawful activities at the business.

Discussion ensued among the City Council, Mr. Sun and Mrs. Zhou, regarding:

- The role of Mrs. Zhou in the business;
- Mr. Sun's name not listen on the lease for the property; and
- Employees not allowed to stay overnight at the Cajon Massage.

Sergeant Guerin gave opening remarks and explained the basis for the El Cajon Police Department's arrest of one (1) massage therapist working at El Cajon Massage. He responded to questions from Mr. Gedulin and Council concerning the contact with the arrestee, the facility's layout, and the incident being the second arrest under the same ownership.

**ADMINISTRATIVE APPEAL: (Continued)**

**MOTION BY KENDRICK, SECOND BY ORTIZ, to DENY the appeal of a Special Operation License to operate a massage establishment at 1246 East Main Street, Unit 112.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

*Recess called at 4:25 p.m.  
Meeting called back to order at 4:31 p.m.*

**ADMINISTRATIVE REPORTS:**

13. Update on Homeless Programs

**RECOMMENDATION:**

That the City Council provides direction to staff regarding homeless programming for 2020.

**DISCUSSION**

City Manager Mitchell provided detailed information of the Item.

Anna Marie Piconi Snyder, representing the East County Homeless Task Force, spoke in support of the City's homeless programs and encouraged other cities to join efforts. Ms. Snyder introduced stakeholders, collaborators, and supporters from various shelters and housing organizations.

Jim Cirigliano stated that homelessness is an ongoing problem. He spoke about direct interactions and taking proactive action such as providing transportation to homeless subjects.

Mary Case, representing Crisis House, spoke in support of the programs and spoke about the Homeless Emergency Aid Program (HEAP) funds.

Amanda McGimpsey, representing the East County Homeless Taskforce, spoke in support of the homeless programs and encouraged the city to strengthen their partnership with the homeless taskforce.

Discussion ensued among Council and Staff concerning the following:

- Implement smaller group settings and short term shelters on a property;
- Include representatives from other cities to encourage more participation;
- Seek emergency funding that will prevent eviction, similar to a program implemented in Chicago, IL;
- Report back on Psychiatric Emergency Response Team (PERT) and the East County Homeless Task Force teams' involvements; and
- Authorize the City Manager permission to move forward with the contract(s).

## ADMINISTRATIVE REPORTS: (Continued)

### 14. Report on Sewer Billing Transition Effort

#### RECOMMENDATION:

That the City Council:

1. Receives a report on activities related to maintaining sewer billing services through June 30, 2020;
2. Adopts the next Resolution, in order, to ratify agreements for sewer billing services with Advanced Utility Solutions in the amount of \$220,000 for software, payments, and billing support with Infosend in the amount of \$100,000 for bill printing and mailing; and
3. Provides direction to staff for a long-term solution for sewer billing services.

#### DISCUSSION

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

No one came forward to speak.

Discussion ensued among Council and Staff concerning the following:

- Explore the County tax bill format to lower costs;
- Consideration of PERSable expenses;
- Sewer bill on an impound accounts;
- Options to notify the citizens of upcoming changes;
- Risk involved when project includes multiple vendors; and
- Calendar a public hearing session as soon as possible.

**MOTION BY WELLS, SECOND BY McCLELLAN, to ADOPT Resolution No. 004-20, to ratify agreements for sewer billing services with Advanced Utility Solutions in the amount of \$220,000 for software, payments, and billing support with Infosend in the amount of \$100,000 for bill printing and mailing.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

**ADMINISTRATIVE REPORTS: (Continued)**

15. Award of RFP No. 015-20 – Financial Advisor Services

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to enter into an agreement for financial advisor services with Urban Futures, Inc., in an amount not to exceed \$35,000 for Phase 1 of the project for a one-year term.

**DISCUSSION**

City Manager Mitchell provided summary information of the Item.

Julio Morales representing Urban Futures, Inc., spoke about the firm and provided information on his experiences and background.

No one came forward to speak.

**MOTION BY WELLS, SECOND BY McCLELLAN, to ADOPT Resolution No. 005-20, to enter into an agreement for financial advisor services with Urban Futures, Inc., in an amount not to exceed \$35,000 for Phase 1 of the project for a one-year term.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

16. Contracts for City Manager & City Attorney

**RECOMMENDATION:**

That the Mayor provides an oral report summarizing recommended changes in compensation for the City's "local agency executives"; and following the report, that the City Council approves the changes to the Employment Contracts as reflected on the attachments.

**DISCUSSION**

Mayor Wells provided an oral report summarizing the recommended changes.

No one came forward to speak.

**MOTION BY McCLELLAN, SECOND BY KENDRICK, to APPROVE changes to the Employment Contracts for the City Manager and City Attorney.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

**COMMISSION REPORTS:** None

**ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS:**

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

17. Council Activities Report/Comments

Report as stated.

18. Legislative Report: None

19. City Council Assignments

**RECOMMENDATION:**

That the City Council approves City Council assignments (as identified in the report) to various boards and commissions representing El Cajon.

**DISCUSSION**

Mayor Wells provided summary information of the Item.

No one came forward to speak.

**MOTION BY KENDRICK, SECOND BY McCLELLAN, to APROVE City Council assignments (as identified in the report) to various boards and commissions representing El Cajon.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

**ACTIVITIES REPORTS OF COUNCILMEMBERS:**

20. COUNCILMEMBER GARY KENDRICK

METRO Commission/Wastewater JPA; Heartland Communications; Heartland Fire Training JPA; East County Advance Water Purification Joint Powers Authority Board.

In addition to the submitted report, Councilmember Kendrick stated that he attended the Holocaust Memorial event at the Chula Vista Library and the Art Garfunkel event at The Magnolia.



**ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS: (Continued)**

21. COUNCILMEMBER BOB MCCLELLAN

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

Report as stated.

22. COUNCILMEMBER 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 Advance Water Purification Joint Powers Authority Board – Alternate.

In addition to the submitted report, Councilmember Goble stated that he attended the East County Chamber of Commerce First Friday Breakfast on January 10, 2020.

23. DEPUTY MAYOR PHIL ORTIZ

East County Economic Development Council; League of California Cities, San Diego Division.

In addition to the submitted report, Deputy Mayor Ortiz advised that he did not attend the League of Cities Meeting on January 13, 2020.

**JOINT COUNCILMEMBER REPORTS:** None

**GENERAL INFORMATION ITEMS FOR DISCUSSION:** None

**ORDINANCES: FIRST READING –** None

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## ORDINANCES: SECOND READING AND ADOPTION

24. Approve modifications to the El Cajon Tobacco Retailer's License Program

### RECOMMENDATION:

That Mayor Wells requests the City Clerk to recite the title.

An Ordinance of the City Council of the City of El Cajon, California, Amending Chapter 8.33 of the El Cajon Municipal Code to Regulate Retailers of Tobacco Products and Electronic Vapor Devices and Establishing a License for Such Activities.

### DISCUSSION

Courtney Hamilton, representing the National Alliance Tobacco Outlets, spoke in support of the Item.

Rima Khoury, representing the Hookah Chamber, spoke in support of the Item and commended the leadership of the City.

Discussion ensued among Council and Staff concerning the following:

- Consideration of Mr. Somo's request to postpone the Item; and
- Lack of feedback from retailers on the draft notice previously sent by the City.

Mayor Wells requested that the City Clerk recite.

The City Clerk recited the title of the ordinance for a second reading.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL CAJON, CALIFORNIA, AMENDING CHAPTER 8.33 OF THE EL CAJON MUNICIPAL CODE TO REGULATE RETAILERS OF TOBACCO PRODUCTS AND ELECTRONIC VAPOR DEVICES AND ESTABLISHING A LICENSE FOR SUCH ACTIVITIES.

**MOTION BY McCLELLAN, SECOND BY KENDRICK to ADOPT Ordinance No. 5098, amending Chapter 8.33 of the El Cajon Municipal Code to Regulate Retailers of Tobacco Products and Electronic Vapor Devices and Establishing a License for Such Activities.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

**CLOSED SESSIONS:**

RECOMMENDATION: That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency adjourned Closed Session as follows:

- 25. Closed Session - Conference with Legal Counsel - Existing Litigation - pursuant to paragraph (1) of subdivision (d) of Government Code section 54956.9: Climate Action Campaign v. City of El Cajon  
San Diego County Superior Court Case No. 37-2019-00041565-CU-TT-CTL
  
- 26. Closed Session - Conference with Legal Counsel - Anticipated Litigation  
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code section 54956.9:  
One (1) potential case
  
- 27. Closed Session - Conference with Legal Counsel - Existing Litigation - pursuant to paragraph (1) of subdivision (d) of Government Code section 54956.9: El Cajon Police Officers Association vs. City of El Cajon  
San Diego Superior Court Case No. 37-2019-00005450-CU-WM-CTL

**MOTION BY WELLS, SECOND BY KENDRICK, to ADJOURN to Closed Session at 6:23 p.m.**

**MOTION CARRIED BY UNANIMOUS VOTE.**

RECONVENE TO OPEN SESSION AT 7:02 p.m.

City Attorney Foley reported the following actions:

- Item 25: City Council received report from City Attorney.
- Item 26: City Council received report and gave direction to legal counsel.
- Item 27: City Council received report and gave direction the City's legal counsel.

**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 14<sup>th</sup> day of January 2020, at 7:03 p.m., to Tuesday, January 28, 2020, at 3:00 p.m.**

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ANGELA L. CORTEZ, CMC  
City Clerk/Secretary



City Council  
Agenda Report

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Frank Carson, Director of Recreation  
**SUBJECT:** Cool Parks Funding

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**RECOMMENDATION:**

That the City Council approves to accept, appropriate and expend funds, per the terms of the agreement.

**BACKGROUND:**

In an ongoing effort to recognize the value of trees, the City of El Cajon Public Works Department, Parks & Recreation Department, California Urban Forests Council and West Coast Arborists have collaborated on an "Invest from the Ground Up-Cool Parks" project. As part of this cooperation, the California Urban Forests Council will award funding to the City of El Cajon Parks & Recreation Department's Teen Coalition. If City Council approves, funding support of \$4,000 will be utilized by the Teen Coalition to engage youth and teens in programs promoting the value of trees to our community, service projects and outdoor recreation.

**FISCAL IMPACT:**

This funding will provide program support for the El Cajon Teen Coalition.

Prepared By: Frank Carson, Director of Parks & Recreation

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager

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City Council  
Agenda Report

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Frank Carson, Director of Recreation  
**SUBJECT:** Target Corporation Youth Soccer Grant

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**RECOMMENDATION:**

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

**BACKGROUND:**

This is the second 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 benefit the league and its participants. 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: Frank Carson, Director of Parks & Recreation

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager

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City Council  
Agenda Report

**DATE:** January 28, 2020

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Dirk Epperson, Director of Public Works

**SUBJECT:** Resolution Authorizing the City of San Diego Local Enforcement Agency to be the Lead Waste Agency for the Regional Tire Enforcement Program

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**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to authorize the City of San Diego Local Enforcement Agency (LEA) to apply for funds and administer the San Diego Regional Waste Tire Enforcement Program on behalf of the City of El Cajon.

**BACKGROUND:**

Since October 2009, the City of El Cajon has participated with the City of San Diego serving as the Local Enforcement Agency (LEA) in the San Diego Regional Waste Tire Enforcement Program. The cities of Chula Vista, Imperial Beach and La Mesa also participate. Funded by a grant from the California Department of Recycling and Recovery (CalRecycle), the program ensures local businesses comply with all laws and regulations for the disposal of tires. The Waste Tire Enforcement program is targeted at educating waste tire generators, haulers, and storage facilities regarding state waste tire rules and regulations. The LEA conducts frequent inspections of these businesses and works with CalRecycle to gain compliance.

The Waste Tire Program has been successful in decreasing the incidence of illegal dumping in the City. The only action required for participation is adoption of a Resolution granting the LEA authority to perform the grant tasks. Therefore, the City Attorney has drafted a Resolution granting the LEA authority to submit applications and administer the Waste Tire Enforcement Program on behalf of the City of El Cajon.

**FISCAL IMPACT:**

There is no fiscal impact as a result of this action.

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Attachments

Resolution

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RESOLUTION NO. \_\_-20

A RESOLUTION AUTHORIZING THE SUBMITTAL OF  
TIRE ENFORCEMENT GRANT APPLICATIONS IN  
COOPERATION WITH THE CITY OF SAN DIEGO –  
SOLID WASTE LOCAL ENFORCEMENT AGENCY AND  
AUTHORIZING THE CITY OF SAN DIEGO TO ACT ON  
BEHALF OF THE CITY OF EL CAJON TO EXECUTE ALL  
APPLICATIONS, CONTRACTS, PAYMENT REQUESTS,  
AGREEMENTS AND AMENDMENTS FOR THE PURPOSES OF  
SECURING GRANT FUNDS AND TO IMPLEMENT AND  
CARRY OUT THE WORK SPECIFIED IN THE  
GRANTS THROUGH JUNE 30, 2025

WHEREAS, Public Resources Code sections 40000 *et seq.* authorized the California Department of Resource Recycling and Recovery ("CalRecycle") to administer various Grant Programs in furtherance of efforts of the State of California (the "State") to reduce, recycle and reuse solid waste generated in the State, thereby preserving landfill capacity and protecting public health and safety and the environment; and

WHEREAS, in furtherance of this authority, CalRecycle is required to establish procedures governing the application, awarding, and management of the grants; and

WHEREAS, grant application procedures require an applicant's governing body to authorize by resolution its approval for submittal of the grant application identified above, and to further authorize the execution of all grant documents; and

WHEREAS, funds are allocated and available from CalRecycle for grants to solid waste Local Enforcement Agencies ("LEAs") to perform enforcement, compliance and surveillance activities at waste tire facilities; and

WHEREAS, the City of San Diego LEA has agreed to act as lead jurisdiction on behalf of the cities of Chula Vista, Imperial Beach, La Mesa, Poway, and El Cajon.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of El Cajon authorizes the submittal of tire enforcement grant applications in cooperation with the City of San Diego – Local Enforcement Agency.

BE IT FURTHER RESOLVED that, upon approval in form and substance by the City Manager or the City Manager's designee, the City of San Diego is hereby authorized and empowered to execute in the name of the City of El Cajon all waste tire grant documents, including but not limited to, applications, agreements, amendments and requests for payment, necessary to secure waste tire grant funds and implement the approved grant project.



City Council  
Agenda Report

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Dirk Epperson, Director of Public Works  
**SUBJECT:** Emergency Update for Storm Damage Repairs

---

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to establish a Declaration of Emergency, and determine that the public interest and necessity requires the immediate expenditure of public money to safeguard life, health, or property per Public Contract Code section 22050.

**BACKGROUND:**

The City maintains a vast network of reliable underground pipes and underground box culverts to control flooding and convey storm water. Much of the infrastructure was constructed in the early 1960s and 1970s, with a large portion of underground storm drain pipes being constructed with corrugated metal pipe (CMP), which has a 25-year life expectancy. The City has an established annual Capital Improvement Program (CIP) to prioritize, repair and replace remaining CMP segments and systems.

With the most recent storms starting in November and carrying through December of 2019, two sinkholes developed at the intersection of Jackman Street and Petree Street. As such, the conditions require immediate repairs to protect adjacent public improvements, maintain critical street thoroughfares, and preserve life and safety. The cause of the two sinkholes is water running through gaps in existing pipes, which eroded soil away.

The sinkholes were discovered the week of December 2, 2019, and immediate measures were taken to prevent further damage. Traffic control was set up to provide safety for vehicles as well. Further investigation was performed to determine the repair method and the voids beneath the surface were larger than anticipated. With the risk that existing utilities, street, and sidewalk infrastructure could potentially collapse, the City Manager declared an emergency on January 7, 2020 and a contractor (SC Valley Engineering) has been procured to repair the storm drain system. Subsequently, on January 14, 2020 a memorandum was provided to the City Council declaring the situation an emergency. This action will memorialize the emergency declaration and provide an official resolution.

The work will consist of replacing damaged storm drain pipes, backfilling voids, and restoring surface improvements. The total cost of the repairs is estimated to be \$75,000.



**FISCAL IMPACT:**

Funding in the amount of \$75,000 has been allocated to the project through Account #650900, CIP Project No. WW3519.

Prepared By: Dirk Epperson, Director of Public Works

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager

---

**Attachments**

**Resolution**

---

RESOLUTION NO. \_\_-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CAJON  
PROCLAIMING THE EXISTENCE OF A LOCAL EMERGENCY

WHEREAS, the El Cajon City Council ("City Council") is authorized under section 8630 of the California Government Code to proclaim the existence of a local emergency when conditions exist within the jurisdiction of the City of El Cajon (the "City"), which pose an extreme peril to public health and life; and

WHEREAS, section 8.08.060 of the El Cajon Municipal Code empowers the City Council to proclaim a local emergency when the City is affected or likely to be affected by a public calamity; and

WHEREAS, the City maintains a vast network of reliable underground pipes and underground box culverts to control flooding and convey storm water; and

WHEREAS, much of the infrastructure was constructed in the early 1960s and 1970s, with a large portion of underground storm drain pipes being constructed with corrugated metal pipe ("CMP"), which has a 25-year life expectancy; and

WHEREAS, due to the recent storms in November and December 2019, two (2) new sink holes were discovered the week of December 2, 2019, at the intersection of Jackman Street and Petree Street, resulting in water running through gaps in existing pipes, which eroded soil away; and

WHEREAS, immediate measures were taken to prevent further damage, including traffic control to provide safety for vehicles as well; and

WHEREAS, further investigation was performed to determine the repair method, and the voids beneath the surface were found to be larger than anticipated, and the conditions required immediate repairs to protect adjacent public improvements, maintain critical street thoroughfares, and preserve life and safety; and

WHEREAS, in light of the potential risk of collapse of existing utilities, streets, and sidewalk infrastructure, the City Manager declared an emergency on January 7, 2020; and

WHEREAS, S. C. Valley Engineering, Inc. ("SC Valley") was contacted and available to commence immediately on the repairs of the storm drain system, which will include replacing damaged storm drain pipes, backfilling voids, and restoring surface improvements, for a total estimated cost of \$75,000.00; and

WHEREAS, the time needed to publicly bid and contract out the work would unnecessarily delay repair efforts and place the City and private property at further risk, and therefore, staff recommends that repairs should be performed immediately using the City's emergency powers; and

WHEREAS, the City Manager is authorized to (1) enter into any emergency contract(s) to repair storm drain facilities as provided in El Cajon Municipal Code section 2.04.145, and to (2) waive the bidding requirement in accordance with El Cajon Municipal Code section 3.20.010 (C)(6); and

WHEREAS, the City has an established annual Capital Improvement Program ("CIP") to prioritize, repair and replace remaining CMP segments and systems; and

WHEREAS, the City Council has been requested by the City Manager, as the Director of Emergency Services of the City, to proclaim the existence of a local emergency therein; and

WHEREAS, such conditions of extreme peril warrant and necessitate the proclamation of the existence of a local emergency.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Cajon that the foregoing Recitals are true and correct and, based upon such recitals, it hereby proclaims that a local emergency now exists within the City.

BE IT FURTHER RESOLVED that during the existence of said local emergency, the powers, functions, and duties of the Director of Emergency Services and the Disaster Council of this City shall be those prescribed by state law, ordinances, and resolutions of this City and by the City of El Cajon Emergency Plan.

BE IT FURTHER RESOLVED that annual CIP funds are available to prioritize, repair and replace remaining CMP segments and systems, and are hereby designated for any necessary emergency repairs as determined by the City Manager to address the local emergency.

BE IT FURTHER RESOLVED that the local emergency shall be deemed to continue to exist until its termination is proclaimed by the City Council of the City of El Cajon.

01/21/20 CC Agenda

Reso - Proclaiming Emergency for Storm Damage Repairs (Jackman-Petree) 01/21/20



City Council  
Agenda Report

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Nahid Razi, Purchasing Agent  
**SUBJECT:** Award of RFQ No. 301378 – Water Feature Maintenance and Repair

---

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to award to the sole responsive, responsible bidder, California Waters Development, Inc., in the amount of \$47,020 for the initial one-year term, with up to four additional one-year renewal options.

**BACKGROUND:**

The Water Feature Maintenance and Repair contract provides for comprehensive water feature maintenance and repair for the City's ornamental stream water feature located near The Magnolia on the corner of Sulzfeld Way and Main St. The solicitation includes an opportunity 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.

A Request for Quotation (RFQ) was advertised on November 14, 2019. One response was received and opened at 5:00 p.m. on December 10, 2019.

Staff recommends award of the RFQ to the sole responsive, responsible bidder, California Waters Development, Inc., in the amount of \$47,020. This contract includes all necessary chemicals to treat the water quality. This is different from previous contracts where the City provided the chemicals to the contractor. Additionally, \$16,000 of the contract total is set aside for repairs to the fountain and pump system. The contractor will be required to perform maintenance and cleaning of the fountain and stream on average once per week during the winter, twice per week during the fall and spring, and three times per week during the summer. The RFQ summary is attached and the complete proposal is on file in the Purchasing Division.

**FISCAL IMPACT:**

The fiscal impact for the initial one-year term is \$47,020. Sufficient funds are available for this service in FY2019-20 Public Works Parks (160000) Annual Budget. Subsequent 4-year costs are estimated to total \$220,960.

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

---

#### Attachments

Resolution  
RFQ Summary

---

RESOLUTION NO. \_\_-20

RESOLUTION AWARDING REQUEST FOR QUOTATIONS FOR  
WATER FEATURE MAINTENANCE AND REPAIR  
(RFQ No. 301378)

WHEREAS, on November 14, 2019, the City of El Cajon (the "City") issued a Request for Qualifications (the "RFQ") for Water Feature Maintenance and Repair, which provides for comprehensive maintenance and repair for the City's ornamental stream water feature located near The Magnolia on the corner of Sulzfeld Way and Main Street; and

WHEREAS, the solicitation is for a term of one (1) year, with up to four (4) optional one-year renewal terms, and funds for the renewal terms will be in accordance with the approved budget for each fiscal year; and

WHEREAS, one (1) response was received and opened at 5:00 p.m. on December 10, 2019; and

WHEREAS, staff recommends award of the RFQ to the sole responsive, responsible bidder, California Waters Development, Inc., in the amount of \$47,020.00 for a one-year term with up to four (4) optional one-year terms; and

WHEREAS, the City Council believes it to be in the best interests of the City to award the RFQ to California Waters, in the amount of \$47,020.00 for a one-year term, with up to four (4) optional one-year terms, as recommended by staff.

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 awards the RFQ for the Project to:

California Waters Development, Inc.

in the amount of \$47,020.00 for a one-year term, with up to four (4) additional one-year renewal options.

3. The City Manager and City Clerk are authorized and directed to execute a contract on behalf of the City of El Cajon, including any one or more renewals of the contract, with such changes or amendments to the same as maybe approved by the City Manager.





**City of El Cajon Purchasing Division**  
**RFQ Summary**

---

RFQ No. 301378 – Water Feature Maintenance and Repairs

<b>Bidder</b>	<b>Amount</b>
California Waters Development, Inc. (Yorba Linda, CA)	\$47,020*

\*RECOMMEND AWARD

PROJECT MANAGER'S ESTIMATE: \$32,000





City Council  
Agenda Report

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Nahid Razi, Purchasing Agent  
**SUBJECT:** Contract Amendment for Mechanical Door and Gate Repair

---

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to increase the contract for mechanical door and gate repair in the not-to-exceed amount of \$21,951.52.

**BACKGROUND:**

On June 12, 2018, the City of El Cajon entered into a contract with Vortex Industries, Inc., for maintenance and repairs of mechanical doors and gates in the not-to-exceed annual amount of \$30,000. This solicitation included four optional one-year renewal periods. On December 10, 2019, the City Council authorized an increase of \$20,000 to the contract in order to repair electric door operators.

Over the last month, there were additional unanticipated major repairs required. As detailed in the attached memorandum, staff requests an additional increase to the contract to repair damaged doors and gates in the not-to-exceed amount of \$21,951.52.

**FISCAL IMPACT:**

Approval of the \$21,951.52 increase will supplement the existing contract, for a total annual amount of \$71,951.52 for current term. Sufficient funds are available in Fiscal Year 2019-20 Annual Budget: Public Works Facilities Operations (123000).

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

---

Attachments

Resolution  
Memorandum

---

RESOLUTION NO. \_\_-20

A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF EL CAJON  
APPROVING AMENDMENT OF A CONTRACT  
FOR MECHANICAL DOOR AND GATE REPAIR

WHEREAS, on June 12, 2018, the City of El Cajon (the "City") entered into a public works contract with Vortex Industries, Inc. for maintenance and repairs of mechanical doors and gates, in the not-to-exceed annual amount of \$30,000.00 for a term of one year, with four (4) optional one-year renewal periods; and

WHEREAS, on June 5, 2019, the City entered into an amendment to renew the contract for one (1) additional year for the not-to-exceed amount of \$30,000.00; and

WHEREAS, on December 10, 2019, the City Council authorized an increase of \$20,000 for the current term of the contract for additional repairs to electric door operators at the City's Public Safety Center and Fire Stations 6, 8 and 9; and

WHEREAS, during the last month additional unanticipated major repairs have been required, and staff has requested an additional increase of a not-to-exceed amount of \$21,951.52 for repair of damaged doors and gates.

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 amendment of the City's contract with Vortex Industries, Inc. for additional repairs of mechanical doors and gates, in the not-to-exceed amount of \$21,951.52, to be added to the previously approved amount of \$50,000.00, for a total not-to-exceed contract amount of \$71,951.52 for the term of June 12, 2019 through June 11, 2020.
3. The City Council hereby authorizes the City Manager to execute an amendment to the contract, with such changes as may be approved by the City Manager.

# CITY OF EL CAJON



## MEMORANDUM

**DATE:** January 6, 2020  
**TO:** Nahid Razi, Purchasing Agent  
**FROM:** Kevin Wright, Operation Manager, Facilities  
**VIA:** Dirk Epperson, Director of Public Works  
**SUBJECT:** Increase to PO#94182 due to major repairs at Fire Station 6, 8 & 9

---

I am requesting an increase to the Maintenance & Repairs of Mechanical Doors & Gates contract, PO#94182, in the not-to-exceed amount of \$21,951.52.

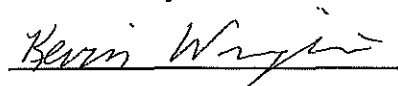
On June 12, 2018 the City entered into a contract with Vortex Industries Inc. (Solicitation No. 020-18, Resolution No. 002-18) for Maintenance & Repairs of Mechanical Doors & Gates in the not-to-exceed amount of \$30,000.00. This cost was projected for one year of routine maintenance and minor repairs to the City's twenty-eight mechanical doors and four electric gates. On June 12, 2019 the City of El Cajon entered into the second amendment of that contract.

On December 10, 2019 the City Council approved an additional \$20,000.00 increase to the contract for the repair of the electric door operators at the Public Safety Center (\$19,398.80). Over the last month, there were additional unanticipated major repairs at Fire Station 6 (damaged door panels \$7,459.56), Fire Station 8 (broken springs on doors 2 & 3, \$8,143.76) and Fire Station 9 (broken springs on door #4, \$6,348.20).

In order to account for the unanticipated repairs, as well as the ongoing routine maintenance I am requesting an additional \$21,951.52 to be added to the contract bringing the total value to \$71,651.52. This is to cover the current repairs needed and preventative maintenance costs for the rest of the contract term.

I am requesting that we allocate the additional funds from Budget Activity 123000-8576.

Submitted by:



Kevin Wright  
Operations Manager, Facilities

Authorized by:



Dirk Epperson  
Director of Public Works



City Council  
Agenda Report

**Agenda Item 10.**

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Jamie Van Ravesteyn, Housing Manager  
**SUBJECT:** Lexington Senior Apartments - Termination of Existing DDA and Sale of Leasehold Interest

---

**RECOMMENDATION:**

That the City Council/El Cajon Housing Authority continues the Public Hearing to the February 11, 2020 meeting at the request of the Developer/Operator.

**BACKGROUND:**

This public hearing item is for the Lexington Avenue Senior Apartments project located at 250 East Lexington Avenue, and the proposed transfer of the leasehold interest from the existing developer/operator to another. The sale of the leasehold interest will include the termination of the existing DDA and related documents, approval for the sale of the leasehold interest and approval to enter into a new DDA and related documents.

The applicant has requested a continuance of this item in order to make refinements to the proposal. The Public Hearing is requested to be continued to February 11, 2020 at 3:00 pm.

Prepared By: Jamie van Ravesteyn, Housing Manager  
Reviewed By: Anthony Shute, Director of Community Development  
Approved By: Graham Mitchell, City Manager

---



City Council  
Agenda Report

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Clay Schoen, Director of Finance  
**SUBJECT:** Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019, and Other Written Communication from the City's Independent Auditor

---

**RECOMMENDATION:**

That the City Council receives and accepts 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, 2019.

**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](http://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: Victoria Danganan, Financial Operations Manager

Reviewed By: Clay Schoen, Director of Finance

Approved By: Graham Mitchell, City Manager

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Attachments

CAFR FY 2018-19

Internal Control Report

GANN Limit Report

SAS114 Letter

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# City of El Cajon California



## COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2019

# City of El Cajon, California

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2019



*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

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200 Civic Center Way

• El Cajon, California 92020

December 17, 2019

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, 2019.

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, 2019, 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, 2019, 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 105,559. 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 1 (page 41) of 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 its modest growth based on a number of key indicators. As of October 2019, state unemployment rates have improved to 3.9%, with the national rate lower at 3.6%. The San Diego regional unemployment rate is lower than both at 2.7% as of September 2019. Looking forward, the UCLA Anderson Forecast stated in September 2019 that it "expects the national economy to slow to 0.4% in the second half of 2020, before rebounding to 2.1% in 2021." The Forecast also cautioned that "the slow growth rate nationally and the weakness in the housing market, the Forecast expects California's unemployment rate to rise to an average of 5.1%."

Additionally, State Domestic Product was \$3.0 trillion in 2018, which is up 6.3% from the previous year. The Standard and Poor's / Case Schiller 20 – City Composite Home Price Index was up 4.04% in 2017, and up 2.21% in the same period for the greater San Diego area market.

Sales Tax Revenues – Sales tax revenues, including regular sales tax and sales tax received in lieu of property taxes, decreased \$0.3million from the prior fiscal year, a 1.0% increase. This change is primarily attributable to changes in the way the California Department of Tax and Fee Administration collects and distributes funds in the previous year. The City's additional district sales tax, known as "Prop J" increased 1.5% from the previous year.

Property Taxes – Property taxes collected in fiscal year 2018-19 increased 6.0% 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 2018-19 was \$9.5 billion; this represents a 5.7% increase from the prior year. For fiscal year 2019-20, total assessed values grew to \$10.0 billion, an increase of 5.6% from fiscal year 2018-19.

