

# City of El Cajon California



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ending June 30, 2021





# City of El Cajon, California

## Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021



*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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### ACKNOWLEDGEMENTS

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*• Incorporated 1912 •*



# INTRODUCTORY SECTION



# INTRODUCTORY SECTION





# CITY OF EL CAJON

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200 Civic Center Way

• El Cajon, California 92020

December 8, 2021

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 annual comprehensive financial statements of the City of El Cajon (“the City”) for the fiscal year ended June 30, 2021.

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, 2021, 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, 2021, 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 103,243. The City has experienced population growth of approximately 2.7% 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 53) 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**

After a tumultuous fiscal year 2019-20 affected by the impacts of the Covid-19 pandemic, fiscal year 2020-21 was largely positive. Economic indicators generally improved throughout the year. State Gross Domestic Product (GDP) increased at an 8.1% annual rate for the second quarter 2021, while national GDP grew at 6.7% for the same period. Unemployment rates have improved significantly over the fiscal year as well. The State unemployment rate for October 2021 was 7.3%, compared to 9.3% at the same point last year. For the same period, national unemployment was 4.6%, down from 6.9%.

Recent disruptions in supply chains have driven inflation up recently. The Consumer Price Index (CPI) for the San Diego region, measuring from September 2020 to September 2021 was up 6.5%, and up 5.4% nationally. While San Diego information for October 2021 has not been release, the national annual CPI continued to increase to 6.2%. The Federal Open Market Committee has expressed that it is their opinion that this is a temporary situation, and it is expected that inflation will return to acceptable levels once the normal flow of good resumes.

Housing indicators are positive, led by privately-owned housing units authorized nationally, which increased 3.4% in October 2021 from the previous year. Additionally, housing starts increase 0.4% for the same period; however, completions are down 8.4%. These indicators, taken together suggest this segment of the economy is beginning recovery, although not recognized throughout the full cycle of permit-construction-completion.

Sales Tax Revenues – Regular sales tax revenue increased \$4.2 million from the prior fiscal year, a 16.4% increase. This change is primarily attributable to the direct economic impacts of the Covid-19 public health crisis experienced the year before, but also increases in internet sales attributable to the City. The City’s additional district sales tax, known as “Prop J” also increased 18.5%, or \$1.9 million from the previous year.

Property Taxes – Property taxes collected in fiscal year 2020-21 increased 5.2% 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 2020-21 was \$10.6 billion; this represents a 5.8% increase from the prior year. For fiscal year 2021-22, total assessed values grew to \$11.0 billion, an increase of 3.7% from fiscal year 2020-21.

The majority of economic indicators are positive, and suggest the economy is in the process of recovering from the economic impacts of the Covid-19 pandemic. While areas of concern remain, the outlook is guardedly optimistic. It is critical that the City continues to commit to maintaining healthy reserves and making conservative decisions until certainty improves.

### **Long Term Financial Planning**

The City utilizes many sources to evaluate and provide current and long range financial planning. These sources include the Annual Comprehensive Financial Report (ACFR), the annual budget, and the five-year business plan. In conjunction with the ACFR 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, \$15.6 million at June 30, 2021. Additionally, the general fund had reserves of \$8.0 million for unfunded retirement obligations and \$6.5 million for economic uncertainty. The \$23.6 million unassigned fund balance at June 30, 2021, provides resources for future needs. The city council periodically rebalances these assignments based on anticipated needs, which was done on June 22, 2021. Based on recent analysis and information received to date, general fund revenue and expenditure projections for fiscal year 2021-22 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 \$11.8 million was collected in fiscal year 2020-21 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 \$8.5 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 fully impacts employer contribution rates.

Throughout 2021 the City initiated several strategies to address its growing pension funding shortfalls. In October 2020, the City Council adopted a Pension Funding Policy that provides guidance on both goals and specific actions. Additionally, while the City has maintained designations of General Fund equity for unfunded pension liabilities, it directed the establishment of a Public Agency Retirement Services Section 115 Trust to provide pension rate stabilization and give the City additional pension funding options. Most notably, in January 2021 the City issued \$147.2 million in Pension Obligation Bonds as a way to take advantage of favorable interest rates to improve its pension plan's funded status.