Although the economy continues to grow, 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, \$15.9 million at June 30, 2019. Additionally, the general fund had assigned fund balance of \$8.0 million for unfunded retirement obligations and \$6.5 million for economic uncertainty. The \$18.6 million unassigned fund balance at June 30, 2019, provides resources for future needs. The city council periodically rebalances these assignments based on anticipated needs, which was done on June 25, 2019. Based on recent analysis and information received to date, general fund revenue and expenditure projections for fiscal year 2019-20 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 \$10.4 million was collected in fiscal year 2018-19 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 \$9.5 million was utilized to reconstruct and resurface major thoroughfares and local residential streets, and to maintain or improve streetlights 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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 who 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





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of El Cajon  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF EL CAJON**  
**List of Principal Officials**  
**Fiscal Year Ended June 30, 2019**

**MAYOR**

Bill Wells

**COUNCILMEMBERS**

Steve Goble, Deputy Mayor  
Gary Kendrick  
W. E. "Bob" McClellan  
Phil Ortiz

**CITY MANAGER**

Graham Mitchell

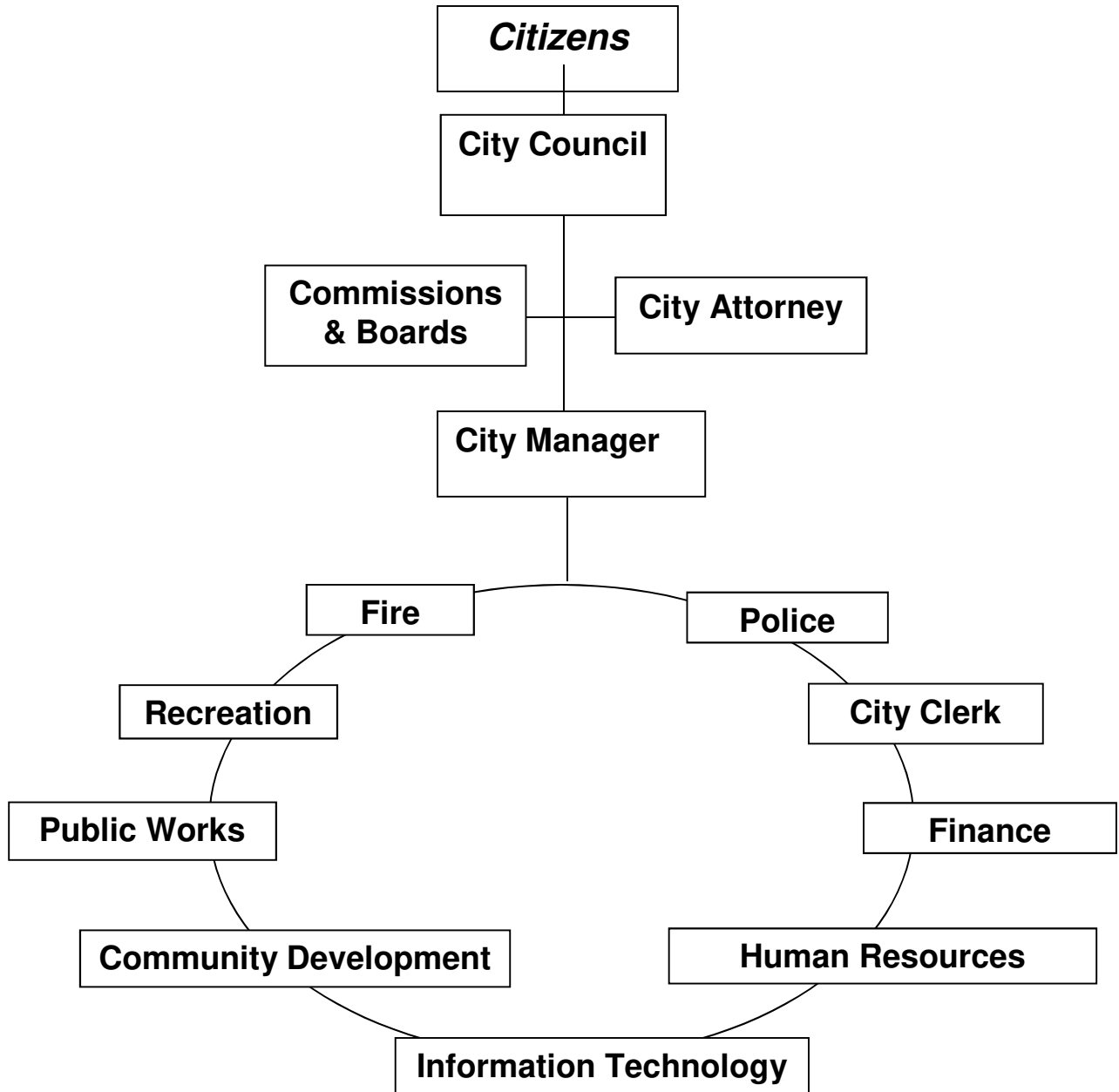
**CITY ATTORNEY**

Morgan Foley

**MANAGEMENT TEAM**

Vince DiMaggio – Assistant City Manager  
Angela Cortez – City Clerk  
Jeff Davis – Police Chief  
Steve Swaney – Fire Chief  
Tony Shute – Director of Community Development  
Marisol Thorn – Director of Human Resources  
Sara Diaz – Director of Information Services  
Dirk Epperson – Director of Public Works  
Frank Carson – Director of Recreation  
Clay Schoen – Director of Finance

**CITY OF EL CAJON**  
**Organizational Chart**  
**Fiscal Year Ended June 30, 2019**







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

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramsca.net

## *Independent Auditor's Report*

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

### **PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, 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)  
Kirk A. Franks, CPA (Partner Emeritus)

### **DIRECTORS**

Jenny Liu, CPA, MST

### **MANAGERS / STAFF**

Charles De Simoni, CPA  
Gardenya Duran, CPA  
Brianna Schultz, CPA  
Jingjie Wu, CPA  
Evelyn Morentin-Barcena, CPA  
Jin Gu, CPA, MT  
Veronica Hernandez, CPA  
Tara R. Thorp, CPA, MSA  
Laura Arvizu, CPA

### **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



A Worldwide Alliance of Independent  
Accounting, Law and Consulting Firms

### **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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cajon, California, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 16, 2019, 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 16, 2019





# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

---

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, 2019. 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.

#### **FINANCIAL HIGHLIGHTS**

- At June 30, 2019, the City's total net position was \$234.4 million. Of this amount, governmental activities net position accounts for \$170.1 million and business-type activities total \$64.3 million. The City's overall net position decreased by \$4.6 million or 1.9 percent, from the previous fiscal year.
- The City's total assets increased by \$9.8 million, mostly due to investment earnings and capital asset additions. The City's total liabilities increased by \$6.8 million, primarily due to net OPEB liabilities. Deferred outflows and deferred inflows of resources decreased by \$9.8 million and \$2.2 million, respectively, from the prior fiscal year. Pension and OPEB related items account for the decreases in deferred outflows and inflows of resources.
- Total government-wide revenues were \$114.1 million, which increased by \$9.3 million or 8.9 percent from the prior fiscal year, mostly due to higher investment earnings and capital contributions. Total expenses were \$118.7 million, an increase of \$10.6 million, or 9.8 percent, from last fiscal year. The significant expense increases were incurred in public safety, public works, and wastewater.
- At June 30, 2019, the City's governmental funds reported combined fund balances of \$98.3 million, a \$0.5 million decrease from the prior fiscal year. This was primarily due to higher capital outlay expenditures in the City Capital Improvement Program Fund for capital projects that were in progress during the fiscal year.
- The General Fund's fund balance was \$49.1 million, slightly increasing by \$0.3 million compared to the previous fiscal year. During the year, the General Fund made a one-time transfer of the proceeds from the sale of the site of the former police station to the City Capital Improvement Program Fund (\$4.9 million) for the renovations of the Magnolia Performing Arts Center.

#### **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 statements 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 beginning on page 19 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.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

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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.

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 the City (*primary government*), and all legally separate entities (component units) for which the City is financially accountable. The El Cajon Public Financing Authority and the El Cajon Housing Authority, though legally separate, are treated as programs of the City and are included in the basic financial statements as an integral part of the primary government.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements can be found beginning on page 25 of this report.

#### 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.

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 18 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, and City Capital Improvement Program Capital Projects Fund. Data from the other 14 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.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

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#### Proprietary funds

The City maintains two different types of proprietary funds: enterprise funds and internal service 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 five 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 statements 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. The City reports two types of fiduciary fund. The private-purpose trust fund accounts for the Successor Agency to the El Cajon Redevelopment Agency; and the agency funds account for the Miscellaneous Deposits, Heartland Fire Training Authority (HFTA), and Heartland Communications Facility Authority (HCFA).

#### **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 and can be found beginning on page 41 of this report.

#### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information related to the City's budget process and the General Fund's budgetary comparison schedules and the City's progress in funding its obligations to provide pension and post-employment benefits to its employees. The required supplementary information can be found beginning on page 83 of this report.

Combining and individual statements for non-major governmental funds, internal service funds, and the agency fiduciary funds are presented in the Supplementary Information section of the report. The supplementary information can be found beginning on page 95 of this report.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

#### 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, 2019, the City's net position totaled \$234.4 million, which represents an overall decrease of \$4.6 million from the previous fiscal year. This decrease was primarily due to a significant increase in net OPEB liability. The City's GASB Statement No. 75 actuarial valuation report, measured at June 30, 2018, reflected the inclusion of the implicit subsidy amount for \$4.6 million. Long-term liabilities also increased from the additional loan draws from the California State Water Resources Control Board for the Johnson Avenue Sewer Interceptor Project.

The following is the condensed statement of net position for the fiscal years ended June 30, 2019 and 2018.

#### Condensed Statement of Net Position June 30, 2019 and 2018 (in millions)

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current & other assets	\$ 120.2	\$ 119.6	\$ 32.8	\$ 30.0	\$ 153.0	\$ 149.6
Capital assets, net	231.0	225.8	61.5	60.3	292.5	286.1
Total assets	<u>351.2</u>	<u>345.4</u>	<u>94.3</u>	<u>90.3</u>	<u>445.5</u>	<u>435.7</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>28.1</u>	<u>37.3</u>	<u>1.1</u>	<u>1.7</u>	<u>29.2</u>	<u>39.0</u>
<b>LIABILITIES</b>						
Long-term liabilities	10.1	10.1	20.6	17.5	30.7	27.6
Net pension liability	181.9	181.4	8.4	8.7	190.3	190.1
Net OPEB liability	6.1	1.9	0.5	0.1	6.6	2.0
Other liabilities	7.5	6.8	1.5	3.3	9.0	10.1
Total liabilities	<u>205.6</u>	<u>200.2</u>	<u>31.0</u>	<u>29.6</u>	<u>236.6</u>	<u>229.8</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>3.6</u>	<u>5.8</u>	<u>0.1</u>	<u>0.1</u>	<u>3.7</u>	<u>5.9</u>
<b>NET POSITION</b>						
Net investment in capital assets	229.5	224.1	41.2	43.1	270.7	267.2
Restricted	50.7	50.2	0.6	0.4	51.3	50.6
Unrestricted	(110.1)	(97.6)	22.5	18.8	(87.6)	(78.8)
Total net position	<u>\$ 170.1</u>	<u>\$ 176.7</u>	<u>\$ 64.3</u>	<u>\$ 62.3</u>	<u>\$ 234.4</u>	<u>\$ 239.0</u>

At June 30, 2019, the largest portion of the City's total net position (\$270.7 million) reflects the net investment in capital assets. This component consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition, construction, or improvement of those assets. The City uses these capital assets, which include land, buildings, machinery and equipment, and infrastructure, to provide services to its citizens. The amount of net investment in capital assets is 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, 2019**

An additional portion of the City's net position (\$51.3 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. The City's unrestricted net position, at June 30, 2019, was a deficit of \$87.6 million, primarily due to the recognition of long-term liabilities (compensated absences), net pension, and net OPEB liabilities.

The following is the condensed statement of activities for the fiscal years ended June 30, 2019 and 2018.

**Condensed Statement of Activities**  
**For the fiscal years ended June 30, 2019 and 2018**  
(in millions)

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 10.2	\$ 8.6	\$ 21.1	\$ 20.4	\$ 31.3	\$ 29.0
Operating grants & contributions	6.9	7.6	-	-	6.9	7.6
Capital grants & contributions	6.8	3.8	-	-	6.8	3.8
General revenues:						
Property taxes	20.1	18.7	-	-	20.1	18.7
Sales taxes	37.0	37.2	-	-	37.0	37.2
Other taxes	8.4	7.8	-	-	8.4	7.8
Intergovernmental	0.1	0.1	-	-	0.1	0.1
Investment earnings	2.6	0.4	0.9	0.1	3.5	0.5
Other	0.0	(0.4)	0.0	0.5	0.0	0.1
Total revenues	<u>92.1</u>	<u>83.8</u>	<u>22.0</u>	<u>21.0</u>	<u>114.1</u>	<u>104.8</u>
<b>EXPENSES</b>						
General government	8.1	8.4	-	-	8.1	8.4
Public safety	64.2	58.1	-	-	64.2	58.1
Public works	17.5	15.0	-	-	17.5	15.0
Recreation	4.6	4.9	-	-	4.6	4.9
Community development	4.3	4.2	-	-	4.3	4.2
Interest on long-term debt	0.0	0.1	-	-	0.0	0.1
Wastewater	-	-	20.0	17.4	20.0	17.4
Total expenses	<u>98.7</u>	<u>90.7</u>	<u>20.0</u>	<u>17.4</u>	<u>118.7</u>	<u>108.1</u>
Change in net position	(6.6)	(6.9)	2.0	3.6	(4.6)	(3.3)
Net position, beginning	176.7	183.6	62.3	58.7	239.0	242.3
Net position, ending	<u>\$ 170.1</u>	<u>\$ 176.7</u>	<u>\$ 64.3</u>	<u>\$ 62.3</u>	<u>\$ 234.4</u>	<u>\$ 239.0</u>

# CITY OF EL CAJON

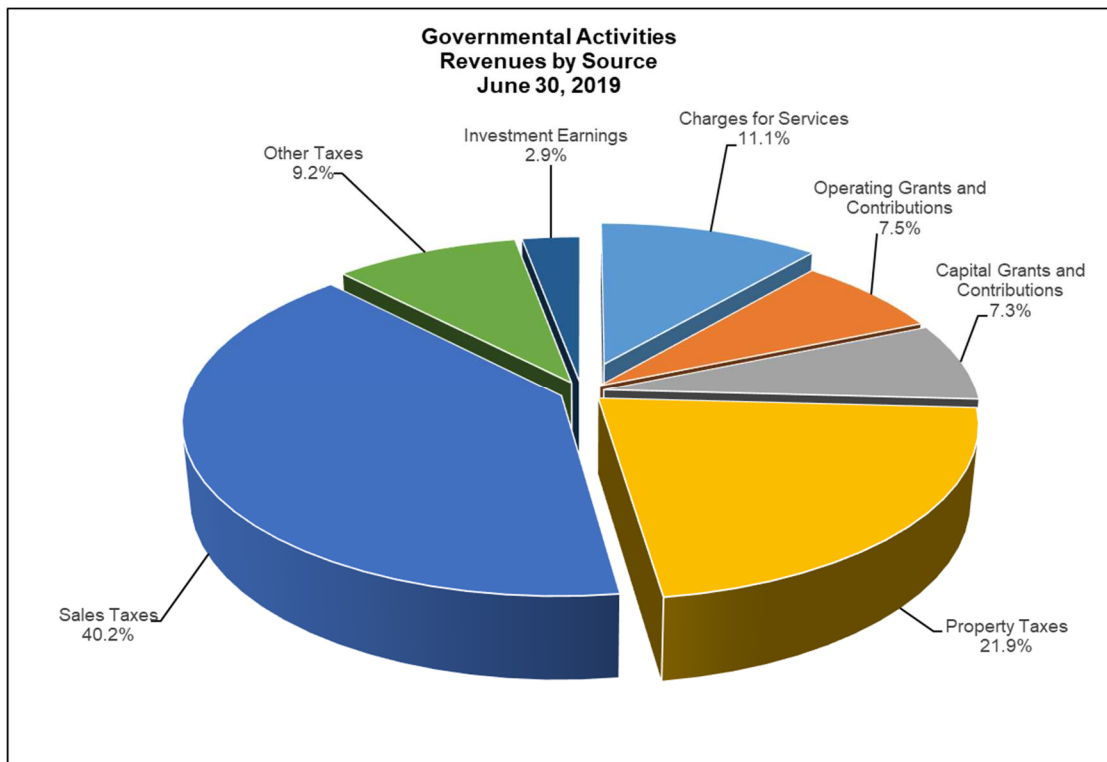
## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

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#### Governmental Activities

Revenues – Over 70 percent of the revenue sources for the City's governmental activities are generated through taxes collected. The chart below illustrates the governmental activities revenue sources



The City's revenue sources for governmental activities increased by \$8.3 million, or 9.9 percent from the previous fiscal year. Key elements of this increase are as follows:

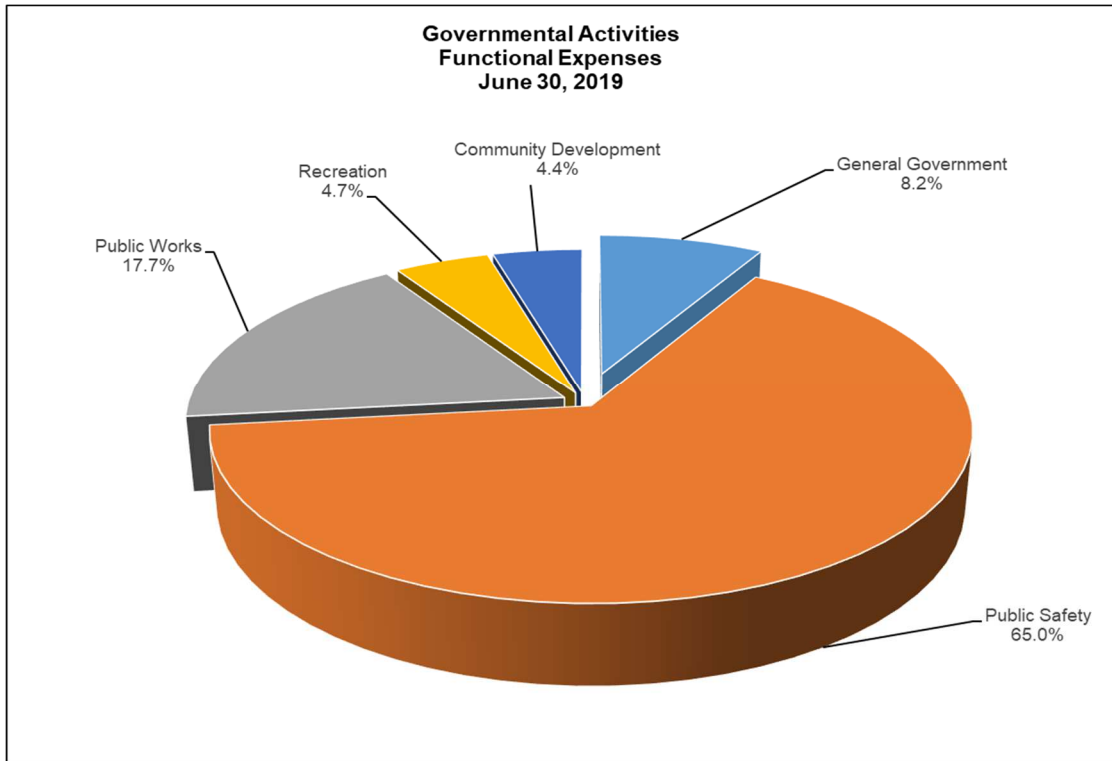
- Property taxes were \$1.4 million or 7.5 percent higher compared to the prior fiscal year because of a 5.7 percent increase in the assessed values of residential, commercial, and industrial properties.
- Other taxes increased by \$0.6 million or 7.7 percent from the prior fiscal year resulting from higher transient occupancy taxes generated with the addition of a new hotel, Courtyard by Marriott.
- Investment earnings increased significantly by \$2.2 million. This increase can be attributed to two factors: unrealized gains resulting with the fair market value adjustment of the City's investments at June 30, 2019 and rising interest rates during the fiscal year.
- Capital grants and contributions increased by \$3.0 million, or 78.9 percent, due to funds provided by federal, state, and other agencies for streets capital improvement projects.
- Charges for services were higher by \$1.6 million, or 18.6 percent, from the previous year due to program income earned from housing loans and increases in community development-related fees. Construction and building permits issued increased by 13.3 percent compared to the prior fiscal year.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

Expenses – Over 60 percent of expenses for governmental activities are related to public safety. The chart below shows governmental expenses by function.



Overall governmental expenses rose by \$8.0 million from the prior fiscal year due to increases in public safety and public works expenses.

- Public safety expenses were higher due to increases in salary and benefits, purchases of equipment, and anticipated costs of claims and judgments.
- Public works expenses were higher due to a significant increase in depreciation expense resulting from the completion of streets infrastructure projects.

### Business-type Activities

The City's business-type activity consists solely of the wastewater enterprise fund, which reported a net position of \$64.3 million at June 30, 2019. Charges for services exceeded wastewater expenses by \$1.1 million. Investment earnings increased by \$0.9 million. As a result, the overall net position of the wastewater activity increased by \$2.0 million from the prior fiscal year.

The largest portion of the wastewater net position (\$41.2 million) reflects the investment in capital assets used to deliver wastewater services. Additionally, \$0.6 million is restricted for debt service. The remaining balance of unrestricted net position can be used for ongoing wastewater operations without constraints established by enabling legislation or other legal requirements. As of June 30, 2019, the wastewater fund's unrestricted net position was \$22.5 million.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

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#### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2019, the City's governmental funds reported combined fund balances of \$98.3 million, a decrease of \$0.5 million from the prior year. Approximately 18.9 percent of this amount (\$18.6 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 spendable form (\$2,507), b) restricted for particular purposes (\$35.9 million), c) committed for particular purposes (\$15.9 million), and d) assigned for particular purposes (\$27.9 million).

#### General Fund

The General Fund is the chief operating fund of the City. At the end of the fiscal year, total fund balance was \$49.1 million; of which \$18.6 million was unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total General Fund expenditures of \$73.6 million. Unassigned fund balance represented 25.3 percent of total General Fund expenditures for the year.

The General Fund's fund balance slightly increased by \$0.3 million from the previous fiscal year. Excess of revenues over expenditures was \$4.9 million. The General Fund made a \$4.9 million transfer to the City Capital Improvement Program Capital Projects Fund to pay for the renovations of the Magnolia Performing Arts Center.

Revenues of the General Fund were \$78.5, which was \$4.0 million higher than the prior year. As mentioned in the preceding section about the government-wide analysis of revenue sources, taxes and investment earnings were key elements contributing to this increase.

Total General Fund expenditures were \$73.6 million, an increase of \$5.5 million compared to previous fiscal year. The most significant increase was in public safety, which spent \$4.1 million more than the prior year. The higher expenditures were primarily due to increases in salaries and benefits and interfund reimbursements for information technology and risk management services.

#### Low and Moderate Income Housing Asset Fund Special Revenue Fund

The Low and Moderate Income Housing Asset Fund (LMIHAF) Special Revenue Fund accounts for the housing assets and functions of the former El Cajon Redevelopment Agency for the purpose of developing affordable housing. As of June 30, 2019, the LMIHAF had total assets of \$15.4 million, \$11.8 million of which were loans receivable.

The LMIHAF had total revenues of \$0.2 million from investment earnings. Total expenditures were \$0.3 million, which were primarily for administration and management of the housing assets and development projects. During the fiscal year, new housing loans for \$0.4 million were disbursed and loan repayments of \$0.1 million were received as accounted for in the balance sheet.



# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

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#### HOME Special Revenue Fund

This fund accounts for HOME Investment Partnerships Program (HOME) 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, 2019, total assets of the HOME fund were \$11.4 million, \$10.9 million of which were loan receivables.

The HOME fund had an excess of revenues over expenditures by \$0.5 million. Total revenues were \$0.6 million primarily from grant reimbursements. Total expenditures related to the administration of the HOME programs and activities were minimal. During the fiscal year, new housing loans for \$0.5 million were disbursed and loan repayments of \$0.1 million were received as accounted for in the balance sheet.

#### City Capital Improvement Program Capital Projects Fund.

This fund accounts for capital improvement activities related to City-owned facilities and other capital assets. As of June 30, 2019, total fund balance was \$8.8 million, which represents a decrease of \$2.8 million from the previous fiscal year. Total expenditures exceeded total revenues by \$8.2 million, which can be attributed to construction in progress during the fiscal year. This fund received net transfers of \$5.4 million, primarily from the General Fund, for projects that include the Magnolia Performing Arts Center Improvements and Heating, Ventilation, and Air Conditioning Project.

#### 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 \$14.7 million at June 30, 2019, an increase of \$5.5 million from the prior fiscal year. This increase can be attributed to two factors: reclassification of the Public Safety Facilities Capital Projects Fund as a non-major governmental fund and increases in streets related revenues from grants and development fees

#### **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 by \$0.7 million to \$21.1 million during the fiscal year and non-operating revenues were \$1.0 million. Operating expenses totaled \$20.0 million, a \$2.6 million increase from previous year, primarily due to increases in personnel costs. As of June 30, 2019, the fund's net position increased by \$2.0 million to \$64.3 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. Total operating revenues exceeded operating expenses by \$0.7 million and total non-operating revenues were \$0.1 million. The total net position of the internal service funds increased to \$12.4 million at June 30, 2019.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

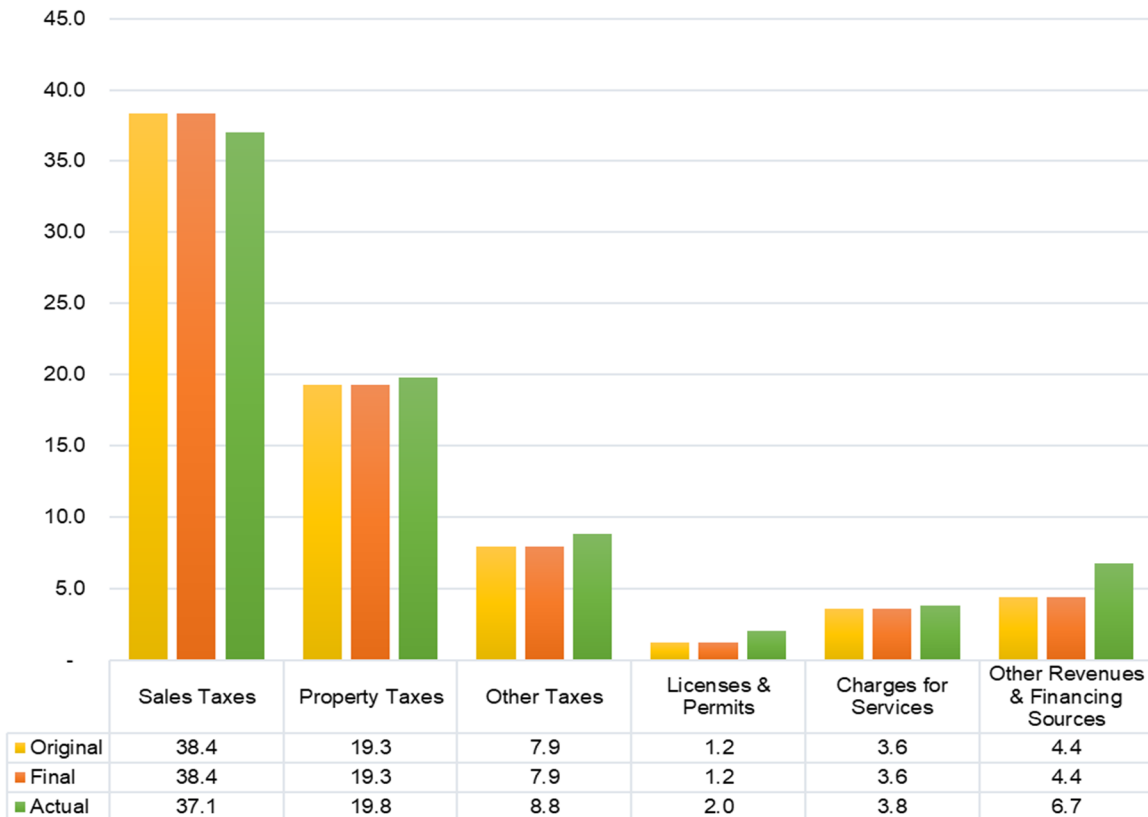
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#### GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budget for revenues and other financing sources was \$74.8 million and the final budget for expenditures and other financing uses was \$80.1 million. The following graphs depict the original budget, final budget, and actual results for the General Fund revenues and other financing sources and expenditures and other financing uses.

Actual revenues and other financing sources performed better than budgetary expectations by approximately \$3.4 million. Other revenues and financing sources, which included investment earnings, accounted for \$2.3 million, while licenses and permits exceeded expectations by \$0.8 million.

**Comparison of General Fund Revenues  
Budget vs. Actual  
For the fiscal year ended June 30, 2019**



# CITY OF EL CAJON

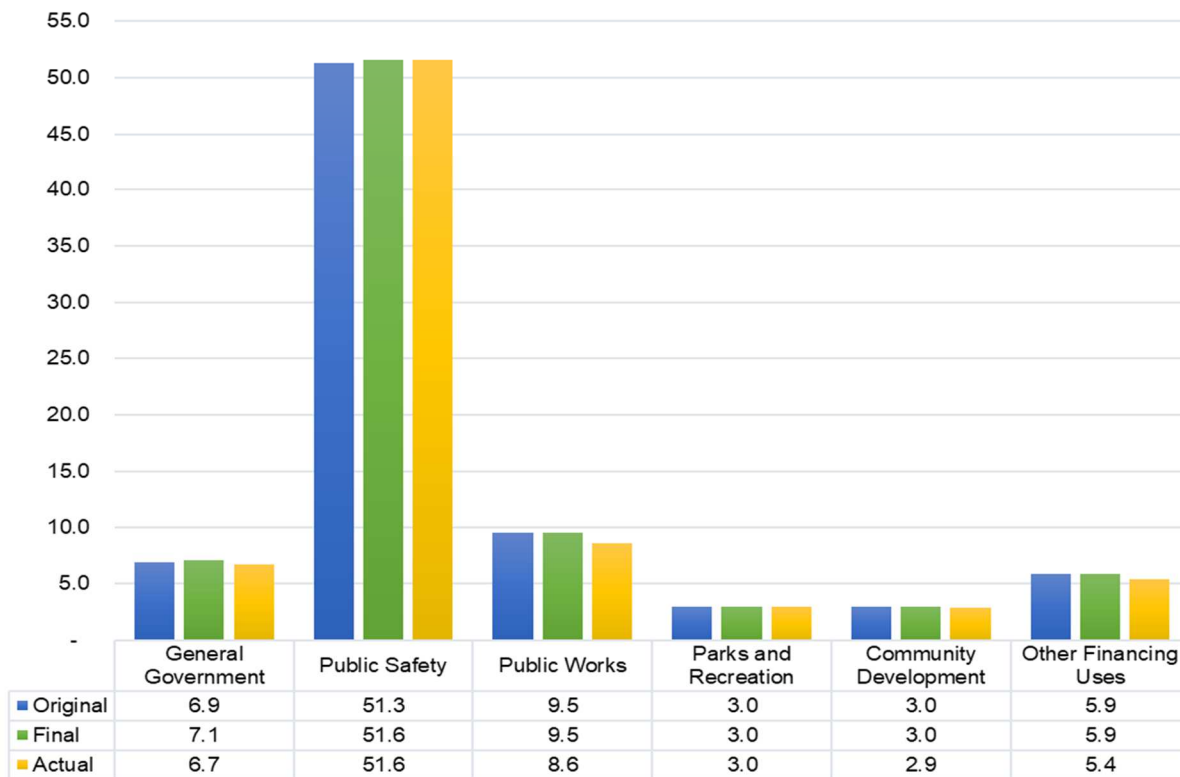
## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

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Actual expenditures and other financing uses were under the final budget by \$1.8 million. Minimal savings were experienced throughout the General Fund; the largest cost savings were generated by the General Government (\$1.3 million under budget) and Other Financing Uses (\$0.5 million under budget).

**Comparison of General Fund Expenditures  
Budget vs. Actual  
For the fiscal year ended June 30, 2019**



The Budgetary Comparison Schedule showing more details of the General Fund original and final budgets can be found in the Required Supplementary Information beginning on page 85.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2019

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

At June 30, 2019, the City reported capital assets with a carrying value of \$292.4 million, an increase of \$6.3 million from the prior year. The following table provides a summary of the City's capital assets as of June 30, 2019.

**City of El Cajon**  
**Capital Assets (net of depreciation)**  
**Comparative Data as of June 30, 2019 and 2018**  
(in millions)

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 22.1	\$ 22.1	\$ 0.1	\$ 0.1	\$ 22.2	\$ 22.2
Rights of way	31.2	31.2	-	-	31.2	31.2
Construction in progress	11.6	1.9	0.5	0.9	12.1	2.8
Use rights	1.6	1.7	-	-	1.6	1.7
Land improvements	2.5	3.0	-	-	2.5	3.0
Buildings & improvements	73.5	76.3	0.1	0.2	73.6	76.5
Machinery, equipment & vehicles	5.2	5.8	1.1	0.7	6.3	6.5
Interest in Mission Gorge Mains	-	-	7.3	7.5	7.3	7.5
Infrastructure	83.3	83.8	52.3	50.9	135.6	134.7
<b>Total</b>	<b>\$ 231.0</b>	<b>\$ 225.8</b>	<b>\$ 61.4</b>	<b>\$ 60.3</b>	<b>\$ 292.4</b>	<b>\$ 286.1</b>

Some of the major additions to the City's capital assets include:

- Improvements to park structures and baseball fields at Bill Beck, Hillside and Cajon Valley Middle School.
- Approximately \$4.0 million of street infrastructure projects that include reconstruction of citywide street collectors and major thoroughfares, accessibility improvements to sidewalks, curb ramps and pedestrian signals, and additions and upgrades of traffic signals and streetlights.
- Sewer infrastructure project for \$2.9 million to replace sewer and storm drains pipelines and junction structures throughout the City.
- Purchase of six vehicles and sewer/vacuum freightliner.

A number of capital projects were still in progress at fiscal year ended June 30, 2019. Major capital projects in progress that were significant included the Magnolia Performing Arts Center Improvements and Heating, Ventilation, and Air Conditioning Project. These projects added approximately \$10.1 million to construction in progress.

Additional information on capital assets can be found in Note 4 of the Notes to the Basic Financial Statements beginning on page 57.

**CITY OF EL CAJON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended June 30, 2019**

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**Long-Term Debt**

The City's outstanding long-term debt at the end of fiscal years 2019 and 2018 are presented in the schedule below.

**City of El Cajon**  
**Long-Term Debt**  
**Comparative Data as of June 30, 2019 and 2018**  
(in millions)

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Capital Lease	\$ 1.5	\$ 1.6	\$ -	\$ -	\$ 1.5	\$ 1.6
CA State Water Resources Loan	-	-	10.4	7.3	10.4	7.3
Due to City of San Diego	-	-	9.9	9.9	9.9	9.9
<b>Total</b>	<b>\$ 1.5</b>	<b>\$ 1.6</b>	<b>\$ 20.3</b>	<b>\$ 17.2</b>	<b>\$ 21.8</b>	<b>\$ 18.8</b>

The City received \$3.5 million of loan disbursements from the California State Water Resources Control Board for the project costs incurred in the Johnson Avenue Sewer Interceptor Project. As of June 30, 2019, the City has used the available line of credit related to this agreement.

Additional information on long-term debt can be found in Note 5 of the Notes to the Basic Financial Statements beginning on page 58.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following factors were considered in preparing the City's General Fund budget for fiscal year 2019-20:

- Although the economy has continued to grow in 2018, many economists are beginning to recognize a softening of the economy. There have been mixed and conflicting signs from the various economic indicators used in assessing the economy's current condition and projecting its growth. In anticipation of the change in the economic environment, the City's Fiscal Year 2019-20 Budget considered budget-tightening measures that will allow the City to continue providing high levels of service in FY 2019-20 and beyond.
- General Fund revenues and other financing sources are anticipated to increase by \$1.8 million in FY 2019-20 over the previous year. This represents an overall increase of 2.4 percent. This is primarily due to anticipated growth in major revenue sources. Sales and property taxes continue to represent the General Fund's primary source of revenue at 76.2 percent of total revenues. Sales taxes are expected to increase 2.8 percent from FY 2018-19 estimated amounts to total \$38.7 million. Property taxes are anticipated to increase 4.4 percent from the previous fiscal year.

# **CITY OF EL CAJON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the fiscal year ended June 30, 2019**

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- General Fund expenditures and other financing uses are anticipated to decrease by \$2.0 million, or 2.5 percent, in FY 2019-20 compared to the revised FY 2018-19 budget. The majority of this reduction is due to the one-time transfer of \$4.9 million to the City Capital Improvement Program Fund. Partially offsetting this decrease is the continued escalation of CalPERS employer contribution rates, as well as salary and benefit increases from negotiated labor agreements.
- While increasing CalPERS employer contributions has been a major storyline for the past several years, the anticipated increase for FY 2019-20 represents another significant increase. Anticipated General Fund employer contribution increases \$2.1 million, which brings total General Fund contributions to \$16.7 million, or 21.4 percent of the total General Fund expenditure budget
- The City continues to have significant employee turnover through retirement and other attrition. In order to ensure efficient continuity of ongoing programs and services, the FY 2019-20 budget authorizes the limited hiring of new staff prior to the separation of the departing incumbent. The duration of the short training and development overlap periods and the positions to which they will apply will be determined on a case-by-case basis by the City Manager.
- The FY 2019-20 budget maintains a strong General Fund reserve of nearly \$45 million. This reserve balance represents approximately 57 percent of the City's General Fund expenditures. This balance will protect the City in the event of an economic or natural disaster and will allow the City to maintain services. During the upcoming fiscal year, the City will continue to seek strategies to reduce costs while augmenting revenue.

#### **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](http://www.cityofelcajon.us).

# CITY OF EL CAJON

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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### **Governmental Activities**

Activities include General Government, Public Safety consisting of police and fire, Public Works, Recreation, and Community Development. Revenues to finance these activities include property and sales taxes, user fees, investment income, and intergovernmental revenues.

### **Business-Type Activities**

Activities relate to the City's wastewater system. Fees charged to the customers for the services provided cover the cost of the wastewater activities.





# CITY OF EL CAJON

## Statement of Net Position

June 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (note 2)			
Cash and investments	\$ 85,223,302	\$ 27,918,256	\$ 113,141,558
Cash and investments, restricted	-	592,205	592,205
Receivables:			
Accounts, net	133,829	4,147,506	4,281,335
Interest	453,154	149,380	602,534
Intergovernmental	3,717,022	27,665	3,744,687
Taxes	7,063,083	-	7,063,083
Loans (note 3)	23,621,335	-	23,621,335
Prepaid items	4,802	-	4,802
Capital assets (note 4):			
Non-depreciable	64,912,453	550,513	65,462,966
Amortizable or depreciable	166,048,040	60,936,227	226,984,267
<b>Total assets</b>	<b>351,177,020</b>	<b>94,321,752</b>	<b>445,498,772</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension (note 6)	26,711,320	943,119	27,654,439
Deferred outflows - OPEB (note 8)	1,425,929	119,626	1,545,555
<b>Total deferred outflows of resources</b>	<b>28,137,249</b>	<b>1,062,745</b>	<b>29,199,994</b>
<b>Combined assets and deferred outflows of resources</b>	<b>\$ 379,314,269</b>	<b>\$ 95,384,497</b>	<b>\$ 474,698,766</b>
<b>Liabilities</b>			
Accounts payable	4,557,458	924,578	5,482,036
Accrued interest payable	22,312	122,659	144,971
Accrued liabilities	2,469,320	140,792	2,610,112
Deposits payable	298,306	293,496	591,802
Unearned revenue	180,163	-	180,163
Long-term liabilities (note 5):			
Due within one year	4,232,095	608,496	4,840,591
Due in more than one year	5,848,143	20,006,580	25,854,723
Net pension liability (note 6)	181,877,449	8,428,764	190,306,213
Net OPEB liability (note 8)	6,115,699	513,765	6,629,464
<b>Total liabilities</b>	<b>205,600,945</b>	<b>31,039,130</b>	<b>236,640,075</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension (note 6)	3,560,809	88,460	3,649,269
Total deferred inflows of resources (note 8)	<b>3,560,809</b>	<b>88,460</b>	<b>3,649,269</b>
<b>Combined liabilities and deferred inflows of resources</b>	<b>209,161,754</b>	<b>31,127,590</b>	<b>240,289,344</b>
<b>Net position</b>			
Net investment in capital assets	229,501,003	41,234,527	270,735,530
Restricted for:			
Public safety	5,486,239	-	5,486,239
Public works	16,558,987	-	16,558,987
Recreation	584,847	-	584,847
Community development	28,096,263	-	28,096,263
Debt service	-	592,205	592,205
Unrestricted	(110,074,824)	22,430,175	(87,644,649)
<b>Total net position</b>	<b>\$ 170,152,515</b>	<b>\$ 64,256,907</b>	<b>234,409,422</b>

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, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 8,118,423	\$ 2,474,624	\$ 7,820	\$ -
Public safety	64,202,864	2,203,829	2,188,633	7,420
Public works	17,520,996	1,541,113	2,274,887	5,969,457
Recreation	4,602,764	667,450	90,569	778,252
Community development	4,337,787	3,339,544	2,317,039	-
Interest on long-term debt	43,072	-	-	-
<b>Total governmental activities</b>	<b>98,825,906</b>	<b>10,226,560</b>	<b>6,878,948</b>	<b>6,755,129</b>
<b>Business-type activities:</b>				
Wastewater	20,017,217	21,060,708	-	-
<b>Total business-type activities</b>	<b>20,017,217</b>	<b>21,060,708</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 118,843,123</b>	<b>\$ 31,287,268</b>	<b>\$ 6,878,948</b>	<b>\$ 6,755,129</b>

**General revenues:**

- Property taxes
- Sales taxes
- Franchise taxes
- Transient lodging taxes
- Business license taxes
- Intergovernmental (unrestricted)
- Investment earnings
- Other

**Total general revenues**

**Change in net position**

**Net position, beginning**

**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
\$ (5,635,979)	\$ -	\$ (5,635,979)
(59,802,982)	-	(59,802,982)
(7,735,539)	-	(7,735,539)
(3,066,493)	-	(3,066,493)
1,318,796	-	1,318,796
(43,072)	-	(43,072)
<u>(74,965,269)</u>	<u>-</u>	<u>(74,965,269)</u>
<u>-</u>	<u>1,043,491</u>	<u>1,043,491</u>
<u>-</u>	<u>1,043,491</u>	<u>1,043,491</u>
<u>(74,965,269)</u>	<u>1,043,491</u>	<u>(73,921,778)</u>
20,147,423	-	20,147,423
37,055,679	-	37,055,679
5,511,422	-	5,511,422
2,116,816	-	2,116,816
843,422	-	843,422
50,668	-	50,668
2,645,785	879,492	3,525,277
18,233	43,785	62,018
<u>68,389,448</u>	<u>923,277</u>	<u>69,312,725</u>
(6,575,821)	1,966,768	(4,609,053)
<u>176,728,336</u>	<u>62,290,139</u>	<u>239,018,475</u>
<u>\$ 170,152,515</u>	<u>\$ 64,256,907</u>	<u>\$ 234,409,422</u>

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



# CITY OF EL CAJON

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**GENERAL FUND** 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 Partnerships Program.

**CAPITAL PROJECTS FUNDS** are used to account for financial resources to be used for the acquisition, construction and preservation of major capital facilities, infrastructure, and equipment, other than those financed by proprietary funds. The following is the major Capital Projects Fund:

**City Capital Improvement Program** - This fund is used to account for financial resources used for the acquisition, construction, and improvement of City-owned facilities and other capital assets.

# CITY OF EL CAJON

## Balance Sheet Governmental Funds June 30, 2019

	General	Special Revenue	
		Low and Moderate Income Housing Asset	HOME
<b>Assets</b>			
Cash and investments (note 2)	\$ 44,433,965	\$ 3,589,213	\$ 352,549
Receivables:			
Accounts	133,829	-	-
Interest	363,986	19,077	2,007
Intergovernmental	274,872	-	178,769
Taxes	7,063,083	-	-
Loans (note 3)	-	11,776,368	10,910,813
Prepaid items	2,507	-	-
Due from other funds (note 11)	291,912	-	-
	<b>Total assets</b>	<b>\$ 15,384,658</b>	<b>\$ 11,444,138</b>
	<b>\$ 52,564,154</b>	<b>\$ 15,384,658</b>	<b>\$ 11,444,138</b>
<b>Liabilities</b>			
Accounts payable	\$ 682,875	\$ 38,096	\$ 6,290
Accrued liabilities	2,343,620	-	-
Deposits payable	298,306	-	-
Due to other funds (note 11)	-	-	-
Unearned revenue	180,163	-	-
	<b>Total liabilities</b>	<b>38,096</b>	<b>6,290</b>
	<b>3,504,964</b>	<b>38,096</b>	<b>6,290</b>
<b>Deferred inflows of resources</b>			
Deferred inflows	-	1,015,048	-
	<b>Total deferred inflows of resources</b>	<b>1,015,048</b>	<b>-</b>
	<b>-</b>	<b>1,015,048</b>	<b>-</b>
<b>Fund balances (deficits) (note 12)</b>			
Nonspendable	2,507	-	-
Restricted	-	14,331,514	11,437,848
Committed	15,939,481	-	-
Assigned	14,500,000	-	-
Unassigned	18,617,202	-	-
	<b>Total fund balance</b>	<b>14,331,514</b>	<b>11,437,848</b>
	<b>49,059,190</b>	<b>14,331,514</b>	<b>11,437,848</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 52,564,154</b>	<b>\$ 15,384,658</b>	<b>\$ 11,444,138</b>
	<b>\$ 52,564,154</b>	<b>\$ 15,384,658</b>	<b>\$ 11,444,138</b>

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

<u>Capital Projects</u>		
City Capital Improvement Program	Total Non-Major Governmental	Total Governmental Funds
\$ 10,516,282	\$ 12,617,727	\$ 71,509,736
-	-	133,829
-	68,084	453,154
-	3,263,381	3,717,022
-	-	7,063,083
-	934,154	23,621,335
-	-	2,507
-	-	291,912
<u>\$ 10,516,282</u>	<u>\$ 16,883,346</u>	<u>\$ 106,792,578</u>
\$ 1,732,241	\$ 1,883,941	\$ 4,343,443
-	34,830	2,378,450
-	-	298,306
-	291,912	291,912
-	-	180,163
<u>1,732,241</u>	<u>2,210,683</u>	<u>7,492,274</u>
-	-	1,015,048
-	-	1,015,048
-	-	2,507
-	10,102,307	35,871,669
-	-	15,939,481
8,784,041	4,576,704	27,860,745
-	(6,348)	18,610,854
<u>8,784,041</u>	<u>14,672,663</u>	<u>98,285,256</u>
<u>\$ 10,516,282</u>	<u>\$ 16,883,346</u>	<u>\$ 106,792,578</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, 2019**

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Fund balances of governmental funds (page 27)	\$ 98,285,256
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	385,209,711
Accumulated amortization or depreciation	(157,712,312)
Other Post Employment Benefits (OPEB) related adjustments that are not financial resources and, therefore, not reported in the governmental funds.	
Deferred outflows of resources	1,363,334
Net OPEB liability	(5,867,844)
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	(6,722,396)
Capital lease payable	(1,459,490)
Pension related adjustments that are not financial resources and, therefore, not reported in the governmental funds.	
Deferred outflows of resources	26,082,574
Deferred inflows of resources	(3,501,835)
Net pension liability	(178,901,269)
Loans receivable that are not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds	
Deferred inflows of resources	1,015,048
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	3,463,094
Deferred outflows	691,341
Compensated absences	(294,352)
Claims payable	(1,604,000)
Deferred inflows	(58,974)
Net pension liability	(2,976,180)
Net OPEB liability	(247,855)
Other assets and liabilities	13,388,664
Net position of governmental activities (page 21)	<u>\$ 170,152,515</u>

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, 2019

	General	Special Revenue	
		Low and Moderate Income Housing Asset	HOME
<b>Revenues</b>			
Taxes	\$ 65,674,762	\$ -	\$ -
Intergovernmental	1,323,223	-	543,793
Licenses and permits	1,984,864	-	-
Charges for services	4,229,453	-	-
Use of money and property	3,088,825	182,975	11,642
Other	2,197,984	12,390	490
<b>Total revenues</b>	<u>78,499,111</u>	<u>195,365</u>	<u>555,925</u>
<b>Expenditures</b>			
Current			
General government	6,699,620	-	-
Public safety	51,624,122	-	-
Public works	8,634,405	-	-
Recreation	3,654,940	-	-
Community development	2,918,579	259,859	76,376
Capital outlay	31,396	-	-
Debt service			
Interest	-	-	-
Principal	-	-	-
<b>Total expenditures</b>	<u>73,563,062</u>	<u>259,859</u>	<u>76,376</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,936,049</u>	<u>(64,494)</u>	<u>479,549</u>
<b>Other financing sources (uses)(note 11):</b>			
Transfers in	212,151	-	-
Transfers out	(4,888,652)	-	-
<b>Total other financing sources (uses)</b>	<u>(4,676,501)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	259,548	(64,494)	479,549
<b>Fund balances, beginning</b>	<u>48,799,642</u>	<u>14,396,008</u>	<u>10,958,299</u>
<b>Fund balances, ending</b>	<u>\$ 49,059,190</u>	<u>\$ 14,331,514</u>	<u>\$ 11,437,848</u>

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

<u>Capital Projects</u>		
City Capital Improvement Program	Non-Major	Total Governmental Funds
\$ -	\$ 2,522,265	\$ 68,197,027
-	8,554,348	10,421,364
-	-	1,984,864
-	330,460	4,559,913
66,500	408,918	3,758,860
778,250	65,880	3,054,994
<u>844,750</u>	<u>11,881,871</u>	<u>91,977,022</u>
-	-	6,699,620
-	402,576	52,026,698
505,553	3,218,659	12,358,617
-	78,442	3,733,382
-	671,728	3,926,542
8,565,999	4,954,358	13,551,753
-	43,072	43,072
-	186,484	186,484
<u>9,071,552</u>	<u>9,555,319</u>	<u>92,526,168</u>
<u>(8,226,802)</u>	<u>2,326,552</u>	<u>(549,146)</u>
5,523,738	4,894,073	10,629,962
<u>(130,724)</u>	<u>(5,610,586)</u>	<u>(10,629,962)</u>
<u>5,393,014</u>	<u>(716,513)</u>	<u>-</u>
(2,833,788)	1,610,039	(549,146)
<u>11,617,829</u>	<u>13,062,624</u>	<u>98,834,402</u>
<u>\$ 8,784,041</u>	<u>\$ 14,672,663</u>	<u>\$ 98,285,256</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, 2019

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Net changes in fund balances - total governmental funds (page 31)	\$ (549,146)
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	13,520,013
Amortization or depreciation expense	(8,835,728)
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	186,484
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.	
	(715,164)
Net difference in current year pension plan contribution and pension plan expense as of the measurement date.	
	(8,481,815)
Net difference in current year OPEB contribution and OPEB expense as of the measurement date.	
	(3,544,910)
Interest on long-term loans receivable that is not available in the current period and, therefore, is not included in the governmental funds.	
	1,015,048
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>829,397</u>
Changes in net position of governmental activities (page 23)	<u>\$ (6,575,821)</u>

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

# CITY OF EL CAJON

## PROPRIETARY FUND FINANCIAL STATEMENTS

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

**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, 2019

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and investments (note 2)		
Cash and investments	\$ 27,918,256	\$ 13,713,566
Cash and investments, restricted	592,205	-
Receivables:		
Accounts, net of allowance for bad debt	4,147,506	-
Interest	149,380	-
Intergovernmental	27,665	-
Prepaid items	-	2,295
Total current assets	32,835,012	13,715,861
Non-current assets:		
Capital assets, not being depreciated (note 4):		
Land	82,300	-
Construction in progress	468,213	758,566
Capital assets, being depreciated, net (note 4):		
Buildings and improvements	151,688	-
Machinery and equipment	44,164	282,440
Vehicles	1,127,415	2,422,088
Interest in Mission Gorge Mains	7,359,097	-
Infrastructure	52,253,863	-
Total non-current assets	61,486,740	3,463,094
<b>Deferred outflows of resources:</b>		
Deferred outflows of resources related to pensions (note 6)	943,119	628,746
Deferred outflows of resources related to OPEB (note 8)	119,626	62,595
Total deferred outflows of resources	1,062,745	691,341
<b>Total assets and deferred outflows of resources</b>	95,384,497	17,870,296
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	924,578	236,327
Accrued interest payable	122,659	-
Accrued liabilities	140,792	90,870
Claims payable-current (note 9)	-	500,000
Compensated absences payable (note 5)	192,553	109,981
Deposits payable	293,496	-
California State Water Resources Control Board (note 5)	415,943	-
Total current liabilities	2,090,021	937,178
Non-current liabilities:		
Claims payable (note 9)	-	1,104,000
Compensated absences payable (note 5)	170,310	184,371
California State Water Resources Control Board (note 5)	9,977,453	-
San Diego Metropolitan Wastewater System (note 5)	9,858,817	-
Net pension liability (note 6)	8,428,764	2,976,180
Net OPEB liability (note 8)	513,765	247,855
Total non-current liabilities	28,949,109	4,512,406
<b>Deferred inflows of resources:</b>		
Deferred inflows of resources related to pensions (note 6)	88,460	58,974
Total deferred inflows of resources	88,460	58,974
<b>Total liabilities and deferred inflows of resources</b>	31,127,590	5,508,558
<b>Net position:</b>		
Net investment in capital assets	41,234,527	3,463,094
Restricted for debt service	592,205	-
Unrestricted	22,430,175	8,898,644
<b>Total net position</b>	\$ 64,256,907	\$ 12,361,738

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, 2019

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
<b>Operating revenues</b>		
Charges for services	\$ 20,829,872	\$ 10,194,421
Fines	229,611	-
Licenses and permits	1,225	-
<b>Total operating revenues</b>	21,060,708	10,194,421
<b>Operating expenses</b>		
Salaries and benefits	4,197,508	4,081,942
Materials, services and supplies	13,948,879	4,606,235
Insurance claims/premiums	-	110,385
Depreciation	1,870,830	674,135
<b>Total operating expenses</b>	20,017,217	9,472,697
<b>Operating income (loss)</b>	1,043,491	721,724
<b>Non-operating revenues (expenses):</b>		
Investment earnings	879,492	-
Gain (loss) on disposal of assets	190,803	35,449
Other revenues	23,096	72,224
Interest expense	(170,114)	-
<b>Total non-operating revenues (expenses)</b>	923,277	107,673
<b>Income (loss) before operating transfers</b>	1,966,768	829,397
<b>Change in net position</b>	1,966,768	829,397
<b>Net position, beginning</b>	62,290,139	11,532,341
<b>Net position, ending</b>	\$ 64,256,907	\$ 12,361,738

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, 2019**

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
<b>Cash flows from operating activities:</b>		
Receipts from customers and charges to other funds	\$ 21,315,996	\$ 10,194,421
Payments to suppliers	(15,417,167)	(5,141,029)
Payments to employees	(3,378,518)	(4,090,857)
<b>Net cash provided by operating activities</b>	<b>2,520,311</b>	<b>962,535</b>
<b>Cash flows from noncapital financing activities:</b>		
Other revenue	-	72,225
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>72,225</b>
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from long term borrowing	3,546,903	-
Proceeds from sale of vehicles and equipment	200,745	40,134
Acquisitions of infrastructure, vehicles and equipment	(3,535,494)	(1,253,732)
Repayment of long term borrowing (principal)	(467,097)	-
Repayment of long term borrowing (interest)	(125,107)	-
<b>Net cash (used for) capital and related financing activities</b>	<b>(380,050)</b>	<b>(1,213,598)</b>
<b>Cash flows from investing activities:</b>		
Interest and dividends received	836,857	-
<b>Net cash provided by investing activities</b>	<b>836,857</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	2,977,118	(178,838)
Cash and cash equivalents, beginning	25,533,343	13,892,404
<b>Cash and cash equivalents, ending</b>	<b>\$ 28,510,461</b>	<b>\$ 13,713,566</b>
<b>Reconciliation of cash and cash equivalents at end of year to the Statement of Net Position:</b>		
Cash and investments	\$ 27,918,256	\$ 13,713,566
Cash and investments, restricted	592,205	-
<b>Total cash and cash equivalents at end of year</b>	<b>\$ 28,510,461</b>	<b>\$ 13,713,566</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 1,043,491	\$ 721,724
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	1,870,830	674,135
Other nonoperating revenue	23,096	-
Pension related adjustments	461,762	307,843
OPEB related adjustments	311,049	162,758
Changes in assets and liabilities:		
(Increase) in accounts receivable, net of allowance for bad debt	201,520	-
Increase (decrease) in taxes receivable	8,948	-
(Increase) decrease in prepaid expenses	-	(2,295)
Increase (decrease) in accounts payable	(1,468,288)	(422,112)
Increase (decrease) in accrued liabilities	26,481	17,885
Increase (decrease) in deposits payable	21,723	-
Increase (decrease) in claims payable	-	(532,142)
Increase (decrease) in compensated absences payable	19,699	34,739
<b>Net cash provided by operating activities</b>	<b>\$ 2,520,311</b>	<b>\$ 962,535</b>
<b>Noncash investing, capital, and financing activities:</b>		
Capital contribution of infrastructure	\$ -	\$ -
Capital asset (infrastructure) included in accounts payable	446,630	-

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



# CITY OF EL CAJON

## FIDUCIARY FUND FINANCIAL STATEMENTS

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**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, 2019**

	Agency Funds	Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency
<b>Assets</b>		
Cash and investments	\$ 5,232,738	\$ 3,949,883
Cash with fiscal agent	-	2,155,079
Receivables:		
Accounts	221,596	-
Intergovernmental	30,333	-
Interest	26,758	10,677
Loans	-	1,956,336
Prepays	-	233,756
<b>Total assets</b>	<b>5,511,425</b>	<b>8,305,731</b>
<b>Deferred outflow of resources</b>		
Deferred amount on refunding	-	872,240
<b>Total deferred outflow of resources</b>	<b>-</b>	<b>872,240</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 5,511,425</b>	<b>\$ 9,177,971</b>
<b>Liabilities</b>		
Accounts payable	\$ 193,985	\$ 15,983
Accrued liabilities	85,094	-
Deposits payable	-	5,000
Interest payable	-	676,502
Long-term debt	-	55,053,713
Sundry agency liabilities	5,232,346	-
<b>Total liabilities</b>	<b>\$ 5,511,425</b>	<b>\$ 55,751,198</b>
<b>Net position (deficit):</b>		
Held in trust for Successor Agency to the El Cajon Redevelopment Agency		<b>\$ (46,573,227)</b>

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

**CITY OF EL CAJON**  
**Statement of Changes in Fiduciary Net Position (Deficit)**  
**Private Purpose Trust Fund**  
**For the fiscal year ended June 30, 2019**

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	<b>Private Purpose Trust Fund</b>
	<b>Successor Agency to the Former El Cajon Redevelopment Agency</b>
<b>Additions</b>	
Property taxes	\$ 4,468,177
Intergovernmental	56,638
Investment earnings	133,201
Interest on loan	56,336
<b>Total additions</b>	<b>4,714,352</b>
 <b>Deductions:</b>	
Administrative expenses	42,622
Program/project expenses	860,160
Interest and fiscal agent expenses	2,632,673
<b>Total deductions</b>	<b>3,535,455</b>
<b>Change in net position</b>	1,178,897
<b>Net position (deficit), beginning</b>	<b>(47,752,124)</b>
<b>Net position (deficit), ending</b>	<b>\$ (46,573,227)</b>

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, 2019

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#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of El Cajon have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

#### **Reporting entity**

The City of El Cajon (City) was incorporated on November 12, 1912. The City was a general law city until 2012, when it became a charter city by vote of the people on June 5, 2012. The City operates under a Council-Manager form of government and provides the following services: police and fire protection, animal control, emergency medical services, construction and maintenance of civic facilities and infrastructure, community development (planning and building regulation), recreational and cultural activities, housing assistance, and wastewater services.

As required by GAAP, the accompanying financial statements present the activities of the City (the primary government) and its component units for which the City is considered financially accountable. Financial accountability is demonstrated by the City Council acting as the governing board for each of the component units. The component units discussed below are included in the City's financial statements because of the significance of their operational and financial relationships with the City.

#### El Cajon Housing Authority

The City Council adopted Resolution No. 32-11 on March 9, 2011, establishing the El Cajon Housing Authority (Housing Authority). The City Council serves as the Commissioners of the Housing Authority. On January 24, 2012, the Commissioners appointed certain City staff to serve as the officials of the Housing Authority, and authorized the Housing Authority to accept the housing assets and enforceable obligations of the former El Cajon Redevelopment Agency. The transactions of the Housing Authority are blended into the City's financial statements. The Housing Authority does not issue separate financial statements.

#### El Cajon Public Financing Authority

The El Cajon Public Financing Authority (Authority) was formed on November 9, 2004 by the Joint Exercise of Powers Agreement (JPA Agreement) between the City and the former El Cajon Redevelopment Agency. The Authority is a separate entity constituting a public instrumentality of the State of California and was created to facilitate financing of public improvement projects of 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. During the fiscal year, there were no transactions for the Authority to blend into the City's financial statements nor there were separately issued financial statements for the Financing Authority.

#### Successor Agency to the Former El Cajon Redevelopment Agency

Pursuant to the ABx1 26 (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 (Successor Agency). The Successor Agency is a separate legal entity from the City that operates under the control of the 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), beginning July 1, 2018, oversight of the Successor Agency was taken over by the County of San Diego Countywide Redevelopment Successor Agency Oversight Board. The Successor Agency's financial transactions are accounted for in a private-purpose trust fund under the fiduciary fund of the City's financial statements. The Successor Agency issues separate financial statements, which can be obtained from <https://www.cityofelcajon.us/your-government/departments/community-development/successor-agency/documents>.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Basic financial statements and presentation

###### Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the City and its blended component units. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The governmental activities incorporate data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise fund. Fiduciary funds are excluded from the government-wide financial statements.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other the interfund services provided and other charges between the functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

###### Fund Financial Statements

The fund financial statements provide information about the City's funds, including the blended component units and fiduciary funds. Separate financial 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.

The determination of a given fund as a major fund is generally based on its relative size in any of the following four groupings of financial statement elements: assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, and expenditures/expense. An individual fund is a major fund if it reports, for at least one of the above groupings, both at least 10 percent of the fund type and at least 5 percent of the combined total for governmental and enterprise funds.

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

- *General Fund* is the City's primary operating fund, always classified and presented as a major fund. This fund accounts for all financial resources except those required to be accounted for in another fund.
- *Low and Moderate Income Housing Asset Special Revenue Fund (LMIHAF)* accounts for the loan repayments, proceeds from sale of property and other revenues generated from the housing assets transferred by the former El Cajon Redevelopment Agency. These financial resources are used for developing affordable housing within the City.
- *HOME Special Revenue Fund* accounts for financial resources primarily from federal grants and housing loan repayments to support local affordable housing initiatives under the Home Investment Partnerships Program.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following fund, though not quantitatively meeting the criteria of a major fund in this reporting year, has been included as a major fund for consistency:

- *City Capital Improvement Program Capital Projects Fund* accounts for financial resources used for the acquisition, construction, and improvement of City-owned facilities and other capital assets.

The City reports the following major enterprise fund:

- *Wastewater Enterprise Fund* primarily accounts for the sanitary sewer disposal and maintenance of the City's sewer lines and related facilities. The fund 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* account for goods and services provided to other City funds, on a cost reimbursement basis, in the following areas: fleet equipment, information technology equipment and systems, property, liability, and worker's compensation insurance, and other post-employment benefits.
- *Fiduciary Funds*: The City uses a *Private-Purpose Trust Fund* to account for resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations, or other governments. The transactions of the Successor Agency to the Former El Cajon Redevelopment Agency are accounted for in the private-purpose trust fund.

Another fiduciary fund type used by the City is the *Agency Fund*, which accounts for resources held by the City in a purely custodial capacity. The activities include the receipt, temporary investments, and remittance of fiduciary resources to individuals, private organizations, or other governments. The City uses the agency fund to account for monies received, and remitted to other organizations and governments.

The City also uses the agency fund to report transactions for the Heartland Communications Facility Authority (HCFA) and Heartland Fire Training Authority (HFTA). The HCFA and HFTA were formed by cities and fire districts in San Diego County for the purpose of providing emergency and dispatching services and training of firefighters of the participating agencies.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the government-wide financial statements. Balances between the funds included in governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **Measurement focus and basis of accounting**

The government-wide financial statements are reported using the *economic-resources measurement focus* and the *full accrual* basis of accounting, as are the fund financial statements of the proprietary and private-purpose trust funds. 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. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Revenues are recognized when *measurable and available*. The City considers all revenues available when they are collected within 60 days after fiscal year end for such items as property taxes, sales taxes, franchise fees, and transient occupancy taxes. Expenditure driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the fiscal year or within six months of fiscal year end.

In the governmental fund financial statements, expenditures are recorded when a related fund liability is incurred except for debt service expenditures. Principal and interest of general long-term debt are recorded when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. The governmental funds financial statements do not present long-term debt. Issuance of long-term debt, bond premiums, and discounts are reflected as other financing sources (uses) and recognized in the period in which they are issued.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

##### **Budgetary information**

###### Budgetary basis of accounting

The City prepares and adopts annual budgets on a basis consistent with generally accepted accounting principles, with the exception of the General Fund and two funds, which were considered special revenue funds prior to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. These three funds are budgeted as separate individual funds, but are consolidated into the General Fund for financial reporting purposes. The LMIHAF and HOME major special revenue funds do not have appropriated annual budgets because housing activities and their resources sometime span a period of more than one fiscal year. Various Donations non-major special revenue fund does not have appropriated budget since the means control the use of the resources (e.g. donor requirements) and donations vary from year to year.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. For the purpose of this requirement, each fund, other than the General Fund, is considered a separate department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between funds and departments require the approval of the City Council.



# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

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#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, those for which performance under the executory contract is expected in the next year are re-appropriated and become part of the subsequent year's budget.

Additional budgetary information is provided in the required supplementary information beginning on page 85.

#### Excess of expenditures over appropriations

For the fiscal year ended June 30, 2019, the Transit Non-major Special Revenue Fund had an excess of expenditures over appropriations, which was expected to be covered with existing fund balance. Expenditures exceeded appropriations by \$4,785, which can be attributed to higher personnel expenditures.

#### **Revenues and Expenditures/Expenses**

##### 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.

##### Program revenues

Amounts reported as program revenues include a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment (b) grants and contributions that are restricted to supporting the operational needs of a particular function or segment, and (c) grants and contributions that are restricted to financing the acquisition or construction of capital assets. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

##### Compensated Absences

Under certain circumstances and according to negotiated labor agreements, City employees are allowed to accumulate earned but unused vacation balances, compensatory time, and sick leave benefits. The total amount of these unpaid leave balances is accrued and reported as compensated absences in the government-wide and proprietary fund financial statements.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

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#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater fund and internal service funds are charges to customers for sales and services. The wastewater fund also recognizes as operating revenue the portion of sewer fees intended to recover the cost of connecting new customers to the system. Operating expenses for the wastewater enterprise fund and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

##### **Cash, cash equivalents and investments**

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

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. Changes in fair value that occur during a fiscal year are recognized as investment earnings reported for the fiscal year. Investment earnings include interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments.

In accordance with generally accepted accounting principles, 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.

##### **Receivables**

The City's receivables are comprised of accounts, interest, intergovernmental, taxes, and loans. Long-term housing loans receivables consist primarily of first-time homebuyer and housing developer loans. Repayment of these loans is dependent on future residual receipts generated by the property. These receivables are reported in the governmental fund statements and are recorded with an offset to restricted fund balances, as resources are not available for expenditures.

The wastewater (sewer) utility revenues are recorded as billed to customers on a bi-monthly basis. Charges for wastewater services rendered but unbilled at June 30 are accrued and recognized as revenues in the Wastewater Enterprise Fund.

Accounts receivables are reported net of an allowance for bad debt. The calculation of the allowance is based on a variety of factors, including the age of the receivables, historical trends, economic conditions, and significant one-time events.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Prepaid items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Capital assets**

Capital assets, which include land; buildings and improvements; equipment; interest in Mission Gorge Mains and infrastructure assets (i.e., roads, bridges, traffic signals, curbs and gutters, wastewater system, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as machinery and equipment and capital construction 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. Donated capital assets are recorded at acquisition value on the date of donation.

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 generally accepted accounting principles.

**Deferred outflows or inflows of resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net position that applies to future period (s) and so will not be recognized as an expense/expenditure until then. The City reports deferred outflows of resources related to pension and other postemployment benefits (OPEB).

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period (s) and so will not be recognized as resources or revenue until then. The City reports two types of deferred inflows of resources. The first type, unavailable revenue, is reported only in the governmental funds balance sheet. This amount reported represents interest on housing loans, which has been earned but has not met the recognition criteria based on modified accrual basis of accounting. The second type is reported in the proprietary funds balance sheet and the statement of net position. The City has pension and OPEB related items in this category.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**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), the assets of which are held by the California Employers' Retiree Benefit Trust Program (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with benefits terms. Investments are reported at fair value.

GASB Statement No. 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

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#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Fund balance policies and flow assumption**

Governmental funds report fund balance classifications based on the extent to which the City is bound to observe the constraints imposed on the use of resources. Governmental fund balances are classified as follows:

- **Nonspendable** - These are 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** - These are amounts that can be used only for specific purposes because of a) constitutional provisions, charter requirements or enabling legislation or b) constraints that are externally imposed by creditors, grantors, contributors, laws or regulations of other governments.
- **Committed** - These amounts can be used only for specific purposes as determined by a formal action of the City Council. As the City's highest level of decision-making authority, the City Council uses a resolution to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by adopting a subsequent resolution.
- **Assigned** - These amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council, through City Council Policy No. B-12, has delegated to the City Manager the authority to establish assigned fund balances.
- **Unassigned fund balance** – This amount represents the residual balance when the balances do not meet any of the above classifications. The General Fund is the only fund that reports a positive fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned for those purposes.

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. 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 and Capital Projects Funds, assigned fund balance represents the intent to utilize the portion of fund balance for the purposes that these funds were established.

##### **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, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of 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.

**Effect of New Accounting Standards**

The requirements of the following accounting standards are effective for implementation starting with the fiscal year ending June 30, 2019:

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. It also establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement had no impact on the City's financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specific in debt agreements related to significant events of default with finance-related consequences, significant termination events of finance-related consequences, and significant acceleration clauses. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The City implemented this Statement for fiscal year 2019 reporting. Note 5 provides separate disclosure of the required information for direct borrowings and direct placement of debt.

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2019, totaled \$125,071,462, and are reported in the accompanying financial statements as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Statement of Net Position</b>	<b>Fiduciary Funds</b>
Cash and investments	\$ 85,223,301	\$ 27,918,256	\$ 113,141,557	\$ 9,182,621
Cash and investments, restricted	-	592,205	592,205	-
Cash and investments with fiscal agent	-	-	-	2,155,079
Total cash and investments	<u>\$ 85,223,301</u>	<u>\$ 28,510,461</u>	<u>\$ 113,733,762</u>	<u>\$ 11,337,700</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 2. CASH AND INVESTMENTS (continued)**

Cash and investments at June 30, 2019, consisted of the following:

Cash on hand	\$	4,845
Deposits with financial institutions		16,782,919
Investments		<u>108,283,698</u>
Total cash and investments	\$	<u><u>125,071,462</u></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.

Authorized Investments	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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 per LAIF account

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

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#### **NOTE 2. CASH AND INVESTMENTS (continued)**

##### **Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), a governmental investment pool that is regulated by the California Government Code. The investment pool is 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. LAIF has a maximum of 15 transactions per month with a minimum amount of \$5,000. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Any withdrawal of \$10,000,000 requires 24-hour notice. The maximum investment in LAIF is \$65,000,000 per account.

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). As of June 30, 2019, the fair value of the City's LAIF investments was \$24,560,527. The fair value was determined by multiplying the City's LAIF balance by the fair value factor of 1.001711790 as determined by LAIF.

##### **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. CAMP is directed by a Board of Trustees made up of local government finance directors and treasurers. There are no minimum deposit requirements or limits on deposits and withdrawals. 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.

##### **Investment in San Diego County Investment Pool**

The City is a voluntary participant in the San Diego County Investment Pool (Pool), which is a local government money fund originally created by the County Board of Supervisors to invest the assets of the County, school districts, community colleges, and other public agencies located within San Diego County. The Pool is managed by the County Treasurer's Office in accordance with California State law and is reviewed by a ten-member Oversight Committee. The County has a maximum of 10 transactions per month per local agency. Any withdrawal requires a minimum notice of two working days prior to the withdrawal date and the County Treasurer's Office must find that the withdrawal will not adversely affect the interests of all other depositors in the Pool. The fair value of the City's investment in the pool is reported at amounts based upon the City's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).



**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

**NOTE 2. CASH AND INVESTMENTS (continued)**

**Investments Authorized by Debt Agreements**

The City, acting in its capacity as the Successor Agency to the former El Cajon Redevelopment Agency, has funds invested in accordance with various bond indenture and trustee agreements. The investment of these bond issuances is in accordance with the Permitted Investments section and applicable account restrictions outlined in the indenture of each bond issuance. The permitted investments in each indenture will vary based upon the maturity, cash flow demands, and reserve requirements associated with each issuance. In general, the permitted investments of each indenture will closely resemble the City's investment policy, but may include certain investment options not authorized by applicable law for the investment policy (CGC § 53601).

**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>&gt; 60</u>
US Agency securities	\$ 40,792,422	\$ 16,934,433	\$ 2,986,777	\$ 20,871,212	\$ -
US Treasuries	15,500,262	2,434,193	9,102,131	3,963,938	-
Corporate notes	20,220,240	6,705,798	4,999,503	8,514,939	-
CAMP cash pool	55,168	55,168	-	-	-
LAIF	24,560,527	24,560,527	-	-	-
San Diego County pool	5,000,000	5,000,000	-	-	-
Held by fiscal agent:					
Invesco STIT Treasury Private	2,155,079	2,155,079	-	-	-
<b>Total</b>	<b>\$ 108,283,698</b>	<b>\$ 57,845,197</b>	<b>\$ 17,088,411</b>	<b>\$ 33,350,089</b>	<b>\$ -</b>

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

#### NOTE 2. CASH AND INVESTMENTS (continued)

##### 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&amp;P Rating</u>	<u>Moodys Rating</u>	<u>Not Rated</u>
US Agency securities	\$ 40,792,422	N/A	AA+	Aaa	\$ -
US Treasuries	15,500,262	N/A	N/A	N/A	-
Corporate notes	20,220,240	"A category"	A-/A+/AA-/AA/AA+/AAA	A2/A1/Aa1/Aa3/Aa2/Aa1/Aaa	-
CAMP cash pool	55,168	N/A	AAAm	Not Rated	-
LAIF	24,560,527	N/A	Not Rated	Not Rated	24,560,527
San Diego County pool	5,000,000	N/A	Not Rated	Not Rated	5,000,000
Held by fiscal agent:					
Invesco STIT Treasury Private	2,155,079	N/A	AAAm	Aaa-mf	-
Total	<u>\$ 108,283,698</u>				

##### 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	\$ 23,101,114
Federal Home Loan Mortgage Corporation	Federal Agency Securities	9,071,613
Federal Home Loan Banks	Federal Agency Securities	8,619,695

##### 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, 2019, the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 2. CASH AND INVESTMENTS (continued)**

**Fair Value Measurement**

The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. Agency securities and corporate notes classified in Level 2 of the fair value hierarchy are valued using of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices

The City has the following hierarchy levels for investments as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments by fair value level</u>			
US Treasuries	\$ 15,500,262	\$ -	\$ -
US Agency securities	-	40,792,422	-
Corporate notes	-	20,220,240	-
Total investments by fair value level	<u>\$ 15,500,262</u>	<u>\$ 61,012,662</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u>			
Held by fiscal agent:			
Invesco STIT Treasury Private	<u>\$ 2,155,079</u>		
Total investments measured at net asset value (NAV)	<u>\$ 2,155,079</u>		
<u>Investments not subject to GASB Statement No. 72</u>			
CAMP cash pool	\$ 55,168		
LAIF	24,560,527		
San Diego County pool	<u>5,000,000</u>		
Total investments not subject to GASB Statement No. 72	<u>\$ 29,615,695</u>		

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

**NOTE 3. LOANS RECEIVABLE**

**Governmental Activities:**

	Low & Moderate Income Housing Asset (LMIHAF)	HOME Grant	Community Development Block Grant	Federal, State and Local Grants	Total
First Time Homebuyer	\$ 4,757,518	\$ 7,834,659	\$ -	\$ 648,536	\$ 13,240,713
Mobile Home Rehabilitation	-	74,360	191,996	-	266,356
Single Family Rehabilitation	101,596	1,803,056	93,622	-	1,998,274
Multi-Family Projects					
Chambers Senior Residences	5,434,871	-	-	-	5,434,871
Lexington Avenue Senior Apartments	206,250	-	-	-	206,250
South Sunshine Associates LP	1,276,133	1,198,738	-	-	2,474,871
	<u>\$ 11,776,368</u>	<u>\$ 10,910,813</u>	<u>\$ 285,618</u>	<u>\$ 648,536</u>	<u>\$ 23,621,335</u>

The City and Housing Authority make various acquisition, construction, and rehabilitation loans to developers and low and moderate-income households. The loans are secured by deeds of trust, or certificates of title for mobile homes. The loans carry interest rates ranging from 0% to 5% with repayment terms from 10 to 55 years or upon sale or transfer of property. Repayment of these loans is not guaranteed until cash is received, and in some instances, the loans are either not fully recovered or forgiven.

Chambers Senior Residences, LP – 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 seniors and families with very low and/or moderate incomes. The loan amount to the developer was \$4,500,000, secured by a deed of trust, and bears an interest rate of 3%. Loan repayments are based on residual receipts from monies earned on the property. At June 30, 2019, the balance outstanding includes \$4,500,000 of principal and \$934,871 of accrued interest.

Lexington Avenue Senior Apartments – In fiscal year 1994, the City and the former redevelopment agency entered into a Disposition and Development Agreement with Lexington Avenue Senior Apartments to provide for the development of affordable housing within the Project Area. The former agency loaned \$550,000 to be repaid in forty equal installments of \$13,750 each year, with no interest. If the property remains in compliance with the provisions of the agreement every year, the annual installment is forgiven and the loan balance is reduced by the amount forgiven. The agreement ends in fiscal year 2034 and the property will revert to the Housing Authority. At June 30, 2019, the principal outstanding is \$206,250.

South Sunshine Associates, LP - The City and the Housing Authority entered into a HOME Funding Agreement and Affordable Housing Agreement, respectively, with South Sunshine Associates, L.P. for the acquisition and development of a 70-unit affordable housing project for low-income families and veteran households. In fiscal year 2016, the City agreed to loan HOME funds for up to \$1,200,000, secured by a deed of trust, with an interest rate of 3% accruing upon project completion. The loan is due on or before July 31, 2073. As of June 30, 2019, the outstanding balance of the HOME loan includes total disbursement of \$1,198,738.

In fiscal year 2018, the Housing Authority agreed to loan the developer LMIHAF funds for up to \$1,300,000, secured by a deed of trust and assignment of rents, with an interest rate of 3%. Loan repayments are based on residual receipts from monies earned on the property. The loan is due on or before December 31, 2070. As of June 30, 2019, the balance outstanding includes a loan disbursement of \$1,235,000 and accrued interest of \$41,133.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2019 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 22,154,183	\$ 3	\$ -	\$ 22,154,186
Rights of way	31,190,652	-	-	31,190,652
Construction in progress	1,887,877	10,050,659	(370,921)	11,567,615
Total assets, not being depreciated:	<u>55,232,712</u>	<u>10,050,662</u>	<u>(370,921)</u>	<u>64,912,453</u>
Capital assets being amortized or depreciated:				
Use rights	2,003,895	-	-	2,003,895
Land improvements	8,124,104	255,622	-	8,379,726
Buildings and improvements	103,191,048	94,268	-	103,285,316
Vehicles and equipment	18,866,333	685,772	(716,440)	18,835,665
Infrastructure	195,153,175	3,969,346	-	199,122,521
Total assets being amortized or depreciated	<u>327,338,555</u>	<u>5,005,008</u>	<u>(716,440)</u>	<u>331,627,123</u>
Less accumulated amortization or depreciation for:				
Use rights	(300,584)	(150,292)	-	(450,876)
Land improvements	(5,163,407)	(725,313)	-	(5,888,720)
Buildings and improvements	(26,847,052)	(2,931,013)	-	(29,778,065)
Vehicles and equipment	(13,105,940)	(1,247,581)	711,754	(13,641,767)
Infrastructure	(111,363,991)	(4,455,664)	-	(115,819,655)
Total accumulated amortization or depreciation	<u>(156,780,974)</u>	<u>(9,509,863)</u>	<u>711,754</u>	<u>(165,579,083)</u>
Total capital assets being amortized or depreciated, net	<u>170,557,581</u>	<u>(4,504,855)</u>	<u>(4,686)</u>	<u>166,048,040</u>
Governmental activity capital assets, net	<u>\$ 225,790,293</u>	<u>\$ 5,545,807</u>	<u>\$ (375,607)</u>	<u>\$ 230,960,493</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 82,300	\$ -	\$ -	\$ 82,300
Construction in progress	863,463	442,609	(837,859)	468,213
Total assets, not being depreciated:	<u>945,763</u>	<u>442,609</u>	<u>(837,859)</u>	<u>550,513</u>
Capital assets being depreciated:				
Buildings and improvements	427,527	-	-	427,527
Vehicles and equipment	2,628,957	625,430	(1,107,849)	2,146,538
Interest in Mission Gorge Mains	11,038,654	-	-	11,038,654
Infrastructure	97,946,503	2,858,684	-	100,805,187
Total assets being depreciated	<u>112,041,641</u>	<u>3,484,114</u>	<u>(1,107,849)</u>	<u>114,417,906</u>
Less accumulated depreciation for:				
Buildings and improvements	(268,616)	(7,223)	-	(275,839)
Vehicles and equipment	(1,927,375)	(145,492)	1,097,908	(974,959)
Interest in Mission Gorge Mains	(3,495,579)	(183,978)	-	(3,679,557)
Infrastructure	(47,017,187)	(1,534,137)	-	(48,551,324)
Total accumulated depreciation	<u>(52,708,757)</u>	<u>(1,870,830)</u>	<u>1,097,908</u>	<u>(53,481,679)</u>
Total capital assets being depreciated, net	<u>59,332,884</u>	<u>1,613,284</u>	<u>(9,941)</u>	<u>60,936,227</u>
Business-type activity capital assets, net	<u>\$ 60,278,647</u>	<u>\$ 2,055,893</u>	<u>\$ (847,800)</u>	<u>\$ 61,486,740</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For the fiscal year ended June 30, 2019

**NOTE 4. 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:**

General government	\$ 993,675
Public safety	3,166,597
Public works	4,627,454
Recreation	630,586
Community development	91,551
	<u>9,509,863</u>
Total depreciation expense - governmental activities	<u>\$ 9,509,863</u>

**Business-type Activities:**

Wastewater	\$ 1,870,830
	<u>1,870,830</u>
Total depreciation expense - business-type activities	<u>\$ 1,870,830</u>

**NOTE 5. LONG-TERM LIABILITIES**

Summary of the changes in long-term liabilities for the fiscal year ended June 30, 2019, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Capital lease	\$ 1,645,974	\$ -	\$ (186,484)	\$ 1,459,490	\$ 191,687
Compensated absences	6,266,845	4,179,631	(3,429,728)	7,016,748	3,540,408
Claims payable (note 9)	2,136,142	-	(532,142)	1,604,000	500,000
Total governmental activities	<u>\$ 10,048,961</u>	<u>\$ 4,179,631</u>	<u>\$ (4,148,354)</u>	<u>\$ 10,080,238</u>	<u>\$ 4,232,095</u>
<b>Business-type Activities:</b>					
<u>Notes from direct borrowings</u>					
CA State Water Resources	\$ 7,313,590	\$ 3,546,903	\$ (467,097)	\$ 10,393,396	\$ 415,943
<u>Other long-term liabilities</u>					
Due to City of San Diego	9,858,817	-	-	9,858,817	-
Compensated absences	343,164	213,085	(193,386)	362,863	192,553
Total business-type activities	<u>\$ 17,515,571</u>	<u>\$ 3,759,988</u>	<u>\$ (660,483)</u>	<u>\$ 20,615,076</u>	<u>\$ 608,496</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 5. LONG-TERM LIABILITIES (continued)**

**Capital lease**

County of San Diego **\$ 1,459,490**

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 of 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 4), is amortized on a straight-line basis over 10 years. At June 30, 2019, the net book value of the asset is \$1,553,019, which consists of \$2,003,895 initial cost, less accumulated amortization of \$450,876.

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

<u>Year ending June 30</u>		
2020	\$	232,407
2021		232,407
2022		232,407
2023		232,407
2024		232,407
2025-2026		464,813
Total minimum lease payments	\$	1,626,848
Less: interest at 2.79%		(167,358)
Present value of minimum lease payments	\$	<u>1,459,490</u>

**Direct borrowing**

California State Water Resources Control Board **\$ 10,393,396**

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.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

**NOTE 5. LONG-TERM LIABILITIES (continued)**

**Direct borrowing (continued)**

California State Water Resources Control Board (continued)

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. CSWRCB agrees to forgive \$2,000,000 of the principal due contingent on the City's performance under the Agreement. The Agreement also contains a termination clause that requires immediate repayment of the remaining principal and any accrued interest upon violation by the City of any material provision of the Agreement that is not remedied in a reasonable time as determined by CSWRCB. The City has drawn down the full amount available under the 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, 2019, pledged net revenues and debt service are \$7,719,684 and \$592,205, respectively.

*Reserve fund* - The CSWRCB also required that the City maintains and funds 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, 2019, the City has restricted cash and investments in the amount of \$592,205 for this purpose.

*Debt service requirement* - The debt service requirement provided by CSWRCB, and presented below, is based on the \$8,393,396 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 the Agreement.

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 415,943	\$ 176,262	\$ 592,205
2021	424,678	167,527	592,205
2022	433,597	158,608	592,205
2023	442,702	149,503	592,205
2024	451,999	140,206	592,205
2025-2029	2,406,423	554,600	2,961,023
2030-2034	2,669,935	291,088	2,961,023
2035-2036	1,148,119	36,291	1,184,410
Totals	<u>\$ 8,393,396</u>	<u>\$ 1,674,085</u>	<u>\$ 10,067,481</u>



**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 5. LONG-TERM LIABILITIES (continued)**

**Due to City of San Diego**

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.

**Compensated absences**

Compensated absences balances for the fiscal year ended June 30, 2019, are as follows:

<b>Governmental Activities:</b>	
Major Governmental Fund	
General Fund	\$ 6,609,381
Nonmajor Governmental Funds	
Gas Tax Special Revenue Fund	92,619
Transit Special Revenue Fund	20,396
Internal Service Funds	<u>294,352</u>
Total governmental activities	<u><u>\$ 7,016,748</u></u>
 <b>Business-type Activities:</b>	
Wastewater Enterprise Fund	<u>\$ 362,863</u>
Total business-type activities	<u><u>\$ 362,863</u></u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

**NOTE 6. DEFINED BENEFIT PENSION PLANS**

**Pension 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](http://www.calpers.ca.gov).

The rate plan provisions and benefits in effect at June 30, 2019, 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			PEPRA MEMBER	
	Membership date prior to			Membership date on or after	
	January 1, 2013			January 1, 2013	
	MISCELLANEOUS	SAFETY Tier 1	SAFETY Tier 2	MISCELLANEOUS	SAFETY
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, percentage eligible compensation	2.0% to 3.0%	3.0%	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 - Normal Cost	11.002%	19.627%	19.627%	11.002%	19.627%

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 6. DEFINED BENEFIT PENSION PLANS (continued)**

**Employees Covered**

During the 2017-18 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	500	297
Inactive employees entitled to but not yet receiving benefits	288	128
Active employees	235	160
Totals	1,023	585

**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 Plans for the fiscal year ended June 30, 2019 is \$16,874,891, which consisted of \$7,112,608 and \$9,762,283 for the Miscellaneous and Safety Plans, respectively.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 6. DEFINED BENEFIT PENSION PLANS (continued)**

**Net Pension Liability Information**

The City's net pension liability is measured as the total pension liability less the Plan's fiduciary net position. The net pension liability in the June 30, 2017 actuarial valuations were rolled forward to June 30, 2018, and were determined using the following actuarial assumptions and methods:

Actuarial Cost Method	Entry age normal cost method
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 2018, the demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. 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.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 6. DEFINED BENEFIT PENSION PLANS (continued)**

**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" available online at [www.calpers.ca.gov](http://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.

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.

Asset Class	Current Target Allocation	Real Return Years 1-10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	50.0 %	4.80 %	5.98 %
Global Fixed Income	28.0 %	1.00 %	2.62 %
Inflation Sensitive	0.0 %	0.77 %	1.81 %
Private Equity	8.0 %	6.30 %	7.23 %
Real Estate	13.0 %	3.75 %	4.93 %
Liquidity	1.0 %	0.00 %	(0.92)%

<sup>(a)</sup> An expected inflation of 2.00% used for this period

<sup>(b)</sup> An expected inflation of 2.92% used for this period

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For the fiscal year ended June 30, 2019

**NOTE 6. DEFINED BENEFIT PENSION PLANS (continued)**

**Schedule of Changes in Net Pension Liability**

	Total Pension Liability	Increase (Decrease) in Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
<b>MISCELLANEOUS</b>			
Balance at 06/30/2017 (valuation date)	\$ 221,651,897	\$ 149,378,479	\$ 72,273,418
Changes recognized for the measurement period:			
Service cost	2,812,784	-	2,812,784
Interest on total pension liability	15,414,119	-	15,414,119
Changes of assumptions	(1,094,357)	-	(1,094,357)
Differences between expected and actual experience	(217,246)	-	(217,246)
Net plan to plan resource movement	-	(364)	364
Contributions from the employer	-	5,952,503	(5,952,503)
Contributions from the employees	-	1,148,838	(1,148,838)
Net investment income	-	12,639,219	(12,639,219)
Benefit payments, including refunds of employee contributions	(12,329,214)	(12,329,214)	-
Administrative expense	-	(232,773)	232,773
Other miscellaneous income	-	(442,040)	442,040
Net changes during 2017-18	<u>4,586,086</u>	<u>6,736,169</u>	<u>(2,150,083)</u>
Balance at 06/30/2018 (measurement date)	<u>\$ 226,237,983</u>	<u>\$ 156,114,648</u>	<u>\$ 70,123,335</u>
<b>SAFETY</b>			
Balance at 06/30/2017 (valuation date)	\$ 311,890,247	\$ 194,132,500	\$ 117,757,747
Changes recognized for the measurement period:			
Service cost	4,665,299	-	4,665,299
Interest on total pension liability	21,939,641	-	21,939,641
Changes of assumptions	(1,270,346)	-	(1,270,346)
Differences between expected and actual experience	2,153,863	-	2,153,863
Net plan to plan resource movement	-	(474)	474
Contributions from the employer	-	8,172,881	(8,172,881)
Contributions from the employees	-	1,391,912	(1,391,912)
Net investment income	-	16,375,994	(16,375,994)
Benefit payments, including refunds of employee contributions	(16,516,560)	(16,516,560)	-
Administrative expense	-	(302,512)	302,512
Other miscellaneous income	-	(574,475)	574,475
Net changes during 2017-18	<u>10,971,897</u>	<u>8,546,766</u>	<u>2,425,131</u>
Balance at 06/30/2018 (measurement date)	<u>\$ 322,862,144</u>	<u>\$ 202,679,266</u>	<u>\$ 120,182,878</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For the fiscal year ended June 30, 2019

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**NOTE 6. DEFINED BENEFIT PENSION PLANS (continued)**

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

The following tables present the net pension liabilities 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, 2018:

<b>MISCELLANEOUS:</b>	<u>Discount Rate</u>	<u>Net Pension Liability</u>	<u>Impact on Liability</u>
	6.15%	\$ 97,436,004	\$ 27,312,669
	7.15%	70,123,335	-
	8.15%	47,303,006	(22,820,329)
<b>SAFETY:</b>	<u>Discount Rate</u>	<u>Net Pension Liability</u>	<u>Impact on Liability</u>
	6.15%	\$ 163,765,860	\$ 43,582,982
	7.15%	120,182,878	-
	8.15%	84,453,108	(35,729,770)

**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, 2018 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, 2019**

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**NOTE 6. DEFINED BENEFIT PENSION PLANS (continued)**

**Pension Expense**

For the measurement period ending June 30, 2018, the total pension expense recognized is \$26,116,589 consisting of \$10,950,658 and \$15,165,931, 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	1.1-2.1 years	2.6-3.5 years
Changes in assumptions	2.1 years	3.5 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. For the measurement period ending June 30, 2018, the EARSL used for the Plans is as follows:

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Total future service years (a)	2,108	1,984
Total number of participants (active, inactive and retired)	988	575
EARSL for the 2017-18 measurement period	2.1 years	3.5 years

*(a) The sum of the remaining service years of the active employees. Inactive employees and retirees have remaining service years equal to 0. 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, 2019**

**NOTE 6. DEFINED BENEFIT PENSION PLANS (continued)**

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

The following tables present the deferred outflows and deferred inflows of resources related to pensions as of the measurement date of June 30, 2018.

**Deferred Outflows of Resources**

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Pension contributions subsequent to the measurement date	\$ 7,112,608	\$ 9,762,283
Differences between actual and expected experience	-	1,757,374
Changes in assumptions	549,872	7,898,878
Net difference between projected and actual earnings on plan investments	<u>196,848</u>	<u>376,576</u>
Total Deferred Outflows of Resources - Pension	<u>\$ 7,859,328</u>	<u>\$ 19,795,111</u>

**Deferred Inflows of Resources**

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Differences between actual and expected experience	\$ (163,932)	\$ (1,884,546)
Changes in assumptions	(573,235)	(1,027,556)
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources - Pension	<u>\$ (737,167)</u>	<u>\$ (2,912,102)</u>

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

Measurement Period Ended June 30	Deferred Outflows / (Inflows) of Resources	
	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
2019	\$ 1,757,176	\$ 6,627,853
2020	309,279	3,021,718
2021	(1,617,741)	(1,971,969)
2022	(439,161)	(556,876)
2023	-	-
Thereafter	-	-

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 7. 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(I), 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.

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, 2019, the City's total payroll and covered payroll was \$776,728. The City made employer contributions of \$58,340. The assets held in trust by the plan administrator had a fair value of \$569,124 at June 30, 2019.

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 8. OTHER POST-EMPLOYMENT BENEFITS**

**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

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Employees Covered**

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	403
Inactive employees or beneficiaries currently receiving benefits	197
<b>Total</b>	<b>600</b>

**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, 2019, the City's cash contributions were \$650,000 in prefunding payment to the trust and \$314,603 of premium payments to CalPERS for PEMHCA health benefits resulting in total payments of \$964,603. The City created a California Employer's Retiree Benefit Trust (CERBT) account with CalPERS in fiscal year 2008 for the purpose of prefunding obligations.

**Net OPEB Liability Information**

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions

Actuarial cost method	Entry age normal cost method
Asset valuation method	Market
Inflation rate	2.75%
Projected salary increase	3.00%
Discount rate	7.28%
Healthcare cost trend rate	6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO
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 California Public Employees' Retirement System (CalPERS) Experience Study for the period from 1997 to 2011.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Net OPEB Liability Information (continued)**

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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
<b><i>CERBT</i></b>		
Global Equity	57.0%	5.50 %
Global Debt Securities	27.0%	2.35 %
Inflation Assets	5.0%	1.50 %
Commodities	3.0%	1.75 %
REITs	8.0%	3.65 %
<b>Total</b>	<b>100.0%</b>	

*Long-term expected rate of return is 7.28%*

**Discount Rate**

The discount rate used to measure the City's total OPEB liability was 7.28%. 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.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For the fiscal year ended June 30, 2019

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Schedule of Changes in NET OPEB Liability**

	Total OPEB Liability	Increase (Decrease) in Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at 06/30/2017 (Valuation date 06/30/2017)	\$ 5,531,955	\$ 3,510,288	\$ 2,021,667
Changes recognized for the measurement period:			
Service cost	78,533	-	78,533
Interest	397,219	-	397,219
Changes of benefit terms	4,588,311	-	4,588,311
Differences between expected and actual experience	54,005	-	54,005
Changes of assumptions	718,115	-	718,115
Contributions - employer	-	958,359	(958,359)
Net investment income	-	276,640	(276,640)
Benefit payments, including refunds of member contributions	(308,359)	(308,359)	-
Administrative expense	-	(1,968)	1,968
Other expense	-	(4,645)	4,645
Net changes	5,527,824	920,027	4,607,797
Balance at 06/30/2018 (measurement date)	\$ 11,059,779	\$ 4,430,315	\$ 6,629,464

**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, 2018:

Discount Rate	Net OPEB Liability	Impact on Liability
6.28%	\$ 7,773,795	\$ 1,144,331
7.28%	6,629,464	-
8.28%	5,662,753	(966,711)

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

The following presents the net OPEB liability of the City if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
1% Decrease	\$ 5,474,127	\$ (1,155,337)
Current Rate	6,629,464	-
1% Increase	8,020,041	1,390,577

**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](http://www.calpers.ca.gov). The plan itself does not issue financial statements.

**Recognitions 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>Sources of Gains and Losses</u>	<u>Recognition Period</u>
Net differences between projected and actual earnings on OPEB plan investments	5 years
All other amounts	4 years

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$4,985,204. No deferred inflows of resources related to OPEB were reported during the year. At the end of the fiscal year, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
OPEB contributions subsequent to measurement period	\$ 964,603
Differences between expected and actuarial experience	40,504
Changes of assumptions	538,586
Differences between projected and actual earnings	1,862
Total	\$ 1,545,555

The \$964,603 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020.

The remaining \$580,952 of deferred outflow of resources will be recognized in the future as OPEB expense as follows:

Measurement period Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 193,496
2020	193,496
2021	193,496
2022	464
2023	-
Thereafter	-

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 9. 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 omissions; 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 Risk Manager administered claims against the City. The estimated liability for pending and incurred but not reported (IBNR) claims at June 30, 2019, 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:

	2019	2018
Claims payable, beginning of year	\$ 2,136,142	\$ 1,756,142
Current fiscal year claims and changes in estimates	(507,685)	1,265,646
Claim payments	(24,457)	(885,646)
Claim payable, end of year	\$ 1,604,000	\$ 2,136,142

The City's accrued liability at year-end of \$1,604,000 is approximately 90% of the actuarially computed expected liability.

**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 of 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.



**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For the fiscal year ended June 30, 2019

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**NOTE 10. 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 is 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 granting 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.

**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.

<u>Fund</u>	<u>Encumbrance</u>	<u>Amount</u>
Governmental Funds:		
City Capital Improvement Program Fund	Magnolia Performing Arts Center Improvements	\$ 2,273,589
Non-Major Governmental Funds	Street Overlay	553,762
	Cajon Valley Unified School District - Safe Routes to School	413,431
	Total	<u>\$ 3,240,782</u>
Enterprise Fund:		
Wastewater Fund	Broadway Earthen Channel Repairs	\$ 521,603
	Citywide Smoke Testing	419,998
	Total	<u>\$ 941,601</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

**NOTE 11. INTERFUND BALANCES AND TRANSFERS**

**Due To/Due From**

The composition of due to/due from other funds for the fiscal year ended June 30, 2019 is as follows:

Due To	Due From	Amount
General Fund	Non-Major Special Revenue Fund	\$ 291,912
Totals		\$ 291,912

The amount due to the General Fund from the CDBG non-major special revenue fund was due to cash flow needs at fiscal year-end. These funds will be repaid in the next fiscal year, as grant reimbursements become available to the borrowing fund.

**Transfers In/Transfers Out**

<b>Transfers Out</b>	Transfers In				Total
	Major Funds		Non-Major Funds		
	General Revenue	City Capital Improvement Program	Special Revenue	Capital Projects	
<b>Major Funds</b>					
General Fund	\$ -	\$4,850,000	\$ 38,652	\$ -	\$ 4,888,652
City Capital Improvement Program	-	-	-	130,724	130,724
<b>Non-Major Funds</b>					
Special Revenue	212,151	673,738	-	438,807	1,324,696
Capital Projects	-	-	-	4,285,890	4,285,890
Total	\$ 212,151	\$5,523,738	\$ 38,652	\$ 4,855,421	\$10,629,962

The purpose of the City's transfers is to provide funding for capital projects and subsidies for various operating activities.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

**NOTE 12. FUND BALANCES AND DEFICITS**

Fund balances for the fiscal year ended June 30, 2019 are as follows:

	General	Special Revenue		Capital Projects		Total Governmental Funds
		Low and Moderate Income Housing Asset	HOME	City Capital Improvement Program	Non-Major	
Nonspendable						
Prepaid items	\$ 2,507	\$ -	\$ -	\$ -	\$ -	\$ 2,507
Restricted						
Animal shelter operations	-	-	-	-	41,549	41,549
Animal shelter project	-	-	-	-	266,637	266,637
Community development	-	3,570,194	527,035	-	391,810	4,489,039
Loans receivable	-	10,761,320	10,910,813	-	920,043	22,592,176
Public safety	-	-	-	-	1,295,530	1,295,530
Public works project	-	-	-	-	633,251	633,251
RTCIP impact fee	-	-	-	-	664,088	664,088
RMRA	-	-	-	-	1,937,891	1,937,891
Transportation projects	-	-	-	-	3,951,508	3,951,508
Committed	15,939,481	-	-	-	-	15,939,481
Assigned						
Capital projects	-	-	-	8,784,041	4,576,704	13,360,745
Economic uncertainty	6,500,000	-	-	-	-	6,500,000
Unfunded retirement obligations	8,000,000	-	-	-	-	8,000,000
Unassigned	18,617,202	-	-	-	(6,348)	18,610,854
Totals	<u>\$49,059,190</u>	<u>\$ 14,331,514</u>	<u>\$11,437,848</u>	<u>\$8,784,041</u>	<u>\$14,672,663</u>	<u>\$98,285,256</u>

**Fund Deficit**

The fund deficit reported for non-major governmental funds was for the Parks and Recreation Improvement Grants Capital Projects Fund. The \$6,348 deficit in the fund was due to expenditures being incurred before the grant revenue has been received.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2019

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#### **NOTE 13. 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 14.20% for the fiscal year ending June 30, 2019.

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 \$26,724 for the fiscal year ending June 30, 2019.

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

#### **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 27.50% for the fiscal year ending June 30, 2019.

HCFA leases a portion of the property located at 100 E. Lexington Avenue from the City. Lease payments totaled \$50,283 for the fiscal year ending June 30, 2019. The City also provides clerical and accounting services for HCFA. Charges for services were \$51,760 for the fiscal year ending June 30, 2019.

Annual financial statements may be obtained from HCFA, 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, 2019**

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**NOTE 14. 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:

<u>Fiscal Year</u>	<u>Operating Years</u>	<u>Percentage of Net Sales Taxes</u>
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 FY 2018-19, no monies were paid to Sunroad under this agreement.

**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:

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

In FY 2018-19, the total amount rebated to the Hotel under this agreement is \$546,714.

**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:

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

In FY 2018-19, the total amount rebated to Honda under this agreement is \$273,133.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2019**

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**NOTE 14. TAX ABATEMENTS (continued)**

**Oremor European, LLC dba Mercedes-Benz of El Cajon**

In February, 2018, the City and Oremor European, LLC entered into an operating covenant for operation of a first-class motor vehicle dealership in compliance with all facility and image requirements of Mercedes-Benz. As an economic incentive to operate the dealership, the City agreed to return to Mercedes-Benz a percentage of net sales taxes (based on sales taxes in excess of \$300,000 per year) as follows:

<u>Fiscal Year</u>	<u>Operating Years</u>	<u>Percentage of Net Sales Taxes</u>
FY2018-19 through FY2022-23	Years 1 through 5	75%
FY2023-24 through FY2027-28	Years 6 through 10	60%

In FY 2018-19, the total amount rebated to Mercedes-Benz under this agreement is \$21,899.

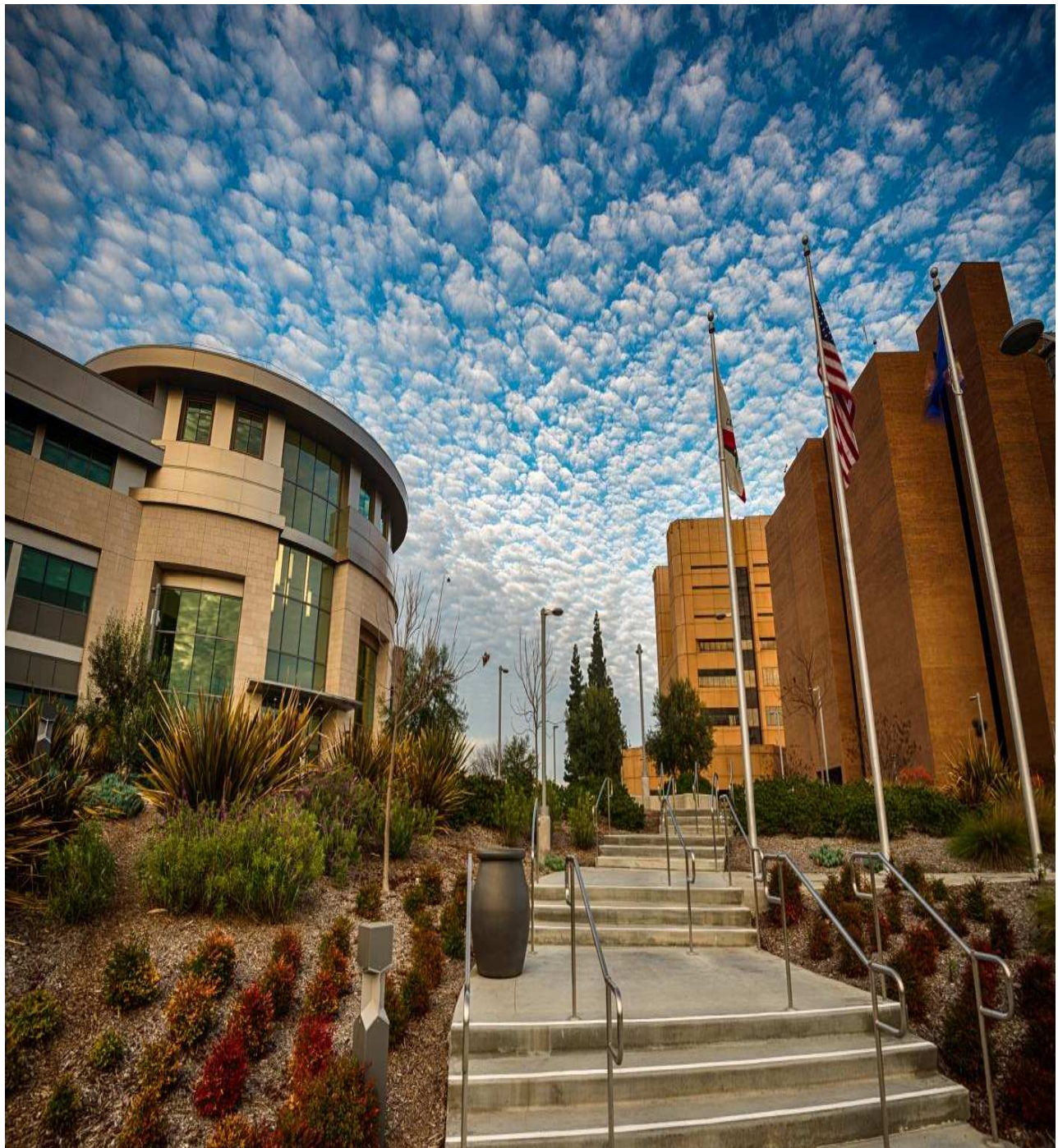
**NOTE 15. SUBSEQUENT EVENT**

On November 12, 2019, the City's current wastewater billing contractor, Global Water Management (Global), announced that they would be closing permanently on November 30, 2019. Global will no longer be able to provide sewer utility billing and customer service for their customers, including the City of El Cajon. City staff is looking at various short- and long-term options that will be presented at the January 14, 2020 City Council meeting. This disruption in the City's billing and collection of wastewater charges may impact the timing of revenues and cash flows in the Wastewater Enterprise Fund for fiscal year 2019-20.

# CITY OF EL CAJON

## REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF EL CAJON**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the fiscal year ended June 30, 2019**

	Budgeted Amounts		Actual <sup>1</sup>	Variance with Final Budget
	Original	Final		
Taxes				
Sales and use	\$ 38,367,600	\$ 38,367,600	\$ 37,055,679	\$ (1,311,921)
Property	19,331,231	19,331,231	19,834,547	503,316
Franchise	5,278,923	5,278,923	5,511,422	232,499
Transient lodging	1,441,795	1,441,795	2,116,816	675,021
Business licenses	838,902	838,902	843,422	4,520
Property transfer	325,000	325,000	312,876	(12,124)
Total taxes	<u>65,583,451</u>	<u>65,583,451</u>	<u>65,674,762</u>	<u>91,311</u>
Intergovernmental:				
Motor vehicle license fees	50,000	50,000	50,668	668
Reimbursements	714,800	714,800	1,253,511	538,711
Total intergovernmental	<u>764,800</u>	<u>764,800</u>	<u>1,304,179</u>	<u>539,379</u>
Licenses and permits	<u>1,233,200</u>	<u>1,233,200</u>	<u>1,984,864</u>	<u>751,664</u>
Charges for services:				
Planning and engineering	375,000	375,000	492,340	117,340
Public safety	1,197,650	1,197,650	1,299,999	102,349
All others	1,983,684	1,983,684	2,001,839	18,155
Total charges for services	<u>3,556,334</u>	<u>3,556,334</u>	<u>3,794,178</u>	<u>237,844</u>
Use of money and property	<u>1,367,170</u>	<u>1,367,170</u>	<u>3,081,135</u>	<u>1,713,965</u>
Other:				
Fines	538,000	538,000	573,407	35,407
Sale of property	-	-	15,852	15,852
Miscellaneous	1,591,535	1,591,535	1,535,946	(55,589)
Total other	<u>2,129,535</u>	<u>2,129,535</u>	<u>2,125,205</u>	<u>(4,330)</u>
Total revenues	<u>74,634,490</u>	<u>74,634,490</u>	<u>77,964,323</u>	<u>3,329,833</u>

<sup>1</sup> 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 Note 3 of the Notes to the Budgetary Comparison Schedule on page 89).

**CITY OF EL CAJON**  
**Budgetary Comparison Schedule (continued)**  
**General Fund**  
**For the fiscal year ended June 30, 2019**

	Budgeted Amounts		Actual <sup>1</sup>	Variance with Final Budget
	Original	Final		
General government:				
City council	\$ 490,078	\$ 490,078	\$ 428,890	\$ 61,188
Council contingency	100,000	100,000	44,198	55,802
City manager	1,551,576	1,907,081	1,907,081	-
Community services and events	249,300	249,300	231,209	18,091
City attorney	830,753	830,753	583,176	247,577
City clerk and elections	528,676	447,152	447,152	-
Human resources	911,335	735,776	735,776	-
Administrative services	342,620	355,100	355,100	-
Finance	1,932,329	1,967,038	1,967,038	-
Total general government	<u>6,936,667</u>	<u>7,082,278</u>	<u>6,699,620</u>	<u>382,658</u>
Public safety:				
Police:				
Administration	3,299,282	3,350,789	3,350,789	-
Inspection and training	2,070,621	2,144,528	2,144,528	-
Records	1,310,520	1,118,727	1,118,727	-
Communications	2,576,147	2,282,725	2,282,725	-
Patrol	14,725,216	15,660,392	15,660,392	-
Special operations unit	2,785,523	2,848,122	2,848,122	-
Traffic enforcement	1,938,644	1,603,285	1,603,285	-
Investigation	4,776,483	4,645,811	4,645,811	-
Laboratory	950,627	979,697	979,697	-
Auxillary	181,780	111,538	111,538	-
Animal control	1,010,627	920,245	920,245	-
Total police	<u>35,625,470</u>	<u>35,665,859</u>	<u>35,665,859</u>	<u>-</u>
Fire:				
Administration	1,980,458	1,819,395	1,819,395	-
Emergency Medical Services	322,468	223,642	223,642	-
Suppression	11,328,867	11,986,217	11,986,217	-
Heartland Fire and Rescue	2,033,805	1,929,009	1,929,009	-
Total fire	<u>15,665,598</u>	<u>15,958,263</u>	<u>15,958,263</u>	<u>-</u>
Total public safety	<u>51,291,068</u>	<u>51,624,122</u>	<u>51,624,122</u>	<u>-</u>

<sup>1</sup> 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 Note 3 of the Notes to the Budgetary Comparison Schedule on page 89).

**CITY OF EL CAJON**  
**Budgetary Comparison Schedule (continued)**  
**General Fund**  
**For the fiscal year ended June 30, 2019**

	Budgeted Amounts		Actual <sup>1</sup>	Variance with Final Budget
	Original	Final		
Public works:				
Administration	\$ 585,781	\$ 585,781	\$ 511,642	\$ 74,139
Facilities maintenance	2,221,658	1,953,571	1,872,674	80,897
Engineering	1,691,753	1,831,389	1,798,980	32,409
Traffic engineering and maintenance	1,833,920	1,923,956	1,710,806	213,150
Parks	2,092,408	2,092,408	1,788,606	303,802
Street maintenance	1,098,996	1,098,996	951,697	147,299
Total public works	<u>9,524,516</u>	<u>9,486,101</u>	<u>8,634,405</u>	<u>851,696</u>
Recreation	<u>3,041,357</u>	<u>3,041,357</u>	<u>3,003,216</u>	<u>38,141</u>
Community development:				
Administration	401,075	428,596	428,596	-
Planning	1,174,483	1,214,903	1,214,903	-
Building and fire safety	1,411,239	1,343,298	1,275,080	68,218
Total community development	<u>2,986,797</u>	<u>2,986,797</u>	<u>2,918,579</u>	<u>68,218</u>
Total expenditures	<u>73,780,405</u>	<u>74,220,655</u>	<u>72,879,942</u>	<u>1,340,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>854,085</u>	<u>413,835</u>	<u>5,084,381</u>	<u>4,670,546</u>
Other financing sources (uses):				
Transfers in	212,915	212,915	212,151	764
Transfers out	<u>(5,917,000)</u>	<u>(5,917,000)</u>	<u>(5,388,652)</u>	<u>(528,348)</u>
Total other financing sources (uses)	<u>(5,704,085)</u>	<u>(5,704,085)</u>	<u>(5,176,501)</u>	<u>(527,584)</u>
Net change in fund balance	<u>(4,850,000)</u>	<u>(5,290,250)</u>	<u>(92,120)</u>	<u>4,142,962</u>
Fund balance, beginning	<u>48,666,088</u>	<u>48,666,088</u>	<u>48,666,088</u>	<u>-</u>
Fund balance, ending	<u>\$ 43,816,088</u>	<u>\$ 43,375,838</u>	<u>\$ 48,573,968</u>	<u>\$ 4,142,962</u>

<sup>1</sup> 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 Note 3 of the Notes to the Budgetary Comparison Schedule on page 89).

**CITY OF EL CAJON**  
**Budgetary Comparison Schedule (concluded)**  
**General Fund**  
**For the fiscal year ended June 30, 2019**

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**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 85)	\$ 77,964,323
Revenues from other general funds are combined with the general fund, as required under generally accepted accounting principles	
Recreation Special Programs	<u>534,788</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis) (page 97)	
	<u>78,499,111</u>
Actual expenditures from budgetary comparison schedule (page 87)	72,879,942
Expenditures from other general funds are combined with the general fund, as required under generally accepted accounting principles	
Recreation Special Programs	586,639
Magnolia Performing Arts	<u>96,481</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Change in Fund Balances for the General Fund (GAAP Basis) (page 97)	
	<u>73,563,062</u>
Actual other financing sources (uses) from budgetary comparison schedule (page 87)	(5,176,501)
Other financing sources (uses) from other general funds are combined with the general fund, as required under generally accepted accounting principles	
Magnolia Performing Arts	<u>500,000</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 97)	
	<u>(4,676,501)</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)	259,548
Fund balance, beginning of year (GAAP Basis) (page 97)	<u>48,799,642</u>
Fund balance, end of year (GAAP Basis) (page 97)	<u><u>\$ 49,059,190</u></u>

Recreation Special Programs Fund and Magnolia Performing Arts Fund are combined with the General Fund for reporting purposes on a GAAP basis, pursuant to GASB Statement No. 54 (see Note 3 of the Notes to the Budgetary Comparison Schedule on page 89).

# CITY OF EL CAJON

## Notes to the Budgetary Comparison Schedule For the fiscal year ended June 30, 2019

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### 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 two funds which were considered special revenue funds 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 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 that includes a public hearing to give the public the opportunity to comment upon the preliminary budget. Notice of such public hearing is published in a newspaper of general circulation and the City's website.

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 Low and Moderate Income Housing Asset, HOME, 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 two additional funds that do not meet the criteria to be classified as special revenue funds. The additional funds that are combined with the General Fund (GAAP basis) are the Recreation Special Programs and Magnolia Performing Arts. 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 funds (pages 96-99).

### 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, 2019**

	Measurement Period				
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
<b>MISCELLANEOUS</b>					
Total pension liability					
Service cost	\$ 2,765,638	\$ 2,565,998	\$ 2,551,598	\$ 2,765,699	\$ 2,812,784
Interest on total pension liability	13,910,118	14,457,238	14,844,856	15,080,991	15,414,119
Changes in benefits	-	-	-	-	-
Differences between expected and actual experience	-	57,598	(1,504,597)	(1,052,850)	(217,246)
Changes in assumptions	-	(3,292,566)	-	11,547,296	(1,094,357)
Benefit payments, including refunds of employee contributions	(9,543,379)	(10,108,043)	(10,781,021)	(11,469,789)	(12,329,214)
Net change in total pension liability	7,132,377	3,680,225	5,110,836	16,871,347	4,586,086
Total pension liability - beginning	188,857,112	195,989,489	199,669,714	204,780,550	221,651,897
Total pension liability - ending (a)	<u>\$ 195,989,489</u>	<u>\$ 199,669,714</u>	<u>\$ 204,780,550</u>	<u>\$ 221,651,897</u>	<u>\$ 226,237,983</u>
Plan fiduciary net position					
Contributions - employer	\$ 4,086,776	\$ 4,676,850	\$ 5,294,296	\$ 5,729,154	\$ 5,952,503
Contributions - employee	1,273,729	1,169,243	1,142,365	1,179,611	1,148,838
Net investment income	21,642,095	3,217,684	736,004	15,602,402	12,639,219
Benefit payments	(9,543,379)	(10,108,043)	(10,781,021)	(11,469,789)	(12,329,214)
Plan to plan resource movement	-	256	-	-	(364)
Administrative expense	-	(162,571)	(86,686)	(204,547)	(232,773)
Other Miscellaneous Income/(Expense)	-	-	-	-	(442,040)
Net change in plan fiduciary net position	17,459,221	(1,206,581)	(3,695,042)	10,836,831	6,736,169
Plan fiduciary net position - beginning	125,984,050	143,443,271	142,236,690	138,541,648	149,378,479
Plan fiduciary net position - ending (b)	<u>143,443,271</u>	<u>142,236,690</u>	<u>138,541,648</u>	<u>149,378,479</u>	<u>156,114,648</u>
Net pension liability - ending (a)-(b)	<u>\$ 52,546,218</u>	<u>\$ 57,433,024</u>	<u>\$ 66,238,902</u>	<u>\$ 72,273,418</u>	<u>\$ 70,123,335</u>
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	73.19%	71.24%	67.65%	67.39%	69.00%
Covered payroll	\$ 14,360,908	\$ 14,396,255	\$ 14,011,137	\$ 15,057,099	\$ 14,414,665
Net pension liability as percentage of covered payroll	365.90%	398.94%	472.76%	480.00%	486.47%

**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, 2017. This applies for voluntary benefit changes as well as any offers of two years additional service credit (a.k.a. Golden Handshakes).

**Changes of assumptions.** In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions from December 2017. There were no changes in the discount rate. 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 percent (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 percent discount rate.

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

**CITY OF EL CAJON**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Last Ten Fiscal Years\***  
**As of June 30, 2019**

	Measurement Period				
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
<b>SAFETY</b>					
Total pension liability					
Service cost	\$ 3,989,127	\$ 4,099,136	\$ 4,327,007	\$ 4,627,095	\$ 4,665,299
Interest on total pension liability	19,271,768	20,106,901	20,881,842	21,187,689	21,939,641
Changes in benefits	-	-	-	-	-
Differences between expected and actual experience	-	1,748,846	704,978	(4,240,228)	2,153,863
Changes in assumptions	-	(4,926,806)	-	17,772,474	(1,270,346)
Benefit payments, including refunds of employee contributions	(13,894,694)	(14,624,385)	(15,165,608)	(15,884,588)	(16,516,560)
Net change in total pension liability	9,366,201	6,403,692	10,748,219	23,462,442	10,971,897
Total pension liability - beginning	261,909,693	271,275,894	277,679,586	288,427,805	311,890,247
Total pension liability - ending (a)	<u>\$ 271,275,894</u>	<u>\$ 277,679,586</u>	<u>\$ 288,427,805</u>	<u>\$ 311,890,247</u>	<u>\$ 322,862,144</u>
Plan fiduciary net position					
Contributions - employer	\$ 5,671,725	\$ 7,064,751	\$ 7,138,821	\$ 7,963,467	\$ 8,172,881
Contributions - employee	1,408,399	1,452,168	1,448,543	1,501,090	1,391,912
Net investment income	28,540,504	4,131,876	913,046	20,358,562	16,375,994
Benefit payments	(13,894,694)	(14,624,385)	(15,165,608)	(15,884,588)	(16,516,560)
Plan to plan resource movement	-	-	-	-	(474)
Administrative expense	-	(209,628)	(113,503)	(266,438)	(302,512)
Other Miscellaneous Income/(Expense)	-	-	-	-	(574,475)
Net change in plan fiduciary net position	21,725,934	(2,185,218)	(5,778,701)	13,672,093	8,546,766
Plan fiduciary net position - beginning	166,698,392	188,424,326	186,239,108	180,460,407	194,132,500
Plan fiduciary net position - ending (b)	<u>188,424,326</u>	<u>186,239,108</u>	<u>180,460,407</u>	<u>194,132,500</u>	<u>202,679,266</u>
Net pension liability - ending (a)-(b)	<u>\$ 82,851,568</u>	<u>\$ 91,440,478</u>	<u>\$ 107,967,398</u>	<u>\$ 117,757,747</u>	<u>\$ 120,182,878</u>
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	69.46%	67.07%	62.57%	62.24%	62.78%
Covered payroll	\$ 14,293,703	\$ 15,286,919	\$ 15,215,948	\$ 16,607,414	\$ 15,037,553
Net pension liability as percentage of covered payroll	579.64%	598.16%	709.57%	709.07%	799.22%

**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, 2017. This applies for voluntary benefit changes as well as any offers of two years additional service credit (a.k.a. Golden Handshakes).

**Changes of assumptions.** In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions from December 2017. There were no changes in the discount rate. 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 percent (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 percent 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, 2019**

	Fiscal Years				
	2015	2016	2017	2018	2019
<b>MISCELLANEOUS</b>					
Actuarially determined contribution	\$ 4,086,776	\$ 4,274,354	\$ 5,106,525	\$ 5,525,288	\$ 5,952,503
Contributions in relation to the actuarially determined contributions	(4,086,776)	(4,676,850)	(5,294,296)	(5,729,154)	(5,952,503)
Contributions deficiency (excess)	\$ -	\$ (402,496)	\$ (187,771)	\$ (203,866)	\$ -
Covered payroll	\$ 14,396,255	\$ 14,011,137	\$ 15,057,099	\$ 14,414,665	\$ 15,011,244
Contributions as a percentage of covered payroll	28.39%	30.51%	33.91%	38.33%	39.65%

	Fiscal Years				
	2015	2016	2017	2018	2019
<b>SAFETY</b>					
Actuarially determined contribution	\$ 5,671,725	\$ 6,461,007	\$ 6,886,886	\$ 7,680,772	\$ 8,172,881
Contributions in relation to the actuarially determined contributions	(5,671,725)	(7,064,751)	(7,138,821)	(7,963,467)	(8,172,881)
Contributions deficiency (excess)	\$ -	\$ (603,744)	\$ (251,935)	\$ (282,695)	\$ -
Covered payroll	\$ 15,286,919	\$ 15,215,948	\$ 16,607,414	\$ 15,037,553	\$ 15,493,464
Contributions as a percentage of covered payroll	37.10%	42.46%	41.47%	51.08%	52.75%

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

Actuarial cost method	Entry age normal
Amortization method/period	June 30, 2017 funding valuation report
Asset valuation method	Actuarial value of assets, June 30, 2017 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, 2019\*

	Measurement Period	
	2016-2017**	2017-2018
Total OPEB Liability		
Service cost	\$ 78,533	\$ 78,533
Interest on total OPEB liability	391,440	397,219
Differences between expected and actual experience	-	54,005
Changes in assumptions	-	718,115
Changes in benefit terms	-	4,588,311
Benefit payments	(293,421)	(308,359)
Net change in total OPEB liability	<u>176,552</u>	<u>5,527,824</u>
Total OPEB liability - beginning	<u>5,355,403</u>	<u>5,531,955</u>
Total OPEB liability - ending (a)	<u>\$ 5,531,955</u>	<u>\$ 11,059,779</u>
Plan fiduciary net position		
Contributions - employer	\$ 949,193	\$ 958,359
Net investment income	321,424	276,640
Benefit payments	(293,421)	(308,359)
Administrative expense	(1,685)	(6,613)
Net change in plan fiduciary net position	<u>975,511</u>	<u>920,027</u>
Plan fiduciary net position - beginning	<u>2,534,777</u>	<u>3,510,288</u>
Plan fiduciary net position - ending (b)	<u>3,510,288</u>	<u>4,430,315</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 2,021,667</u>	<u>\$ 6,629,464</u>
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	63.45%	40.06%
Covered payroll	\$ 31,664,513	\$ 29,452,218
Net OPEB liability as percentage of covered payroll	6.38%	22.51%

**Notes to schedule:**

\*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.

\*\*Plan fiduciary net position for measurement period 2016-2017 is based on the City's CERBT audited net position as of June 30, 2017

**CITY OF EL CAJON**  
**Schedule of Plan Contributions - OPEB**  
**As of June 30, 2019\***

	Fiscal Year	
	2018	2019
Actuarially determined contribution	\$ 398,230	\$ 398,230
Contributions in relation to the actuarially determined contributions	(949,193)	(958,359)
Contributions deficiency (excess)	<u>\$ (550,963)</u>	<u>\$ (560,129)</u>
Covered payroll	\$ 29,452,218	\$ 30,504,708
Contributions as a percentage of covered payroll	1.35%	3.14%

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

Actuarial cost method	Entry age normal cost method
Asset valuation method	Market
Inflation	2.75%
Projected salary increases	3.00%
Discount rate	7.28%
Healthcare cost trend rate	6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO
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

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# CITY OF EL CAJON

## Balance Sheet

### General Fund (GAAP Basis)

June 30, 2019

	General Fund	Recreation Special Programs	Magnolia Performing Arts	Total <sup>1</sup>
<b>Assets</b>				
Cash and investments	\$ 43,767,035	\$ 259,357	\$ 407,573	\$ 44,433,965
Receivables:				
Accounts	94,729	39,100	-	133,829
Interest	362,722	1,264	-	363,986
Intergovernmental	274,872	-	-	274,872
Taxes	7,063,083	-	-	7,063,083
Prepaid items	2,507	-	-	2,507
Due from other funds	291,912	-	-	291,912
<b>Total assets</b>	<b>51,856,860</b>	<b>299,721</b>	<b>407,573</b>	<b>52,564,154</b>
<b>Total assets</b>	<b>\$ 51,856,860</b>	<b>\$ 299,721</b>	<b>\$ 407,573</b>	<b>\$ 52,564,154</b>
 <b>Liabilities</b>				
Accounts payable	\$ 672,111	\$ 6,710	\$ 4,054	\$ 682,875
Accrued liabilities	2,317,652	25,968	-	2,343,620
Deposits payable	293,129	5,177	-	298,306
Unearned revenue	-	180,163	-	180,163
<b>Total liabilities</b>	<b>3,282,892</b>	<b>218,018</b>	<b>4,054</b>	<b>3,504,964</b>
 <b>Fund balances</b>				
Nonspendable:				
Prepaid items	2,507	-	-	2,507
Committed	15,939,481	-	-	15,939,481
Assigned:				
Economic uncertainty	6,500,000	-	-	6,500,000
Unfunded retirement obligations	8,000,000	-	-	8,000,000
Unassigned	18,131,980	81,703	403,519	18,617,202
<b>Total fund balances</b>	<b>48,573,968</b>	<b>81,703</b>	<b>403,519</b>	<b>49,059,190</b>
<b>Total liabilities and fund balances</b>	<b>\$ 51,856,860</b>	<b>\$ 299,721</b>	<b>\$ 407,573</b>	<b>\$ 52,564,154</b>

<sup>1</sup> 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 26).

**CITY OF EL CAJON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund (GAAP Basis)**  
**For the fiscal year ended June 30, 2019**

	General Fund	Recreation Special Programs	Magnolia Performing Arts	Reconciliation to Fund Financial Statements	Total <sup>1</sup>
<b>Revenues</b>					
Taxes	\$ 65,674,762	\$ -	\$ -	\$ -	\$ 65,674,762
Intergovernmental	1,304,179	19,044	-	-	1,323,223
Licenses and permits	1,984,864	-	-	-	1,984,864
Charges for services	3,794,178	435,275	-	-	4,229,453
Use of money and property	3,081,135	7,690	-	-	3,088,825
Other	2,125,205	72,779	-	-	2,197,984
<b>Total revenues</b>	<u>77,964,323</u>	<u>534,788</u>	<u>-</u>	<u>-</u>	<u>78,499,111</u>
<b>Expenditures</b>					
Current:					
General government	6,699,620	-	-	-	6,699,620
Public safety	51,624,122	-	-	-	51,624,122
Public works	8,634,405	-	-	-	8,634,405
Recreation	3,003,216	555,243	96,481	-	3,654,940
Community development	2,918,579	-	-	-	2,918,579
Capital outlay	-	31,396	-	-	31,396
<b>Total expenditures</b>	<u>72,879,942</u>	<u>586,639</u>	<u>96,481</u>	<u>-</u>	<u>73,563,062</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>5,084,381</u>	<u>(51,851)</u>	<u>(96,481)</u>	<u>-</u>	<u>4,936,049</u>
<b>Other financing sources (uses):</b>					
Transfers in	212,151	-	500,000	(500,000)	212,151
Transfers out	(5,388,652)	-	-	500,000	(4,888,652)
<b>Total other financing sources (uses)</b>	<u>(5,176,501)</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>(4,676,501)</u>
<b>Net change in fund balances</b>	(92,120)	(51,851)	403,519	-	259,548
<b>Fund balances, beginning</b>	48,666,088	133,554	-	-	48,799,642
<b>Fund balances, ending</b>	<u>\$ 48,573,968</u>	<u>\$ 81,703</u>	<u>\$ 403,519</u>	<u>\$ -</u>	<u>\$ 49,059,190</u>

<sup>1</sup> 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 Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds for the General Fund (page 30).

**CITY OF EL CAJON**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Recreation Special Programs<sup>1</sup>**  
**Budget and Actual**  
**For the fiscal year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 2,500	\$ 2,500	\$ 19,044	\$ 16,544
Charges for services	527,380	527,380	435,275	(92,105)
Use of money and property	2,500	2,500	7,690	5,190
Other	65,900	65,900	72,779	6,879
<b>Total revenues</b>	<u>598,280</u>	<u>598,280</u>	<u>534,788</u>	<u>(63,492)</u>
<b>Expenditures</b>				
Current:				
Recreation	601,515	601,515	555,243	46,272
Capital outlay	4,500	4,500	31,396	(26,896)
<b>Total expenditures</b>	<u>606,015</u>	<u>606,015</u>	<u>586,639</u>	<u>19,376</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(7,735)</u>	<u>(7,735)</u>	<u>(51,851)</u>	<u>(44,116)</u>
<b>Net change in fund balance</b>	(7,735)	(7,735)	(51,851)	(44,116)
<b>Fund balance, beginning</b>	<u>133,554</u>	<u>133,554</u>	<u>133,554</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 125,819</u>	<u>\$ 125,819</u>	<u>\$ 81,703</u>	<u>\$ (44,116)</u>

<sup>1</sup> 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 on page 88.

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Magnolia Performing Arts<sup>1</sup>

#### Budget and Actual

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>Expenditures:</b>				
Current:				
Recreation	643,434	643,434	96,481	546,953
<b>Total expenditures</b>	643,434	643,434	96,481	546,953
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(643,434)	(643,434)	(96,481)	546,953
<b>Other financing sources:</b>				
Transfers in	1,000,000	1,000,000	500,000	(500,000)
<b>Total other financing sources</b>	1,000,000	1,000,000	500,000	(500,000)
<b>Net change in fund balance</b>	356,566	356,566	403,519	46,953
<b>Fund balance, beginning</b>	-	-	-	-
<b>Fund balance, ending</b>	<u>\$ 356,566</u>	<u>\$ 356,566</u>	<u>\$ 403,519</u>	<u>\$ 46,953</u>

<sup>1</sup> Magnolia Performing Arts 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 on page 88.

**CITY OF EL CAJON**  
**Combined Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Total
<b>Assets</b>			
Cash and investments	\$ 6,588,079	\$ 6,029,648	\$ 12,617,727
Receivables:			
Interest	34,510	33,574	68,084
Intergovernmental	789,963	2,473,418	3,263,381
Loans	934,154	-	934,154
<b>Total assets</b>	<b>\$ 8,346,706</b>	<b>\$ 8,536,640</b>	<b>\$ 16,883,346</b>
<b>Liabilities</b>			
Accounts payable	\$ 519,636	\$ 1,364,305	\$ 1,883,941
Accrued liabilities	34,830	-	34,830
Due to other funds	291,912	-	291,912
<b>Total liabilities</b>	<b>846,378</b>	<b>1,364,305</b>	<b>2,210,683</b>
<b>Fund balances (deficits)</b>			
Restricted:			
Animal shelter operations	41,549	-	41,549
Animal shelter project	266,637	-	266,637
Community development	391,810	-	391,810
Loans receivable	920,043	-	920,043
Public safety	1,295,530	-	1,295,530
Public works projects	633,251	-	633,251
RTCIP impact fee	-	664,088	664,088
RMRA	-	1,937,891	1,937,891
Streets projects	3,951,508	-	3,951,508
Assigned:			
Capital projects	-	4,576,704	4,576,704
Unassigned	-	(6,348)	(6,348)
<b>Total fund balances</b>	<b>7,500,328</b>	<b>7,172,335</b>	<b>14,672,663</b>
<b>Total liabilities and fund balance</b>	<b>\$ 8,346,706</b>	<b>\$ 8,536,640</b>	<b>\$ 16,883,346</b>



# 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, 2019

	Special Revenue Funds	Capital Projects Funds	Total
<b>Revenues</b>			
Taxes	\$ -	\$ 2,522,265	\$ 2,522,265
Intergovernmental	5,064,892	3,489,456	8,554,348
Charges for services	27,475	302,985	330,460
Use of money and property	212,303	196,615	408,918
Other	65,880	-	65,880
<b>Total revenues</b>	<u>5,370,550</u>	<u>6,511,321</u>	<u>11,881,871</u>
<b>Expenditures</b>			
Current:			
Public safety	399,911	2,665	402,576
Public works	2,644,558	574,101	3,218,659
Recreation	-	78,442	78,442
Community development	671,728	-	671,728
Capital outlay	531,564	4,422,794	4,954,358
Capital lease:			
Interest	43,072	-	43,072
Principal	186,484	-	186,484
<b>Total expenditures</b>	<u>4,477,317</u>	<u>5,078,002</u>	<u>9,555,319</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>893,233</u>	<u>1,433,319</u>	<u>2,326,552</u>
<b>Other financing sources (uses):</b>			
Transfers in	38,652	4,855,421	4,894,073
Transfers out	(1,324,696)	(4,285,890)	(5,610,586)
<b>Total other financing sources (uses)</b>	<u>(1,286,044)</u>	<u>569,531</u>	<u>(716,513)</u>
<b>Net change in fund balances</b>	(392,811)	2,002,850	1,610,039
<b>Fund balances, beginning</b>	<u>7,893,139</u>	<u>5,169,485</u>	<u>13,062,624</u>
<b>Fund balances, ending</b>	<u>\$ 7,500,328</u>	<u>\$ 7,172,335</u>	<u>\$ 14,672,663</u>



# CITY OF EL CAJON

## NON-MAJOR SPECIAL REVENUE FUNDS

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**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 the 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.

**State CASP (AB1379)** - This fund accounts for fees collected with business license applications and renewals as mandated by the State for the Certified Access Specialist Program.

**CDBG (Community Development Block Grant)** - This fund accounts for federal grants for public facilities capital improvements and public services.

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

**CITY OF EL CAJON**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2019**

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
<b>Assets</b>				
Cash and investments	\$ 4,018,256	\$ 593,102	\$ 193,426	\$ 489,716
Receivables:				
Interest	21,180	3,291	1,038	3,013
Intergovernmental	-	-	-	35,981
Loans	-	-	-	-
<b>Total assets</b>	<u>\$ 4,039,436</u>	<u>\$ 596,393</u>	<u>\$ 194,464</u>	<u>\$ 528,710</u>
<b>Liabilities</b>				
Accounts payable	\$ 58,690	\$ 11,135	\$ 1,276	\$ 22,312
Accrued liabilities	29,238	5,592	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>87,928</u>	<u>16,727</u>	<u>1,276</u>	<u>22,312</u>
<b>Fund balance</b>				
Restricted:				
Animal shelter operations	-	-	-	-
Animal shelter project	-	-	-	-
Community development	-	-	-	-
Loans receivable	-	-	-	-
Public safety	-	-	193,188	506,398
Public works projects	-	579,666	-	-
Streets projects	3,951,508	-	-	-
<b>Total fund balance</b>	<u>3,951,508</u>	<u>579,666</u>	<u>193,188</u>	<u>506,398</u>
<b>Total liabilities and fund balance</b>	<u>\$ 4,039,436</u>	<u>\$ 596,393</u>	<u>\$ 194,464</u>	<u>\$ 528,710</u>

Budgeted				Unbudgeted	
Federal, State, and Local Grants	Housing In-Lieu Fees	State CASP	CDBG	Various Donations	Total Non-Major Special Revenue Funds
\$ 638,632	\$ 299,503	\$ 44,009	\$ -	\$ 311,435	\$ 6,588,079
4,402	1,586	-	-	-	34,510
315,752	-	-	438,230	-	789,963
648,536	-	-	285,618	-	934,154
<u>\$ 1,607,322</u>	<u>\$ 301,089</u>	<u>\$ 44,009</u>	<u>\$ 723,848</u>	<u>\$ 311,435</u>	<u>\$ 8,346,706</u>
\$ 265,567	\$ -	\$ 227	\$ 160,429	\$ -	\$ 519,636
-	-	-	-	-	34,830
-	-	-	291,912	-	291,912
<u>265,567</u>	<u>-</u>	<u>227</u>	<u>452,341</u>	<u>-</u>	<u>846,378</u>
-	-	-	-	41,549	41,549
-	-	-	-	266,637	266,637
43,690	301,089	43,782	-	3,249	391,810
648,536	-	-	271,507	-	920,043
595,944	-	-	-	-	1,295,530
53,585	-	-	-	-	633,251
-	-	-	-	-	3,951,508
<u>1,341,755</u>	<u>301,089</u>	<u>43,782</u>	<u>271,507</u>	<u>311,435</u>	<u>7,500,328</u>
<u>\$ 1,607,322</u>	<u>\$ 301,089</u>	<u>\$ 44,009</u>	<u>\$ 723,848</u>	<u>\$ 311,435</u>	<u>\$ 8,346,706</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, 2019

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
<b>Revenues</b>				
Intergovernmental	\$ 2,061,850	\$ 186,751	\$ -	\$ 463,879
Charges for services	-	-	-	-
Use of money and property	128,517	21,289	6,519	17,889
Other	5,392	-	38,349	-
<b>Total revenues</b>	<u>2,195,759</u>	<u>208,040</u>	<u>44,868</u>	<u>481,768</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	61,878	29,516
Public works	2,244,865	227,175	-	-
Community development	-	-	-	-
Capital outlay	44,627	130,597	-	64,905
Capital lease:				
Interest	-	-	-	43,072
Principal	-	-	-	186,484
<b>Total expenditures</b>	<u>2,289,492</u>	<u>357,772</u>	<u>61,878</u>	<u>323,977</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(93,733)</u>	<u>(149,732)</u>	<u>(17,010)</u>	<u>157,791</u>
<b>Other financing (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(160,000)
<b>Total other financing (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160,000)</u>
<b>Net change in fund balances</b>	(93,733)	(149,732)	(17,010)	(2,209)
<b>Fund balances, beginning</b>	<u>4,045,241</u>	<u>729,398</u>	<u>210,198</u>	<u>508,607</u>
<b>Fund balances, ending</b>	<u>\$ 3,951,508</u>	<u>\$ 579,666</u>	<u>\$ 193,188</u>	<u>\$ 506,398</u>

Federal, State, and Local Grants	Budgeted			Unbudgeted	Total Non-Major Special Revenue Funds
	Housing In-Lieu Fees	State CASP	CDBG	Various Donations	
\$ 738,823	\$ -	\$ -	\$ 1,613,589	\$ -	\$ 5,064,892
-	-	27,475	-	-	27,475
24,922	9,479	-	(93)	3,781	212,303
21,958	-	-	90	91	65,880
<u>785,703</u>	<u>9,479</u>	<u>27,475</u>	<u>1,613,586</u>	<u>3,872</u>	<u>5,370,550</u>
308,517	-	-	-	-	399,911
172,518	-	-	-	-	2,644,558
186,316	-	3,847	481,565	-	671,728
291,435	-	-	-	-	531,564
-	-	-	-	-	43,072
-	-	-	-	-	186,484
<u>958,786</u>	<u>-</u>	<u>3,847</u>	<u>481,565</u>	<u>-</u>	<u>4,477,317</u>
<u>(173,083)</u>	<u>9,479</u>	<u>23,628</u>	<u>1,132,021</u>	<u>3,872</u>	<u>893,233</u>
17,262	-	21,390	-	-	38,652
-	-	(1,236)	(1,163,460)	-	(1,324,696)
<u>17,262</u>	<u>-</u>	<u>20,154</u>	<u>(1,163,460)</u>	<u>-</u>	<u>(1,286,044)</u>
(155,821)	9,479	43,782	(31,439)	3,872	(392,811)
<u>1,497,576</u>	<u>291,610</u>	<u>-</u>	<u>302,946</u>	<u>307,563</u>	<u>7,893,139</u>
<u>\$ 1,341,755</u>	<u>\$ 301,089</u>	<u>\$ 43,782</u>	<u>\$ 271,507</u>	<u>\$ 311,435</u>	<u>\$ 7,500,328</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 2,508,711	\$ 2,508,711	\$ 2,061,850	\$ (446,861)
Use of money and property	-	-	128,517	128,517
Other	-	-	5,392	5,392
<b>Total revenues</b>	<u>2,508,711</u>	<u>2,508,711</u>	<u>2,195,759</u>	<u>(312,952)</u>
<b>Expenditures</b>				
Current:				
Public works	3,103,335	3,103,335	2,244,865	858,470
Capital outlay	98,800	98,800	44,627	54,173
<b>Total expenditures</b>	<u>3,202,135</u>	<u>3,202,135</u>	<u>2,289,492</u>	<u>912,643</u>
<b>Net change in fund balance</b>	(693,424)	(693,424)	(93,733)	599,691
<b>Fund balance, beginning</b>	<u>4,045,241</u>	<u>4,045,241</u>	<u>4,045,241</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 3,351,817</u>	<u>\$ 3,351,817</u>	<u>\$ 3,951,508</u>	<u>\$ 599,691</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 92,701	\$ 92,701	\$ 186,751	\$ 94,050
Use of money and property	-	-	21,289	21,289
<b>Total revenues</b>	<u>92,701</u>	<u>92,701</u>	<u>208,040</u>	<u>115,339</u>
<b>Expenditures</b>				
Current:				
Public works	215,517	215,517	227,175	(11,658)
Capital outlay	<u>137,470</u>	<u>137,470</u>	<u>130,597</u>	<u>6,873</u>
<b>Total expenditures</b>	<u>352,987</u>	<u>352,987</u>	<u>357,772</u>	<u>(4,785)</u>
<b>Net change in fund balance</b>	(260,286)	(260,286)	(149,732)	110,554
<b>Fund balance, beginning</b>	<u>729,398</u>	<u>729,398</u>	<u>729,398</u>	<u>-</u>
<b>Fund balance, ending</b>	<u><u>\$ 469,112</u></u>	<u><u>\$ 469,112</u></u>	<u><u>\$ 579,666</u></u>	<u><u>\$ 110,554</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 6,519	\$ 6,519
Other	15,000	15,000	38,349	23,349
<b>Total revenues</b>	<u>15,000</u>	<u>15,000</u>	<u>44,868</u>	<u>29,868</u>
<b>Expenditures</b>				
Current:				
Public safety	86,709	86,709	61,878	24,831
<b>Total expenditures</b>	<u>86,709</u>	<u>86,709</u>	<u>61,878</u>	<u>24,831</u>
<b>Net change in fund balance</b>	(71,709)	(71,709)	(17,010)	54,699
<b>Fund balance, beginning</b>	<u>210,198</u>	<u>210,198</u>	<u>210,198</u>	<u>-</u>
<b>Fund balance, ending</b>	<u><u>\$ 138,489</u></u>	<u><u>\$ 138,489</u></u>	<u><u>\$ 193,188</u></u>	<u><u>\$ 54,699</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 420,000	\$ 420,000	\$ 463,879	\$ 43,879
Use of money and property	-	-	17,889	17,889
<b>Total revenues</b>	<u>420,000</u>	<u>420,000</u>	<u>481,768</u>	<u>61,768</u>
<b>Expenditures</b>				
Current:				
Public safety	15,000	31,100	29,516	1,584
Capital outlay	94,600	78,500	64,905	13,595
Capital lease:				
Interest	45,923	45,923	43,072	2,851
Principal	186,484	186,484	186,484	-
<b>Total expenditures</b>	<u>342,007</u>	<u>342,007</u>	<u>323,977</u>	<u>18,030</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>77,993</u>	<u>77,993</u>	<u>157,791</u>	<u>79,798</u>
<b>Other financing (uses):</b>				
Transfers out	(160,000)	(160,000)	(160,000)	-
<b>Total other financing sources (uses)</b>	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	(82,007)	(82,007)	(2,209)	79,798
<b>Fund balance, beginning</b>	<u>508,607</u>	<u>508,607</u>	<u>508,607</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 426,600</u>	<u>\$ 426,600</u>	<u>\$ 506,398</u>	<u>\$ 79,798</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 952,414	\$ 1,128,817	\$ 738,823	\$ (389,994)
Use of money and property	-	-	24,922	24,922
Other	-	-	21,958	21,958
Total revenues	<u>952,414</u>	<u>1,128,817</u>	<u>785,703</u>	<u>(343,114)</u>
Expenditures:				
Current:				
Public safety	435,639	551,629	308,517	243,112
Public works	171,742	171,742	172,518	(776)
Community development	465,750	465,750	186,316	279,434
Capital outlay	<u>283,619</u>	<u>345,032</u>	<u>291,435</u>	<u>53,597</u>
Total expenditures	<u>1,356,750</u>	<u>1,534,153</u>	<u>958,786</u>	<u>575,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(404,336)</u>	<u>(405,336)</u>	<u>(173,083)</u>	<u>232,253</u>
Other financing sources (uses):				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>17,262</u>	<u>(22,738)</u>
Total other financing sources (uses)	<u>40,000</u>	<u>40,000</u>	<u>17,262</u>	<u>(22,738)</u>
Net change in fund balance	(364,336)	(365,336)	(155,821)	209,515
Fund balance, beginning	<u>1,497,576</u>	<u>1,497,576</u>	<u>1,497,576</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 1,133,240</u></u>	<u><u>\$ 1,132,240</u></u>	<u><u>\$ 1,341,755</u></u>	<u><u>\$ 209,515</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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 9,479	\$ 9,479
Total revenues	-	-	9,479	9,479
Expenditures:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	9,479	9,479
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)	9,479	296,479
Fund balance, beginning	291,610	291,610	291,610	-
Fund balance, ending	\$ 4,610	\$ 4,610	\$ 301,089	\$ 296,479

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance State Certified Access Specialist Program (CASP) Fund Budget and Actual For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 27,475	\$ (2,525)
Total revenues	30,000	30,000	27,475	(2,525)
Expenditures:				
Current:				
Community development	29,000	29,000	3,847	25,153
Total expenditures	29,000	29,000	3,847	25,153
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	23,628	22,628
Other financing (uses):				
Transfers in	27,000	27,000	21,390	(5,610)
Transfers out	(2,000)	(2,000)	(1,236)	764
Total other financing sources (uses)	25,000	25,000	20,154	(4,846)
Net change in fund balance	26,000	26,000	43,782	17,782
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ 26,000	\$ 26,000	\$ 43,782	\$ 17,782

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Community Development Block Grant Program (CDBG) Fund Budget and Actual

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,508,227	\$ 1,508,227	\$ 1,613,589	\$ 105,362
Use of money and property	-	-	(93)	(93)
Other	-	-	90	90
Total revenues	1,508,227	1,508,227	1,613,586	105,359
Expenditures:				
Current:				
Community development	636,964	995,654	481,565	514,089
Total expenditures	636,964	995,654	481,565	514,089
Excess (deficiency) of revenues over (under) expenditures	871,263	512,573	1,132,021	619,448
Other financing sources (uses):				
Transfers out	(871,263)	(2,263,022)	(1,163,460)	1,099,562
Total other financing sources (uses)	(871,263)	(2,263,022)	(1,163,460)	1,099,562
Net change in fund balance	-	(1,750,449)	(31,439)	1,719,010
Fund balance, beginning	302,946	302,946	302,946	-
Fund balance, ending	\$ 302,946	\$ (1,447,503)	\$ 271,507	\$ 1,719,010





# CITY OF EL CAJON

## CAPITAL PROJECTS FUNDS

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**CAPITAL PROJECTS FUNDS** are used to account for financial resources to be used for the acquisition, construction and preservation of major capital facilities, infrastructure, and equipment, other than those financed by proprietary funds assets.

The following Capital Projects Fund has been classified as a major fund.

**City Capital Improvement Program** - This fund is used to account for the acquisition, construction, and preservation of City-owned facilities and other capital assets.

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

**Public Works Projects** - This fund accounts for design, construction, improvement, maintenance, and operation of public streets and roadways and related infrastructures.

**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 improvements to City park and recreational facilities financed with park impact fees.

**Transportation Projects** - This fund accounts for major street construction projects funded with 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.

**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 OF EL CAJON**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**June 30, 2019**

	Public Works Projects	Parks and Recreation Improvement Grants	Parks Impact Fees	Transportation Projects	Public Safety Facilities Projects	Total Non-major Capital Projects Funds
<b>Assets:</b>						
Cash and investments	\$ 82,582	\$ 35,359	\$ 105,428	\$ 1,905,306	\$ 3,900,973	\$ 6,029,648
<b>Receivables:</b>						
Interest	-	-	545	12,108	20,921	33,574
Intergovernmental	-	-	-	2,473,418	-	2,473,418
<b>Total assets</b>	<b>82,582</b>	<b>35,359</b>	<b>105,973</b>	<b>4,390,832</b>	<b>3,921,894</b>	<b>8,536,640</b>
<b>Total assets</b>	<b>\$ 82,582</b>	<b>\$ 35,359</b>	<b>\$ 105,973</b>	<b>\$ 4,390,832</b>	<b>\$ 3,921,894</b>	<b>\$ 8,536,640</b>
<b>Liabilities:</b>						
Accounts payable	\$ 82,582	\$ 41,707	\$ -	\$ 1,200,645	\$ 39,371	\$ 1,364,305
Due to other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>82,582</b>	<b>41,707</b>	<b>-</b>	<b>1,200,645</b>	<b>39,371</b>	<b>1,364,305</b>
<b>Fund balances (deficits):</b>						
<b>Restricted:</b>						
RTCIP impact fee	-	-	-	664,088	-	664,088
RMRA	-	-	-	1,937,891	-	1,937,891
<b>Assigned</b>						
Capital projects	-	-	105,973	588,208	3,882,523	4,576,704
Unassigned	-	(6,348)	-	-	-	(6,348)
<b>Total fund balance</b>	<b>-</b>	<b>(6,348)</b>	<b>105,973</b>	<b>3,190,187</b>	<b>3,882,523</b>	<b>7,172,335</b>
<b>Total liabilities and fund balance</b>	<b>\$ 82,582</b>	<b>\$ 35,359</b>	<b>\$ 105,973</b>	<b>\$ 4,390,832</b>	<b>\$ 3,921,894</b>	<b>\$ 8,536,640</b>

# 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, 2019

	Public Works Projects	Parks and Recreation Improvement Grants	Parks Impact Fees	Transportation Projects	Public Safety Facilities Projects	Total Non-major Capital Projects Funds
Revenues:						
Taxes	\$ -	\$ -	\$ 34,845	\$ 2,480,000	\$ 7,420	\$ 2,522,265
Intergovernmental	-	-	-	3,489,456	-	3,489,456
Charges for services	-	-	-	302,985	-	302,985
Use of money and property	-	-	2,898	59,056	134,661	196,615
Total revenues	<u>-</u>	<u>-</u>	<u>37,743</u>	<u>6,331,497</u>	<u>142,081</u>	<u>6,511,321</u>
Expenditures:						
Current:						
Public safety	-	-	-	-	2,665	2,665
Public works	515,196	-	-	58,905	-	574,101
Recreation	-	78,442	-	-	-	78,442
Capital outlay	3,941,684	320,096	-	-	161,014	4,422,794
Total expenditures	<u>4,456,880</u>	<u>398,538</u>	<u>-</u>	<u>58,905</u>	<u>163,679</u>	<u>5,078,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,456,880)</u>	<u>(398,538)</u>	<u>37,743</u>	<u>6,272,592</u>	<u>(21,598)</u>	<u>1,433,319</u>
Other financing (uses):						
Transfers in	4,456,880	398,541	-	-	-	4,855,421
Transfers out	-	-	-	(4,285,890)	-	(4,285,890)
Total other financing (uses)	<u>4,456,880</u>	<u>398,541</u>	<u>-</u>	<u>(4,285,890)</u>	<u>-</u>	<u>569,531</u>
Net change in fund balances	-	3	37,743	1,986,702	(21,598)	2,002,850
Fund balances (deficits), beginning	<u>-</u>	<u>(6,351)</u>	<u>68,230</u>	<u>1,203,485</u>	<u>3,904,121</u>	<u>5,169,485</u>
Fund balances (deficits), ending	<u>\$ -</u>	<u>\$ (6,348)</u>	<u>\$ 105,973</u>	<u>\$ 3,190,187</u>	<u>\$ 3,882,523</u>	<u>\$ 7,172,335</u>

# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance City Capital Improvement Program Projects Fund - Major Fund Budget and Actual

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 66,500	\$ 66,500	\$ 66,500	\$ -
Other	852,651	852,651	778,250	(74,401)
Total revenues	<u>919,151</u>	<u>919,151</u>	<u>844,750</u>	<u>(74,401)</u>
Expenditures:				
Current:				
Public works	770,566	678,035	505,553	172,482
Capital outlay	8,398,319	10,582,528	8,565,999	2,016,529
Total expenditures	<u>9,168,885</u>	<u>11,260,563</u>	<u>9,071,552</u>	<u>2,189,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,249,734)</u>	<u>(10,341,412)</u>	<u>(8,226,802)</u>	<u>2,114,610</u>
Other financing (uses):				
Transfers in	5,538,356	5,733,356	5,523,738	(209,618)
Transfers out	(350,050)	(350,050)	(130,724)	219,326
Total other financing sources (uses)	<u>5,188,306</u>	<u>5,383,306</u>	<u>5,393,014</u>	<u>9,708</u>
Net change in fund balance	(3,061,428)	(4,958,106)	(2,833,788)	2,124,318
Fund balance, beginning	<u>11,617,829</u>	<u>11,617,829</u>	<u>11,617,829</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 8,556,401</u></u>	<u><u>\$ 6,659,723</u></u>	<u><u>\$ 8,784,041</u></u>	<u><u>\$ 2,124,318</u></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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public works	1,898,856	1,887,856	515,196	1,372,660
Capital outlay	8,456,055	8,467,055	3,941,684	4,525,371
Total expenditures	10,354,911	10,354,911	4,456,880	5,898,031
Excess (deficiency) of revenues over (under) expenditures	(10,354,911)	(10,354,911)	(4,456,880)	5,898,031
Other financing (uses):				
Transfers in	10,354,911	10,354,911	4,456,880	(5,898,031)
Total other financing sources (uses)	10,354,911	10,354,911	4,456,880	(5,898,031)
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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Recreation	139,950	149,537	78,442	71,095
Capital outlay	1,047,849	1,056,749	320,096	736,653
Total expenditures	1,187,799	1,206,286	398,538	807,748
Excess (deficiency) of revenues over (under) expenditures	(1,187,799)	(1,206,286)	(398,538)	807,748
Other financing (uses):				
Transfers in	1,187,799	1,187,799	398,541	(789,258)
Total other financing sources (uses)	1,187,799	1,187,799	398,541	(789,258)
Net change in fund balance	-	(18,487)	3	18,490
Fund balance (deficit), beginning	(6,351)	(6,351)	(6,351)	-
Fund balance (deficit), ending	\$ (6,351)	\$ (24,838)	\$ (6,348)	\$ 18,490

# 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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,000	\$ 5,000	\$ 34,845	\$ 29,845
Use of money and property	-	-	2,898	2,898
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>37,743</u>	<u>32,743</u>
Expenditures:				
Current:				
Recreation	-	-	-	-
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>37,743</u>	<u>32,743</u>
Net change in fund balance	5,000	5,000	37,743	32,743
Fund balance, beginning	<u>68,230</u>	<u>68,230</u>	<u>68,230</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 73,230</u></u>	<u><u>\$ 73,230</u></u>	<u><u>\$ 105,973</u></u>	<u><u>\$ 32,743</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,716,706	\$ 5,716,706	\$ 2,480,000	\$ (3,236,706)
Intergovernmental	4,054,549	4,054,549	3,489,456	(565,093)
Charges for services	75,000	75,000	302,985	227,985
Use of money and property	-	-	59,056	59,056
Total revenues	<u>9,846,255</u>	<u>9,846,255</u>	<u>6,331,497</u>	<u>(3,514,758)</u>
Expenditures:				
Current:				
Public works	<u>75,000</u>	<u>75,000</u>	<u>58,905</u>	<u>16,095</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>58,905</u>	<u>16,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,771,255</u>	<u>9,771,255</u>	<u>6,272,592</u>	<u>(3,498,663)</u>
Other financing (uses):				
Transfers out	<u>(9,940,563)</u>	<u>(9,940,563)</u>	<u>(4,285,890)</u>	<u>5,654,673</u>
Total other financing sources (uses)	<u>(9,940,563)</u>	<u>(9,940,563)</u>	<u>(4,285,890)</u>	<u>5,654,673</u>
Net change in fund balance	(169,308)	(169,308)	1,986,702	2,156,010
Fund balance, beginning	<u>1,203,485</u>	<u>1,203,485</u>	<u>1,203,485</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 1,034,177</u></u>	<u><u>\$ 1,034,177</u></u>	<u><u>\$ 3,190,187</u></u>	<u><u>\$ 2,156,010</u></u>



# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balance Public Safety Facilities Projects Fund Budget and Actual For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 7,420	\$ 7,420
Use of money and property	20,000	20,000	134,661	114,661
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>142,081</u>	<u>122,081</u>
Expenditures:				
Current:				
General government	10,400	10,400	2,665	7,735
Capital outlay	140,000	299,500	161,014	138,486
Total expenditures	<u>150,400</u>	<u>309,900</u>	<u>163,679</u>	<u>146,221</u>
Net change in fund balance	(130,400)	(289,900)	(21,598)	268,302
Fund balance, beginning	<u>3,904,121</u>	<u>3,904,121</u>	<u>3,904,121</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 3,773,721</u></u>	<u><u>\$ 3,614,221</u></u>	<u><u>\$ 3,882,523</u></u>	<u><u>\$ 268,302</u></u>



# CITY OF EL CAJON

## INTERNAL SERVICE FUNDS

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**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 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 contributions and terminal conversions of vacation and sick time.

**CITY OF EL CAJON**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2019**

	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	\$ 1,429,452	\$ 4,864,739	\$ 4,026,424	\$ 2,599,871	\$ 793,080	\$ 13,713,566
Prepaid items	-	-	-	2,295	-	2,295
Total current assets	<u>1,429,452</u>	<u>4,864,739</u>	<u>4,026,424</u>	<u>2,602,166</u>	<u>793,080</u>	<u>13,715,861</u>
Non-current assets:						
Capital assets, not being depreciated:						
Construction in progress	-	758,566	-	-	-	758,566
Capital assets, being depreciated net:						
Machinery and equipment	-	56,316	-	226,124	-	282,440
Vehicles	10,642	2,411,446	-	-	-	2,422,088
Total non-current assets	<u>10,642</u>	<u>3,226,328</u>	<u>-</u>	<u>226,124</u>	<u>-</u>	<u>3,463,094</u>
Deferred outflows of resources:						
Deferred outflows related to pensions	235,780	-	78,593	314,373	-	628,746
Deferred outflows related OPEB	27,048	-	5,564	29,983	-	62,595
Total deferred outflows of resources	<u>262,828</u>	<u>-</u>	<u>84,157</u>	<u>344,356</u>	<u>-</u>	<u>691,341</u>
Total assets and deferred outflows of resources	1,702,922	8,091,067	4,110,581	3,172,646	793,080	17,870,296
Liabilities and deferred inflows of resources:						
Current liabilities:						
Accounts payable	79,473	15,666	64,968	70,720	5,500	236,327
Accrued liabilities	31,066	-	8,577	51,227	-	90,870
Claims payable-current	-	-	500,000	-	-	500,000
Compensated absences	51,371	-	-	58,610	-	109,981
Total current liabilities	<u>161,910</u>	<u>15,666</u>	<u>573,545</u>	<u>180,557</u>	<u>5,500</u>	<u>937,178</u>
Non-current liabilities:						
Claims payable	-	-	1,104,000	-	-	1,104,000
Compensated absences	53,243	-	-	131,128	-	184,371
Net pension liability	2,017,729	-	519,644	438,807	-	2,976,180
Net OPEB liability	116,045	-	23,863	107,947	-	247,855
Total non-current liabilities	<u>2,187,017</u>	<u>-</u>	<u>1,647,507</u>	<u>677,882</u>	<u>-</u>	<u>4,512,406</u>
Deferred inflows of resources:						
Deferred inflows related to pensions	22,115	-	7,372	29,487	-	58,974
Total deferred inflows of resources	<u>22,115</u>	<u>-</u>	<u>7,372</u>	<u>29,487</u>	<u>-</u>	<u>58,974</u>
Total liabilities and deferred inflows of resources	<u>2,371,042</u>	<u>15,666</u>	<u>2,228,424</u>	<u>887,926</u>	<u>5,500</u>	<u>5,508,558</u>
Net position:						
Net investment in capital assets	10,642	3,226,328	-	226,124	-	3,463,094
Unrestricted (deficit)	(678,762)	4,849,073	1,882,157	2,058,596	787,580	8,898,644
Total net position	<u>\$ (668,120)</u>	<u>\$ 8,075,401</u>	<u>\$ 1,882,157</u>	<u>\$ 2,284,720</u>	<u>\$ 787,580</u>	<u>\$ 12,361,738</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, 2019

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	Information Technology Services	Other Post Employment Benefits	Total
Operating revenues:						
Charges for services	\$ 1,200,471	\$ 750,000	\$ 2,601,702	\$ 4,042,248	\$ 1,600,000	\$ 10,194,421
Total operating revenues	<u>1,200,471</u>	<u>750,000</u>	<u>2,601,702</u>	<u>4,042,248</u>	<u>1,600,000</u>	<u>10,194,421</u>
Operating expenses:						
Salaries and benefits	996,150	-	246,659	1,432,624	1,406,509	4,081,942
Materials, services and supplies	1,349,896	13,727	505,152	2,731,960	5,500	4,606,235
Insurance claims/premiums	3,869	-	106,516	-	-	110,385
Depreciation	-	529,838	-	144,297	-	674,135
Total operating expenses	<u>2,349,915</u>	<u>543,565</u>	<u>858,327</u>	<u>4,308,881</u>	<u>1,412,009</u>	<u>9,472,697</u>
Operating income (loss)	<u>(1,149,444)</u>	<u>206,435</u>	<u>1,743,375</u>	<u>(266,633)</u>	<u>187,991</u>	<u>721,724</u>
Non-operating revenues (expenses):						
Other revenues	-	5,399	57,546	-	9,279	72,224
Gain on disposal of machinery and equipment	-	33,821	-	1,628	-	35,449
Total non-operating revenues	<u>-</u>	<u>39,220</u>	<u>57,546</u>	<u>1,628</u>	<u>9,279</u>	<u>107,673</u>
Income before operating transfers	<u>(1,149,444)</u>	<u>245,655</u>	<u>1,800,921</u>	<u>(265,005)</u>	<u>197,270</u>	<u>829,397</u>
Change in net position (deficit)	<u>(1,149,444)</u>	<u>245,655</u>	<u>1,800,921</u>	<u>(265,005)</u>	<u>197,270</u>	<u>829,397</u>
Net position (deficit), beginning	<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>
Net position (deficit), ending	<u>\$ (668,120)</u>	<u>\$ 8,075,401</u>	<u>\$ 1,882,157</u>	<u>\$ 2,284,720</u>	<u>\$ 787,580</u>	<u>\$ 12,361,738</u>

**CITY OF EL CAJON**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2019**

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	Information Technology Services	Other Post Employment Benefits	Total
<b>Cash flows from operating activities:</b>						
Receipts from charges to other funds	\$ 1,200,471	\$ 750,000	\$ 2,601,702	\$ 4,042,248	\$ 1,600,000	\$ 10,194,421
Payments to suppliers	(1,328,261)	(13,727)	(647,252)	(3,151,789)	-	(5,141,029)
Payments to employees	(790,534)	-	(724,312)	(1,169,502)	(1,406,509)	(4,090,857)
Net cash provided by (used for) operating activities	(918,324)	736,273	1,230,138	(279,043)	193,491	962,535
<b>Cash flows from noncapital financing activities:</b>						
Other revenue	-	5,400	57,546	-	9,279	72,225
Net cash provided by noncapital financing activities	-	5,400	57,546	-	9,279	72,225
<b>Cash flows from capital and related financing activities:</b>						
Proceeds from sale of vehicles and equipment	-	38,506	-	1,628	-	40,134
Acquisitions of vehicles and equipment	(10,642)	(1,168,771)	-	(74,319)	-	(1,253,732)
Net cash (used for) capital and related financing activities	(10,642)	(1,130,265)	-	(72,691)	-	(1,213,598)
Net increase (decrease) in cash and cash equivalents	(928,966)	(388,592)	1,287,684	(351,734)	202,770	(178,838)
Cash and cash equivalents, beginning	2,358,418	5,253,331	2,738,740	2,951,605	590,310	13,892,404
Cash and cash equivalents, ending	\$ 1,429,452	\$ 4,864,739	\$ 4,026,424	\$ 2,599,871	\$ 793,080	\$ 13,713,566
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$ (1,149,444)	\$ 206,435	\$ 1,743,375	\$ (266,633)	\$ 187,991	\$ 721,724
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>						
Depreciation expense	-	529,838	-	144,297	-	674,135
Pension related adjustments	115,441	-	38,481	153,921	-	307,843
OPEB related adjustments	70,327	-	14,467	77,964	-	162,758
<b>Changes in assets and liabilities</b>						
(Increase) decrease in prepaid expenses	-	-	-	(2,295)	-	(2,295)
Increase (decrease) in accounts payable	25,506	-	(35,584)	(417,534)	5,500	(422,112)
Increase (decrease) in accrued liabilities	4,329	-	1,541	12,015	-	17,885
Increase (decrease) in claims payable	-	-	(532,142)	-	-	(532,142)
Increase in compensated absences payable	15,517	-	-	19,222	-	34,739
Total adjustments	231,120	529,838	(513,237)	(12,410)	5,500	240,811
Net cash provided by (used for) operating activities	\$ (918,324)	\$ 736,273	\$ 1,230,138	\$ (279,043)	\$ 193,491	\$ 962,535
<b>Noncash investing, capital, and financing activities:</b>						
Capital contribution of infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital asset (infrastructure) included in accounts payable	-	88,997	-	-	-	88,997

# CITY OF EL CAJON

## FIDUCIARY FUNDS

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**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 Communications 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 the fire-fighting training facility and training courses for personnel of the member agencies.





**CITY OF EL CAJON**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2019**

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	Miscellaneous Deposits	Heartland Communications Facility Authority	Heartland Fire Training Authority	Total
<b>Assets:</b>				
Cash and investments	\$ 219,978	\$ 3,907,763	\$ 1,104,997	\$ 5,232,738
<b>Receivables:</b>				
Accounts	-	175,250	46,346	221,596
Intergovernmental	-	30,333	-	30,333
Interest	-	20,426	6,332	26,758
<b>Total assets</b>	<b>\$ 219,978</b>	<b>\$ 4,133,772</b>	<b>\$ 1,157,675</b>	<b>\$ 5,511,425</b>
<b>Liabilities:</b>				
Accounts payable	\$ 16,335	\$ 168,267	\$ 9,383	\$ 193,985
Accrued liabilities	-	78,239	6,855	85,094
Sundry agency liabilities	203,643	3,887,266	1,141,437	5,232,346
<b>Total liabilities</b>	<b>\$ 219,978</b>	<b>\$ 4,133,772</b>	<b>\$ 1,157,675</b>	<b>\$ 5,511,425</b>

**CITY OF EL CAJON**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds (continued)**  
**For the fiscal year ended June 30, 2019**

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Miscellaneous Deposits</b>				
Assets:				
Cash and investments	\$ 169,111	\$ 704,947	\$ (654,080)	\$ 219,978
Total assets	<u>\$ 169,111</u>	<u>\$ 704,947</u>	<u>\$ (654,080)</u>	<u>\$ 219,978</u>
Liabilities:				
Accounts payable	\$ 16,813	\$ 681,960	\$ (682,438)	\$ 16,335
Sundry agency liabilities	152,298	22,987	28,358	203,643
Total liabilities	<u>\$ 169,111</u>	<u>\$ 704,947</u>	<u>\$ (654,080)</u>	<u>\$ 219,978</u>
 <b>Heartland Communications Facility Authority</b>				
Assets:				
Cash and investments	\$ 2,048,729	\$ 4,339,174	\$ (2,480,140)	\$ 3,907,763
Receivables:				
Accounts	40,626	279,359	(144,735)	175,250
Intergovernmental	446,978	30,333	(446,978)	30,333
Interest	9,114	20,426	(9,114)	20,426
Total assets	<u>\$ 2,545,447</u>	<u>\$ 4,669,292</u>	<u>\$ (3,080,967)</u>	<u>\$ 4,133,772</u>
Liabilities:				
Accounts payable	\$ 43,681	\$ 876,295	\$ (751,709)	\$ 168,267
Accrued liabilities	62,534	78,239	(62,534)	78,239
Sundry agency liabilities	2,439,232	3,714,758	(2,266,724)	3,887,266
Total liabilities	<u>\$ 2,545,447</u>	<u>\$ 4,669,292</u>	<u>\$ (3,080,967)</u>	<u>\$ 4,133,772</u>

**CITY OF EL CAJON**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the fiscal year ended June 30, 2019**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Heartland Fire Training Authority</b>				
Assets:				
Cash and investments	\$ 1,133,915	\$ 702,372	\$ (731,290)	\$ 1,104,997
Receivables:				
Accounts	46,764	46,346	(46,764)	46,346
Interest	4,905	6,332	(4,905)	6,332
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,185,584</u>	<u>\$ 755,050</u>	<u>\$ (782,959)</u>	<u>\$ 1,157,675</u>
Liabilities:				
Accounts payable	\$ 4,141	\$ 341,571	\$ (336,329)	\$ 9,383
Accrued liabilities	5,755	6,855	(5,755)	6,855
Sundry agency liabilities	1,175,688	406,624	(440,875)	1,141,437
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 1,185,584</u>	<u>\$ 755,050</u>	<u>\$ (782,959)</u>	<u>\$ 1,157,675</u>
 <b>Total Agency Funds</b>				
Assets:				
Cash and investments	\$ 3,351,755	\$ 5,746,493	\$ (3,865,510)	\$ 5,232,738
Receivables:				
Accounts	87,390	325,705	(191,499)	221,596
Interest	14,019	26,758	(14,019)	26,758
Intergovernmental	446,978	30,333	(446,978)	30,333
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 3,900,142</u>	<u>\$ 6,129,289</u>	<u>\$ (4,518,006)</u>	<u>\$ 5,511,425</u>
Liabilities:				
Accounts payable	64,635	1,899,826	(1,770,476)	\$ 193,985
Accrued liabilities	68,289	85,094	(68,289)	85,094
Sundry agency liabilities	3,767,218	4,144,369	(2,679,241)	5,232,346
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 3,900,142</u>	<u>\$ 6,129,289</u>	<u>\$ (4,518,006)</u>	<u>\$ 5,511,425</u>



# CITY OF EL CAJON

## STATISTICAL SECTION

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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.

	<u>Page Numbers</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	139-143
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	144-150
<b>Debt Capacity</b> 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.	151-153
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	154-155
<b>Operating Information</b> 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.	156-158



**CITY OF EL CAJON**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012 (a)	2013	2014	2015 (b)	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 229,501,003
Restricted	63,263,584	60,158,904	58,728,019 <sup>a</sup>	59,087,555 <sup>a</sup>	61,853,603	65,833,008	58,121,515	57,960,163	50,168,314	50,726,336
Unrestricted	(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)	(110,074,824)
<b>Total governmental activities net position</b>	<b>\$ 222,806,427</b>	<b>\$ 240,828,673</b>	<b>\$ 267,281,502</b>	<b>\$ 280,837,490</b>	<b>\$ 302,446,785</b>	<b>\$ 175,695,856</b>	<b>\$ 182,641,517</b>	<b>\$ 183,651,135</b>	<b>\$ 176,728,336</b>	<b>\$ 170,152,515</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 41,234,527
Restricted	-	-	-	-	-	261,645	231,764	264,273	357,552	592,205
Unrestricted	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	22,430,175
<b>Total business-type activities net position</b>	<b>\$ 62,749,786</b>	<b>\$ 58,964,214</b>	<b>\$ 57,490,593</b>	<b>\$ 55,117,046</b>	<b>\$ 53,002,258</b>	<b>\$ 53,509,260</b>	<b>\$ 57,969,167</b>	<b>\$ 58,668,205</b>	<b>\$ 62,290,139</b>	<b>\$ 64,256,907</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 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	\$ 270,735,530
Restricted	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	51,318,541
Unrestricted	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)	(87,644,649)
<b>Total primary government net position</b>	<b>\$ 285,556,213</b>	<b>\$ 299,792,887</b>	<b>\$ 324,772,095</b>	<b>\$ 335,954,536</b>	<b>\$ 355,449,043</b>	<b>\$ 229,205,116</b>	<b>\$ 240,610,684</b>	<b>\$ 242,319,340</b>	<b>\$ 239,018,475</b>	<b>\$ 234,409,422</b>

**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 Agency Trust 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									
	2010	2011	2012 (a)	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 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	\$ 8,118,423
Public safety	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	64,202,864
Public works	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	17,520,996
Recreation	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	4,602,764
Community development	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	4,337,787
Interest on long-term debt	4,145,067	4,426,180	2,910,351	987,165	792,604	483,777	174,542	55,909	50,652	43,072
<b>Total governmental activities expenses</b>	<b>74,181,706</b>	<b>71,164,481</b>	<b>74,590,297</b>	<b>72,287,810</b>	<b>73,519,993</b>	<b>74,303,284</b>	<b>76,086,557</b>	<b>81,511,857</b>	<b>90,673,370</b>	<b>98,825,906</b>
<b>Business-type activities:</b>										
Wastewater	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	20,017,217
<b>Total business-type activities expenses</b>	<b>15,455,843</b>	<b>15,413,470</b>	<b>16,398,495</b>	<b>17,710,456</b>	<b>17,378,120</b>	<b>15,867,424</b>	<b>16,700,356</b>	<b>19,429,363</b>	<b>17,389,328</b>	<b>20,017,217</b>
<b>Total primary government expenses</b>	<b>\$ 89,637,549</b>	<b>\$ 86,577,951</b>	<b>\$ 90,988,792</b>	<b>\$ 89,998,266</b>	<b>\$ 90,898,113</b>	<b>\$ 90,170,708</b>	<b>\$ 92,786,913</b>	<b>\$ 100,941,220</b>	<b>\$ 108,062,698</b>	<b>\$ 118,843,123</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 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	\$ 2,474,624
Public safety	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	2,203,829
Public works	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	1,541,113
Recreation	693,490	657,618	677,070	696,275	1,153,051	992,221	843,635	823,711	679,813	667,450
Community development	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	3,339,544
Operating grants and contributions	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	6,878,948
Capital grants and contributions	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	6,755,129
<b>Total governmental activities revenues</b>	<b>28,866,065</b>	<b>27,589,720</b>	<b>27,704,111</b>	<b>33,397,166</b>	<b>40,298,805</b>	<b>31,522,552</b>	<b>23,176,958</b>	<b>18,858,724</b>	<b>20,012,485</b>	<b>23,860,637</b>
<b>Business-type activities:</b>										
Wastewater										
Charges for Services	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	21,060,708
Capital grants and contributions	15,900	-	-	-	-	-	-	-	-	-
<b>Total business-type activities revenues</b>	<b>11,956,897</b>	<b>11,456,017</b>	<b>13,382,226</b>	<b>15,369,359</b>	<b>15,363,078</b>	<b>20,341,567</b>	<b>19,577,156</b>	<b>19,903,017</b>	<b>20,395,530</b>	<b>21,060,708</b>
<b>Total primary government revenues</b>	<b>\$ 40,822,962</b>	<b>\$ 39,045,737</b>	<b>\$ 41,086,337</b>	<b>\$ 48,766,525</b>	<b>\$ 55,661,883</b>	<b>\$ 51,864,119</b>	<b>\$ 42,754,114</b>	<b>\$ 38,761,741</b>	<b>\$ 40,408,015</b>	<b>\$ 44,921,345</b>

(Continued)



**CITY OF EL CAJON**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012 (a)	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (74,965,269)
Business-type activities	(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	1,043,491
<b>Total primary government net expense</b>	<b>\$ (48,814,587)</b>	<b>\$ (47,532,214)</b>	<b>\$ (49,902,455)</b>	<b>\$ (41,231,741)</b>	<b>\$ (35,236,230)</b>	<b>\$ (38,306,589)</b>	<b>\$ (50,032,799)</b>	<b>\$ (62,179,479)</b>	<b>\$ (67,654,683)</b>	<b>\$ (73,921,778)</b>
<b>General Revenues and Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 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	\$ 20,147,423
Sales taxes	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	37,055,679
Franchise taxes	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	5,511,422
Transient lodging taxes	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	2,116,816
Business license taxes	744,613	751,196	747,522	768,726	766,515	788,397	775,603	833,371	837,895	843,422
Intergovernmental, unrestricted	289,199	502,955	-	51,550	87,385	828,833	40,931	45,845	54,999	50,668
Investment earnings	374,277	234,385	299,103	179,961	39,032	54,446	599,306	241,282	402,994	2,645,785
Other	811,138	646,937	1,531,970	1,352,057	801,775	676,603	703,000	821,817	(356,651)	18,233
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)	19,259	78,697	5,682	69,751	145,863	54,944	271,412	28,495	-	-
<b>Total governmental activities</b>	<b>55,738,920</b>	<b>61,597,006</b>	<b>79,578,704</b>	<b>52,446,632</b>	<b>54,830,483</b>	<b>54,960,104</b>	<b>59,855,260</b>	<b>63,662,751</b>	<b>63,738,086</b>	<b>68,389,448</b>
<b>Business-type activities:</b>										
Investment earnings	372,139	160,435	82,552	24,511	42,103	69,455	187,377	146,614	144,106	879,492
Other	8,022	90,143	1,465,778	15,015	4,014	5,413,909	1,667,142	107,265	471,626	43,785
Special item - net loss on sale of properties	-	-	-	(2,225)	-	-	-	-	-	-
Transfer in(out)	(19,259)	(78,697)	(5,682)	(69,751)	(145,863)	(54,944)	(271,412)	(28,495)	-	-
<b>Total business-type activities</b>	<b>360,902</b>	<b>171,881</b>	<b>1,542,648</b>	<b>(32,450)</b>	<b>(99,746)</b>	<b>5,428,420</b>	<b>1,583,107</b>	<b>225,384</b>	<b>615,732</b>	<b>923,277</b>
<b>Total primary government</b>	<b>\$ 56,099,822</b>	<b>\$ 61,768,887</b>	<b>\$ 81,121,352</b>	<b>\$ 52,414,182</b>	<b>\$ 54,730,737</b>	<b>\$ 60,388,524</b>	<b>\$ 61,438,367</b>	<b>\$ 63,888,135</b>	<b>\$ 64,353,818</b>	<b>\$ 69,312,725</b>
<b>Changes in Net Position</b>										
Governmental activities	\$ 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)	\$ (6,575,821)
Business-type activities	(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	1,966,768
<b>Total primary government</b>	<b>\$ 7,285,235</b>	<b>\$ 14,236,673</b>	<b>\$ 31,218,897</b>	<b>\$ 11,182,441</b>	<b>\$ 19,494,507</b>	<b>\$ 22,081,935</b>	<b>\$ 11,405,568</b>	<b>\$ 1,708,656</b>	<b>\$ (3,300,865)</b>	<b>\$ (4,609,053)</b>

**Source:** City of El Cajon - Finance Department

**Note:** (a) Since its dissolution on February 1, 2012, the former El 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									
	2010	2011 (a)	2012	2013	2014	2015	2016	2017	2018	2019
<b>General fund</b>										
Reserved	\$ 287,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,492,150	-	-	-	-	-	-	-	-	-
Nonspendable	-	11,610	-	2,331	2,616	1,769	8,379	15,598	7,071	2,507
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	15,939,481
Assigned	-	-	5,370,474	4,947,648	3,520,000	6,020,000	6,020,000	14,500,000	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	18,617,202
<b>Total general fund</b>	<b>\$ 15,779,171</b>	<b>\$ 20,079,095</b>	<b>\$ 18,775,367</b>	<b>\$ 26,534,054</b>	<b>\$ 27,926,300</b>	<b>\$ 30,552,917</b>	<b>\$ 35,654,724</b>	<b>\$ 42,182,523</b>	<b>\$ 48,799,642</b>	<b>\$ 49,059,190</b>
<b>All other governmental funds</b>										
Reserved	\$ 84,028,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Special revenue funds	2,792,790	-	-	-	-	-	-	-	-	-
Capital projects funds	24,086,294	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	4,219	3,117	1,234,000	-	568,839	-	-
Restricted	-	60,309,471	32,917,930	31,072,800	31,521,762	33,798,874	31,368,390	31,236,465	34,195,345	35,871,669
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	13,360,745
Unassigned	-	-	-	(16,521)	(42,390)	-	(2,250)	(13,157)	(8,343)	(6,348)
<b>Total all other governmental funds</b>	<b>\$ 110,907,234</b>	<b>\$ 89,575,048</b>	<b>\$ 58,371,949</b>	<b>\$ 58,330,918</b>	<b>\$ 61,211,806</b>	<b>\$ 64,884,724</b>	<b>\$ 57,979,607</b>	<b>\$ 57,835,599</b>	<b>\$ 50,034,760</b>	<b>\$ 49,226,066</b>
<b>Total fund balance</b>	<b>\$ 126,686,405</b>	<b>\$ 109,654,143</b>	<b>\$ 77,147,316</b>	<b>\$ 84,864,972</b>	<b>\$ 89,138,106</b>	<b>\$ 95,437,641</b>	<b>\$ 93,634,331</b>	<b>\$ 100,018,122</b>	<b>\$ 98,834,402</b>	<b>\$ 98,285,256</b>

**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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 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	\$ 68,197,027
Intergovernmental	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	10,421,364
Licenses and permits	1,170,501	873,243	927,820	959,941	1,043,011	1,376,417	1,810,129	1,190,944	1,387,579	1,984,864
Charges for services	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	4,559,913
Use of money and property	2,094,645	1,632,912	1,153,444	994,581	897,274	1,700,784	1,515,971	1,336,554	1,309,683	3,758,860
Other	1,652,492	4,471,776	4,281,673	6,218,703	4,211,439	6,760,749	6,781,734	4,027,905	3,461,444	3,054,994
<b>Total revenues</b>	<b>88,716,721</b>	<b>92,104,977</b>	<b>86,465,435</b>	<b>83,812,822</b>	<b>84,282,287</b>	<b>88,322,200</b>	<b>83,142,177</b>	<b>82,860,751</b>	<b>84,890,726</b>	<b>91,977,022</b>
<b>Expenditures</b>										
General government	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	6,699,620
Public safety	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	52,026,698
Public works	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	12,358,617
Recreation	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	3,733,382
Community development	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	3,926,542
Capital outlay	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	13,551,753
Debt service: principal	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	186,484
Debt service: interest & fiscal charges	4,348,963	4,479,711	2,742,813	987,165	792,604	483,777	174,542	55,909	76,147	43,072
<b>Total expenditures</b>	<b>106,139,096</b>	<b>108,462,897</b>	<b>79,894,149</b>	<b>76,098,684</b>	<b>80,142,938</b>	<b>80,829,698</b>	<b>85,216,899</b>	<b>76,505,455</b>	<b>86,074,446</b>	<b>92,526,168</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(17,422,375)</b>	<b>(16,357,920)</b>	<b>6,571,286</b>	<b>7,714,138</b>	<b>4,139,349</b>	<b>7,492,502</b>	<b>(2,074,722)</b>	<b>6,355,296</b>	<b>(1,183,720)</b>	<b>(549,146)</b>
<b>Other financing sources (uses)</b>										
Transfers in	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	10,629,962
Transfers out	(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)	(10,629,962)
<b>Total other financing sources (uses)</b>	<b>19,259</b>	<b>(674,342)</b>	<b>(2,105,671)</b>	<b>3,518</b>	<b>133,785</b>	<b>41,033</b>	<b>271,412</b>	<b>28,495</b>	<b>-</b>	<b>-</b>
Extraordinary loss	-	-	(36,972,442)	-	-	-	-	-	-	-
Special item - payment to Affected Taxing Entities	-	-	-	-	-	(1,234,000)	-	-	-	-
<b>Net change in fund balances</b>	<b>\$(17,403,116)</b>	<b>\$(17,032,262)</b>	<b>\$(32,506,827)</b>	<b>\$ 7,717,656</b>	<b>\$ 4,273,134</b>	<b>\$ 6,299,535</b>	<b>\$ (1,803,310)</b>	<b>\$ 6,383,791</b>	<b>\$ (1,183,720)</b>	<b>\$ (549,146)</b>
<b>Debt service as percentage of noncapital expenditures</b>	9.4%	8.2%	6.2%	5.9%	10.8%	10.7%	10.7%	0.3%	0.4%	0.3%

**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)**

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales and Use (a) (b)</b>	<b>Franchise</b>	<b>Transient Occupancy</b>	<b>Business License</b>	<b>Property Transfer</b>	<b>Other</b>	<b>Total</b>
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
2019	19,834,547	37,063,099	5,511,422	2,116,816	843,422	312,876	2,514,845	68,197,027

**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 02/01/2012, 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**

<b>Fiscal Year 2019</b>		<b>Fiscal Year 2010</b>	
Taxpayer	Business Type	Taxpayer	Business Type
Arco Am/Pm Mini Marts	Service Stations	Arco Am/Pm Mini Marts	Service Stations
Auto City	Used Car Sales	Best Buy Stores	Appliance Stores
Best Buy Stores	Appliance Stores	BMW of El Cajon	New Car Dealers
BMW of El Cajon	New Car Dealers	Bob Baker Chevrolet/Subaru	New Car Dealers
Chevron Service Stations	Service Stations	Bob Baker Lexus	New Car Dealers
East County Pre-Owned Superstore	Used Car Sales	Chevron Service Stations	Service Stations
El Cajon Ford	New Car Dealers	CVS/Pharmacy	Drug Stores
Enterprise Rent-A-Car	Leasing	East County Pre-Owned Superstore	Used Car Sales
Home Depot	Building Materials Store	El Cajon Ford	New Car Dealers
Honda of El Cajon	New Car Dealers	General Petroleum	Oil & Gas Products
J & B Materials	Building Materials-Wholesale	Home Depot	Building Materials Store
Lexus El Cajon	New Car Dealers	Honda of El Cajon	New Car Dealers
Mazda El Cajon	New Car Dealers	J C Penney Company	Department Stores
Mercedes Benz of El Cajon	New Car Dealers	Jerome's Furniture	Home Furnishings
Mossy Nissan El Cajon	New Car Dealers	Macy's Department Store	Department Stores
Motoworld of El Cajon	Boat/Motorcycle	Main Street Gas & Mini Mart	Service Stations
Mouser Electronics	Light Industry	Mossy Nissan El Cajon	New Car Dealers
Semper Solaris Construction	Building Materials-Wholesale	Motoworld of El Cajon	Boat/Motorcycle
Sigler Wholesale Distributors	Building Materials-Wholesale	Sears Roebuck & Company	Department Stores
Target Stores	Department Stores	Target Stores	Department Stores
Team Kia & Mazda	New Car Dealers	The Soco Group	Oil & Gas Products
The Soco Group	Oil & Gas Products	Toyota of El Cajon	New Car Dealers
Toyota of El Cajon	New Car Dealers	United Oil Service Stations	Service Stations
USA Service Stations	Service Stations	Vons Grocery Company	Supermarkets
Wal Mart Stores	Department Stores	Wal Mart Stores	Department Stores

**Source:** MuniServices, LLC / an Avenu Insights & Analytics Company

**CITY OF EL CAJON**  
**Net Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Unsecured Property</b>	<b>Taxable Assessed Value*</b>	<b>Direct Tax Rate (a)</b>	<b>Estimated Actual Taxable Value (b)</b>	<b>Factor of Taxable Assessed Value</b>
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	0.111740	-	-
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	0.111736	9,143,319	1.295658
2014	4,726,844	1,363,339	627,606	107,602	425,276	7,250,667	0.111736	9,600,731	1.324117
2015	5,053,331	1,399,595	629,587	109,667	400,064	7,592,243	0.111736	10,513,598	1.384782
2016	5,373,394	1,444,336	657,520	110,394	351,773	7,937,417	0.111736	10,117,713	1.274686
2017	5,785,593	1,473,424	601,784	132,892	373,654	8,367,346	0.111736	10,730,225	1.282393
2018	6,222,933	1,516,102	647,018	123,854	361,584	8,871,491	0.111736	12,598,697	1.420133
2019	6,615,052	1,571,966	683,821	125,724	389,323	9,385,885	0.111736	12,520,775	1.334000

**Sources:** San Diego County Assessor data, Source: MuniServices, LLC / an Avenu Insights & Analytics Company  
Fiscal years 2012 and prior, previously published CAFR Report

**Notes:** Values are net of all exemptions, including Home Owner Exemptions.  
(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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential	\$ 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	\$ 6,615,052
Commercial	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	1,571,966
Industrial	605,729	603,660	601,910	624,668	627,606	629,587	657,520	601,783	647,018	683,821
Vacant	88,457	80,688	73,147	76,246	79,358	81,131	82,150	92,978	83,229	94,370
Recreational	11,211	8,683	8,716	7,830	7,449	7,466	7,538	18,040	19,446	19,732
Institutional	102,708	105,071	106,421	19,509	20,376	20,902	20,155	20,615	19,824	10,236
Government	-	-	-	-	-	-	-	1,259	1,354	1,385
Unknown	-	-	-	-	-	168	551	-	-	-
Net Secured Value	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	8,996,562
SBOE Unitary	1,049	1,049	1,049	1,049	419	531	531	244	531	-
Unsecured Value	531,835	506,113	508,860	439,823	425,276	400,064	351,773	373,654	361,584	389,323
Net Taxable Value	<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>	<u>\$ 9,385,885</u>

**Sources:** San Diego County Assessor data, Source: MuniServices, LLC / an Avenu Insights & Analytics Company  
Fiscal years 2012 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 <sup>a</sup>**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Basic City and County Levy</b>										
City of El Cajon	0.111700	0.111740	0.111700	0.111736	0.111736	0.111736	0.111736	0.111736	0.111736	0.111736
Cajon Valley Union Elementary	0.224900	0.224900	0.224900	0.224913	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	0.001464	0.001464	0.001464	0.001464	0.001464	0.001464	0.001464
Chula Vista Project	0.000180	0.000180	0.000180	0.000179	0.000179	0.000179	0.000179	0.000179	0.000179	0.000179
County General	0.132100	0.132100	0.132100	0.132090	0.132090	0.132090	0.132090	0.132090	0.132090	0.132090
County Library	0.025100	0.025100	0.025100	0.025124	0.025124	0.025124	0.025124	0.025124	0.025124	0.025124
County School Service	0.006860	0.006860	0.006860	0.006862	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	0.003448	0.003448	0.003448	0.003448	0.003448	0.003448	0.003448
Educational Revenue Augmentation Fund	0.129300	0.129300	0.129300	0.129255	0.129255	0.129255	0.129255	0.129255	0.129255	0.129255
Grossmont-Cuyamaca Community College	0.094200	0.094200	0.094200	0.094191	0.094191	0.094191	0.094191	0.094191	0.094191	0.094191
Grossmont Healthcare District	0.016250	0.016250	0.016250	0.016246	0.016246	0.016246	0.016246	0.016246	0.016246	0.016246
Grossmont Union High School District	0.248400	0.248400	0.248400	0.248366	0.248366	0.248366	0.248366	0.248366	0.248366	0.248366
Regional Occupational Centers	0.004380	0.004380	0.004380	0.004377	0.004377	0.004377	0.004377	0.004377	0.004377	0.004377
<b>Total</b>	<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>
<b>Override Assessments</b>										
Cajon Valley School Bond	0.052240	0.052500	0.060840	0.062740	0.086340	0.082940	0.081450	0.078010	0.087610	0.084770
Grossmont Healthcare District Prop G 6-06-06	0.013150	0.013150	0.020050	0.020050	0.020050	0.020050	0.023520	0.023520	0.023520	0.023520
Grossmont Union High Bond	0.058670	0.059430	0.061210	0.061030	0.061670	0.061180	0.060530	0.057170	0.066130	0.064820
Grossmont-Cuyamaca Community College	0.027980	0.029290	0.030820	0.031730	0.047520	0.046500	0.045390	0.040050	0.046710	0.042250
La Mesa Spring Valley Elementary	0.023660	0.024930	0.025560	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Metropolitan Water District	0.004300	0.003700	0.003700	0.003500	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	0.029160	0.034040	0.033080	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Total</b>	<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>	<u>0.218860</u>
<b>Total Tax Rate</b>	<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>	<u>1.218860</u>

**Sources:** San Diego County Auditor/Controller data, MuniServices, LLC / an Avenu Insights & Analytics Company  
Fiscal years 2012 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**

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<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years (a)</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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	21,906	8,313,252	98.56
2019	8,920,584	8,746,728	98.05	-	8,746,728	98.05

**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 2019			Fiscal Year 2010		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Star West Parkway Mall LP	\$ 234,737,028	1	2.50%			
Prebys Conrad Trust 12 17 82	182,282,068	2	1.94%	\$ 39,945,047	4	0.54%
G K N Aerospace Chem Tronics I	80,712,978	3	0.86%	56,145,494	2	0.76%
Forest Park Fee Owner LLC	60,813,212	4	0.65%			
Senior Flexonics Inc.	46,219,322	5	0.49%			
Lysinger 1999 Trust 10 22 03	45,974,260	6	0.49%			
Kaiser Foundation Health Plan	45,528,462	7	0.49%			
Cox Communications California	30,827,200	8	0.33%	43,007,276	3	0.58%
Winterfell Springs Of El Cajon	30,092,926	9	0.32%	34,109,041	6	0.46%
Harsch Investment Properties	29,359,568	10	0.31%			
Parkway Plaza LP				206,236,165	1	2.80%
Cumberland Club Apts LP				39,764,121	5	0.54%
Sears Roebuck & Co				25,913,773	7	0.35%
Pinnick Inc.				24,230,997	8	0.33%
Harvest Springs of El Cajon				23,769,930	9	0.32%
Frontliner Inc.				23,525,000	10	0.32%
<b>Total Top 10 Taxpayers</b>	<b>786,547,024</b>		<b>8.38%</b>	<b>516,646,844</b>		<b>7.00%</b>
<b>Total Taxable Value (a)</b>	<b>\$ 9,385,885,000</b>		<b>100.00%</b>	<b>\$ 7,355,332,000</b>		<b>100%</b>

**Sources:** San Diego County Assessor data, MuniServices, LLC  
Fiscal years 2012 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			
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	0.74%	183
2019	-	-	1,459,490	-	9,858,817	10,393,396	21,711,703	0.74%	206

**Source:** City of El Cajon - Finance Department

**Notes:** Details regarding the City's outstanding debt can be found in Note 5 of the Notes to the Basic Financial Statements (pages 58-61).

(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 154 for personal income and population data.

**CITY OF EL CAJON**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NOTE PAYABLE - STATE WATER RESOURCES CONTROL BOARD</b>										
Wastewater Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,431,675	\$ 19,985,038	\$ 20,910,132	\$ 21,848,143
Less: Operations and Maintenance	-	-	-	-	-	-	(12,260,836)	(14,563,908)	(13,833,983)	(14,128,459)
Net revenues	-	-	-	-	-	-	9,170,839	5,421,130	7,076,149	7,719,684
Debt Service										
Principal	-	-	-	-	-	-	-	184,664	270,557	467,098
Interest	-	-	-	-	-	-	-	64,545	86,995	125,107
<b>Coverage</b>	-	-	-	-	-	-	-	<b>21.75</b>	<b>19.79</b>	<b>13.04</b>
<b>REVENUE BONDS (a)</b>										
Sales Tax Revenues	\$ 6,819,290	\$ 7,650,075	\$ 7,674,879	\$ 8,334,328	\$ 8,447,073	\$ 7,528,077	\$ 126,155	\$ -	\$ 29,487	\$ 7,420
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	-	-	-	-
<b>Coverage</b>	<b>11.54</b>	<b>7.59</b>	<b>7.61</b>	<b>2.13</b>	<b>1.07</b>	<b>0.96</b>	-	-	-	-
<b>TAX ALLOCATION BONDS (b)</b>										
Property Tax Incremental Revenue	\$ 11,897,087	\$ 11,514,535	\$ 6,313,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service										
Principal	1,205,000	1,255,000	1,305,000	-	-	-	-	-	-	-
Interest	3,492,829	3,442,999	1,708,769	-	-	-	-	-	-	-
Pass-through payments	3,343,196	3,204,850	1,555,164	-	-	-	-	-	-	-
<b>Coverage</b>	<b>1.48</b>	<b>1.46</b>	<b>1.38</b>	-	-	-	-	-	-	-

**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, 2019**

	<u>Total Debt 6/30/2019</u>	<u>Percent Applicable to City of El Cajon (a)</u>	<u>City's Share of Debt 6/30/19</u>
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Metropolitan Water District	\$ 48,050,000	0.324 %	\$ 155,682
Grossmont-Cuyamaca Community College District	324,470,377	18.505	60,043,243
Grossmont Union High School District	577,331,376	19.057	110,022,040
Cajon Valley Union School District	182,097,755	46.458	84,598,975
La Mesa-Spring Valley School District	21,209,849	8.722	1,849,923
Santee School District	51,817,505	3.334	1,727,596
Grossmont Healthcare District	258,388,330	17.487	45,184,367
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 303,581,826</b>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT:</b>			
San Diego County General Fund Obligations	\$ 255,365,000	1.798 %	\$ 4,591,463
San Diego County Pension Obligation Bonds	508,765,000	1.798	9,147,595
San Diego County Superintendent of Schools Certificates of Participation	10,085,000	1.798	181,328
Grossmont-Cuyamaca Community College District General Fund Obligations	420,000	18.505	77,721
Cajon Valley Union School District Certificates of Participation	19,402,000	46.458	9,013,781
La Mesa-Spring Valley School District Certificates of Participation	11,481,017	8.722	1,001,374
Santee School District Certificates of Participation	29,359,849	3.334	978,857
San Miguel Consolidated Fire Protection District Certificates of Participation	1,727,000	0.001	17
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 24,992,136</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</b>	<b>\$ 61,835,000</b>	<b>90.165 - 100 %</b>	<b>\$ 56,720,308</b>
<b>TOTAL DIRECT DEBT - City of El Cajon</b>	<b>\$ 1,459,490</b>	<b>100.000% %</b>	<b>\$ 1,459,490</b>
<b>COMBINED TOTAL DEBT</b>			<b><u>\$ 386,753,760</u></b> (b)
Ratios to 2018-19 Assessed Valuation:	\$ 9,460,494,168		
Total Overlapping Tax and Assessment Debt	3.21%		
Total Overlapping General Fund Debt	0.26%		
Overlapping Tax Increment Debt (Successor Agencies)	0.60%		
<b>Total Direct Debt</b>	<b>0.02%</b>		
<b>Combined Total Debt</b>	<b>4.09%</b>		

**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**

<b>Fiscal Year</b>	<b>City Population (a)</b>	<b>Personal Income (in thousands) (b)</b>	<b>Per Capita Personal Income (b)</b>	<b>Median Age (c)</b>	<b>Average Household Size (c)</b>	<b>% High School Graduate (c)</b>	<b>% Bachelor's Degree or Higher (c)</b>	<b>% Below Poverty (c)</b>	<b>City Unemployment Rate (d)</b>
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%
2019	105,559	2,930,685	27,763	33.8	3.09	82.2%	19.1%	23.0%	3.1%

**Source:** MuniServices, LLC / an Avenu Insights & Analytics Company  
Fiscal years 2012 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 2019			Fiscal Year 2010		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Cajon Valley Union School District (a)	1,721	1	3.81%	1,670	1	3.11%
GKN Aerospace Chem-Tronics Inc.	879	2	1.94%	617	3	1.15%
Grossmont-Cuyamaca Community College District (b)	670	3	1.48%	738	2	1.37%
Grossmont Union High School District	670	4	1.48%	573	4	1.07%
Taylor Guitars	494	7	1.09%	388	7	0.72%
City of El Cajon	393	6	0.87%	426	6	0.79%
Country Hills Health Care	385	8	0.85%	350	8	0.65%
Wal-Mart (2 locations)	384	5	0.85%	440	5	0.82%
Home Depot	357	9	0.79%			
University Mechanical & Engineering	277	10	0.61%	349	10	0.65%
Eldorado Care Center LLC				350	9	0.65%
Total Top 10 Employers	6,230		13.77%	5,901		10.98%
Total City Labor Force *	45,200			53,700		

**Source:** MuniServices, LLC

**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**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 (a)</b>	<b>2019</b>
<b>General Government</b>										
City Manager	11.55	6.55	4.50	9.35	9.35	14.20	14.75	3.05	3.85	6.35
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City Attorney	2.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	12.00	12.00	9.45	11.45	14.00	11.30	11.50	12.40	13.00	15.50
Human Resources (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.50
Information Technology (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.00
Administrative Services (b)	3.50	2.80	4.40	4.00	4.00	4.00	3.80	16.50	17.00	0.00
<b>Police</b>										
Officers	124.00	120.00	120.00	122.00	122.00	122.00	122.00	122.00	124.00	126.00
Civilians	70.70	68.70	68.70	69.20	69.20	70.20	66.20	66.20	65.20	63.20
Animal Control	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00	7.00
<b>Fire</b>										
Firefighters and Officers	70.00	68.00	73.00	72.00	72.00	72.00	73.00	59.00	56.00	57.00
Civilians	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.70	2.70
<b>Public Works</b>										
Administration and Engineering	15.61	19.68	14.63	19.05	14.10	13.80	14.70	14.30	14.40	14.00
Traffic and Streets Maintenance	27.80	25.10	22.65	23.05	24.85	25.05	26.90	22.90	27.95	27.20
Parks, Facilities, and Vehicle Maintenance	48.40	43.25	41.55	44.25	43.10	42.65	40.40	26.65	25.80	25.05
Wastewater	27.90	29.35	31.35	30.25	29.75	30.30	29.70	33.05	33.35	28.25
<b>Recreation</b>	14.00	15.00	14.45	15.00	15.00	16.00	16.00	16.00	41.55	41.55
<b>Community Development</b>	26.45	26.05	20.25	20.5	20.5	18.8	18.9	18.9	21.50	22.00
<b>Total</b>	<u>465.11</u>	<u>448.18</u>	<u>437.13</u>	<u>452.30</u>	<u>450.05</u>	<u>452.50</u>	<u>450.05</u>	<u>423.15</u>	<u>458.30</u>	<u>455.30</u>

**Source:** City of El Cajon - Finance Department

**Note:** (a) Beginning in fiscal year 2018, part-time and seasonal employees were included in total full-time equivalent employee count.  
(b) Beginning in fiscal year 2019, Administrative Services was split into Human Resources and Information Technology.



**CITY OF EL CAJON**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Community Development</b>										
Building permits issued	1,101	1,245	1,238	1,376	1,534	1,971	2,016	2,063	2,208	2,501
Building inspections conducted	7,859	4,279	4,337	5,340	2,522	9,529	9,608	5,631	6,919	11,142
<b>Police</b>										
Physical arrests	5,321	4,605	4,513	5,015	5,088	6,589	5,121	4,861	4,754	6,385
Traffic violations	13,354	12,235	9,968	10,915	3,653	3,100	2,953	2,434	2,244	2,003
Parking violations	3,282	3,248	4,049	3,085	2,764	3,191	2,498	2,411	2,443	2,797
<b>Animal Control</b>										
Licenses issued	2,439	2,731	2,290	2,254	2,025	1,985	1,978	1,819	1,679	1,340
Adoptions	1,191	1,234	1,106	1,112	951	971	816	1,071	1,064	1,054
<b>Fire</b>										
Emergency responses	12,122	12,829	13,177	11,549	12,087	12,833	13,616	14,462	15,562	15,802
Fires extinguished (a)(b)	469	253	752	410	368	348	409	279	157	125
Fires investigated (b)	469	253	318	410	368	96	165	38	10	125
Inspections	2,657	3,058	3,684	3,921	535	813	632	1,827	1,849	609
Abatement compliance	298	288	580	407	418	2,770	88	146	73	230
<b>Public works</b>										
Street resurfacing (miles)	18	10	3	11	6	5	9	4	5	8
<b>Recreation</b>										
Facility rentals	467	385	346	362	367	334	348	362	378	386
Classes and other bookings	2,852	2,463	2,156	1,799	1,704	1,596	1,134	1,218	1,281	1,433
Attendance	149,990	91,572	195,677	85,574	88,875	113,924	92,871	96,455	100,677	105,226
<b>Wastewater</b>										
Average daily sewage transportation (thousands of gallons)	9,000	8,247	7,809	7,780	7,941	7,728	6,980	7,421	6,458	7,321

**Source:** City of El Cajon Departments

**Notes::** (a) In fiscal year 2012, El Cajon Fire Department became part of the Heartland Fire and Rescue JPA and responds to fires in La Mesa, Lemon Grove, and San Miguel fire districts.  
(b) Data presented are for fires within El Cajon city limits.

**CITY OF EL CAJON**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>General Government</b>										
City Hall	1	1	1	1	1	1	1	1	1	1
<b>Police</b>										
Headquarters	1	1	1	1	1	1	1	1	1	1
Satellite Police Facilities (a)	1	1	0	0	0	0	0	0	0	0
Animal Shelter	1	1	1	1	1	1	1	1	1	1
Patrol vehicle	56	56	56	56	56	56	56	59	59	59
Undercover vehicles	30	30	30	30	30	34	34	31	31	31
Tactical vehicles	5	5	5	5	5	5	5	5	5	5
<b>Fire</b>										
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)	6	6	7	7	7	7	4	1	1	1
<b>Public works</b>										
Streets (miles)	194	194	194	194	194	194	194	194	194	194
Streetlights	2,204	2,334	2,331	2,352	2,356	2,360	2,360	2,688	2,732	2,732
Traffic signals	112	112	112	112	112	112	112	112	113	113

*(Continued)*

**CITY OF EL CAJON**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Parks and recreation</b>										
Acreage	120	120	120	120	120	120	120	120	120	120
Community/recreation centers	6	6	6	6	6	6	6	7	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	6	6	6	6	6	6	7	7	7
Tennis courts	1	1	1	1	1	1	1	1	1	1
Ballfields	4	4	4	4	4	4	4	5	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
Amphitheaters/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	2	2	2
Dog park	1	1	1	1	1	1	1	3	3	3
<b>Wastewater</b>										
Sanitary sewers (miles)	195	195	195	195	195	195	195	195	195	195
Storm sewers (miles)	72	72	72	72	72	72	72	82	82	82

**Source:** City Departments

**Notes:** (a) All divisions of the Police Department moved into the new Public Safety Center in fiscal year 2012.  
(b) Three (3) ambulances were sold in fiscal year 2017.

# CITY OF EL CAJON

## ACKNOWLEDGEMENTS

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### **Finance Department**

Lori Bogan

Lilia Calip

Victoria Danganan

Luca Gonzales

Lee Ann Jones-Santos

Jason Kang

Martha Lopez

Zachary Moran

Maria Navarro

Nahid Razi

Autumn Reberger

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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

### PARTNERS

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Kirk A. Franks, CPA (Partner Emeritus)

### DIRECTORS

Jenny Liu, CPA, MST

### MANAGERS / STAFF

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Gardenya Duran, CPA  
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Jingjie Wu, CPA  
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for CPA Firms*

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Quality Center*

*Employee Benefit Plan  
Audit Quality Center*

California Society of  
Certified Public Accountants

### *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, 2019, 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 16, 2019.

### *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 16, 2019



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## INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

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

We have performed the procedures enumerated below, which were agreed to by the City of El Cajon (the City) 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) on the accompanying Appropriations Limit worksheet of the City for the year ended June 30, 2019 which were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The District's management is responsible for the accompanying Appropriations Limit worksheet. 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: Department of Finance amended the original Price Factor and Population Information for Appropriations Limit for fiscal year 2018-19. City chose not to amend their original resolution approving and adopting the 2018-19 annual appropriation limit during the audited fiscal year (\$159,723,127). This resulted in an understated appropriations limit of \$142,525 (\$159,865,652). However, the City corrected their appropriations limit for 2018-19 during the adoption of Resolution No. 064-19 "Approving and Adopting the Annual Appropriations Limit for fiscal year 2019-20."



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.

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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion or conclusion. 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 16, 2019

**CITY OF EL CAJON**  
**APPROPRIATIONS LIMIT COMPUTATION**  
2018 - 2019

	2018-19
Per Capita Personal Income change	3.67%
Population change:	0.95%
County population growth	
CPI change converted to a ratio	1.0367
Population change converted to a ratio	1.0086
Calculation of growth factor	1.0456
2017-2018 Appropriations Limit	<u>\$ 152,755,108</u>
2018-2019 Appropriations Limit (\$152,755,108 X 1.0465)*	<u>\$ 159,723,127</u>

\* = allow for rounding



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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Phillip H. Waller, CPA (Partner Emeritus)  
Kirk A. Franks, CPA (Partner Emeritus)

#### **DIRECTORS**

Jenny Liu, CPA, MST

#### **MANAGERS / STAFF**

Charles De Simoni, CPA  
Gardenya Duran, CPA  
Brianna Schultz, CPA  
Jingjie Wu, CPA  
Evelyn Morentin-Barcena, CPA  
Jin Gu, CPA, MT  
Veronica Hernandez, CPA  
Tara R. Thorp, CPA, MSA  
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#### **MEMBERS**

American Institute of  
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*PCPS The AICPA Alliance  
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California Society of  
Certified Public Accountants



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, 2019, and have issued our report thereon dated December 16, 2019. 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 May 24, 2019, 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.

## **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 I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. 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 16, 2019.

### **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.*

December 16, 2019



## Finance

December 16, 2019

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, 2019 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 16, 2019:

### ***Financial Statements***

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 24, 2019, 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.

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- 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. There have been no changes or updates to legal information disclosed to you by our attorneys since the date of such legal response and now.
- 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.
- 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:

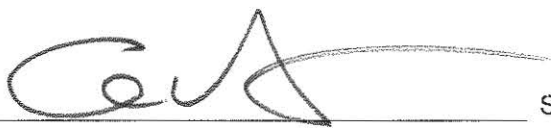
- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the required supplementary information, including its form and content, is measured and fairly presented 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 net pension liability and net OPEB liability (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.

Signature 

Title/Name: City Manager – Graham Mitchell

Signature: 

Title/Name: Director of Finance – Clay Schoen



## City Council Agenda Report

**Agenda Item 12.**

**DATE:** January 28, 2020

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Graham Mitchell, City Manager

**SUBJECT:** Debris Collection Services with the East County Transitional Living Center

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### RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to execute an agreement for debris collection services with the East County Transitional Living Center in the not-to-exceed amount of \$39,000.

### BACKGROUND:

Beginning in July 2019, the City entered into a 6-month agreement with the East County Transitional Living Center (ECTLC) to assist Public Works staff in cleaning up items discarded in the public right-of-way (abandoned furniture, shopping carts, remnants of a homeless encampments, etc.). The agreement with ECTLC for this service expired on December 31, 2019.

Through this agreement, ECTLC responded to calls for service and also had a regular route of focus areas. Since July 2019, ECTLC fulfilled nearly 1,000 pick-ups and collected approximately 120 tons of trash. Staff estimates that this has saved nearly 700 staff hours and resulted in approximately \$81,000 of savings (staff time and City vehicle costs, not including gasoline costs). Over the 6-month period, this results in a net savings of approximately \$45,000.

Staff recommended at the January 14, 2020 City Council meeting that this service be extended for an additional six months. The City Council agreed and directed staff to prepare an agreement so that this service could be continued. Staff has prepared an agreement through the end of the fiscal year at an amount of \$6,500 per month.

Because the City's purchasing policy requires bids to be sought over a certain amount, the City will be soliciting bids for this service later this Spring.

### FISCAL IMPACT:

Sufficient funds are available in Fiscal Year 2019-20 Annual Budget: Public Works Street Operations (211320).

Prepared By: Graham Mitchell, City Manager

Reviewed By: N/A

Approved By: Graham Mitchell, City Manager

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## Attachments

Resolution

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RESOLUTION NO. \_\_-20

A RESOLUTION OF THE  
CITY COUNCIL OF THE CITY OF EL CAJON  
APPROVING AN AGREEMENT WITH  
EAST COUNTY TRANSITIONAL LIVING CENTER  
FOR NEIGHBORHOOD CLEANING SERVICES

WHEREAS, beginning in July 2019, the City of El Cajon (the "City") entered into a 6-month agreement with the East County Transitional Living Center ("ECTLC") to assist Public Works staff in cleaning up items discarded in the public right-of-way (abandoned furniture, shopping carts, remnants of a homeless encampment, etc.); and

WHEREAS, through this agreement, ECTLC responded to calls for service and also had a regular route of focus areas, and since July 2019, has fulfilled nearly 1,000 pick-ups and collected approximately 120 tons of trash; and

WHEREAS, staff estimates that this has saved nearly 700 staff hours and resulted in approximately \$81,000 of savings (including staff time and City vehicle costs, but not including gasoline costs), which resulted in an approximate net savings of \$45,000 over the 6-month period; and

WHEREAS, the agreement with ECTLC for this service expired on December 31, 2019; and

WHEREAS, staff recommended at the January 14, 2020 City Council meeting that this service be extended for an additional six (6) months, and City Council agreed and directed staff to prepare an agreement so that this service could be continued; and

WHEREAS, staff has prepared an agreement effective through the end of the 2019-2020 fiscal year in the amount of \$6,000 per month, with the ability to extend the agreement for an additional three (3) months, if necessary; and

WHEREAS, because the City's purchasing policy requires bids to be sought over a certain amount, the City will be soliciting bids for this service later this Spring; and

WHEREAS, the City Council believes it to be in the City's best interests to enter into an agreement with ECTLC for a term of six (6) months through the end of the 2019-2020 fiscal year, with the option to extend the agreement for an additional three (3) months if necessary.

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 Manager, or such person as is designated by the City Manager, is hereby authorized and directed to execute an agreement with ECTLIC for neighborhood cleaning services through June 30, 2020, including the option to extend the agreement for an additional three (3) months, if necessary, with such changes as may be approved by the City Manager, on behalf of the City of El Cajon.

01-28-20 CC Agenda

Reso - Approve Agmt w-ECTLIC for Neighborhood Cleaning Svcs 012220



City Council  
Agenda Report

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Mayor Wells  
**SUBJECT:** Council Activity Report

---

**RECOMMENDATION:**

That the City Council accepts and files 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 6 - LAFCO Meeting  
January 10 - SANDAG Executive Meeting  
January 10 - SANDAG Board of Directors Meeting  
January 13 - Interview with KUSI  
January 14 - Meeting with SDG&E  
January 24 - SANDAG Executive Committee Meeting  
January 24 - SANDAG Board of Directors Meeting  
January 24 - SANDAG Audit Committee Meeting  
January 28 - Interview with KUSI  
January 28 - City Council Meeting  
January 28 - State of the City Address

I am available to answer questions.

Submitted By: Bill Wells, Mayor

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City Council  
Agenda Report

**DATE:** January 28, 2020

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Councilmember Kendrick

**SUBJECT: COUNCILMEMBER GARY KENDRICK**

METRO Commission/Wastewater JPA; Heartland Communications;  
Heartland Fire Training JPA; East County Advance Water Purification Joint  
Powers Authority Board.

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**RECOMMENDATION:**

That the City Council accepts and files 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:

1/16 - Heartland Fire Authority Training Meeting

I am available to answer questions.

Submitted By: Gary Kendrick, Councilmember

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City Council  
Agenda Report

**Agenda Item 16.**

**DATE:** January 28, 2020

**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

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**RECOMMENDATION:**

That the City Council accepts and files 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:

1/16 - MTS Board Member Meeting

I am available to answer questions.

Submitted By: Bob McClellan, Councilmember

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City Council  
Agenda Report

Agenda Item 17.

**DATE:** January 28, 2020

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Councilmember Goble

**SUBJECT: COUNCILMEMBER 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 Advance Water Purification Joint Powers Authority Board - Alternate.

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**RECOMMENDATION:**

That the City Council accepts and files 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:

- Jan 10 - East County Chamber First Friday Breakfast
- Jan 14 - Wrote Editorial on Homelessness for East County Magazine
- Jan 16 - Email to Senator Jones about El Cajon Homeless Program Results
- Jan 17 - Phone call with Yolanda from District Attorney's Office regarding Kit Testing
- Jan 20 - Email with Michael McConnell regarding Homelessness
- Jan 23 - Phone call with City Attorney
- Jan 27 - Meeting with City Manager
- Jan 28 - City Council Meeting
- Jan 28 - State of the City Address

I am available to answer questions.

Submitted By: Steve Goble, Councilmember

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City Council  
Agenda Report

Agenda Item 18.

**DATE:** January 28, 2020

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Deputy Mayor Phil Ortiz

**SUBJECT: DEPUTY MAYOR PHIL ORTIZ**

East County Economic Development Council; League of California Cities,  
San Diego Division.

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**RECOMMENDATION:**

That the City Council accepts and files 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:

- 1/15 - Economic Development Council Board Meeting
- 1/22 - League of California Cities - New Councilmember Academy
- 1/23 - League of California Cities - New Councilmember Academy
- 1/24 - League of California Cities - New Councilmember Academy
- 1/24 - Hope for Iraqi Christians Fundraiser Gala/Dinner

I am available to answer questions.

Submitted By: Phil Ortiz, Deputy Mayor

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City Council  
Agenda Report

Agenda Item 19.

**DATE:** January 28, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Mike Moulton, Chief of Police  
**SUBJECT:** El Cajon Animal Shelter Donations for December 2019

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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:

Anonymous Person - **\$200**

Prepared By: Captain Rob Ransweiler  
Reviewed By: Mike Moulton, Police Chief  
Approved By: Graham Mitchell, City Manager

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City Council  
Agenda Report

**DATE:** January 28, 2020

**TO:** City Clerk

**FROM:** City Attorney/General Legal Counsel

**SUBJECT:** Closed Session - Conference with Legal Counsel - Existing Litigation - pursuant to paragraph (1) of subdivision (d) of Government Code section 54956.9: El Cajon Police Officers Association vs. City of El Cajon San Diego Superior Court Case No. 37-2019-00005450-CU-WM-CTL

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**RECOMMENDATION:**

That the following Closed Session be scheduled for the Tuesday, January 28, 2020, Joint City Council/Housing Authority/Successor Agency to 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:**

El Cajon Police Officers Association vs. City of El Cajon  
San Diego Superior Court Case No. 37-2019-00005450-CU-WM-CTL

Morgan L. Foley  
City Attorney/General Legal Counsel

MLF:hms

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