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 annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current 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 Annual Comprehensive 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, 2020

*Christopher P. Morill*

Executive Director/CEO

**CITY OF EL CAJON**  
**List of Principal Officials**  
**Fiscal Year Ended June 30, 2021**

**MAYOR**

Bill Wells

**COUNCILMEMBERS**

Gary Kendrick, Mayor Pro Tem  
Steve Goble  
Michelle Metschel  
Phil Ortiz

**CITY MANAGER**

Graham Mitchell

**CITY ATTORNEY**

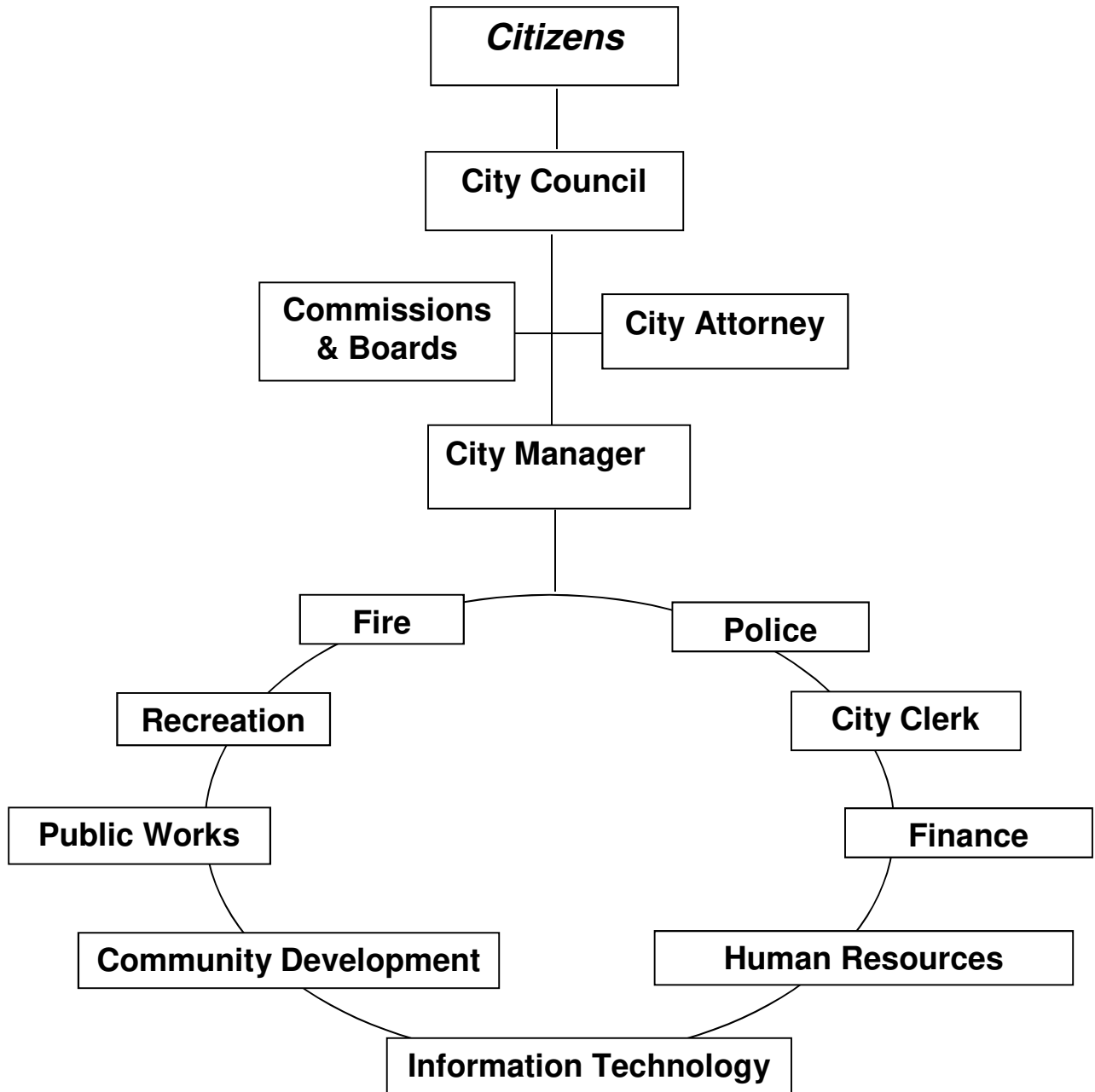
Morgan Foley

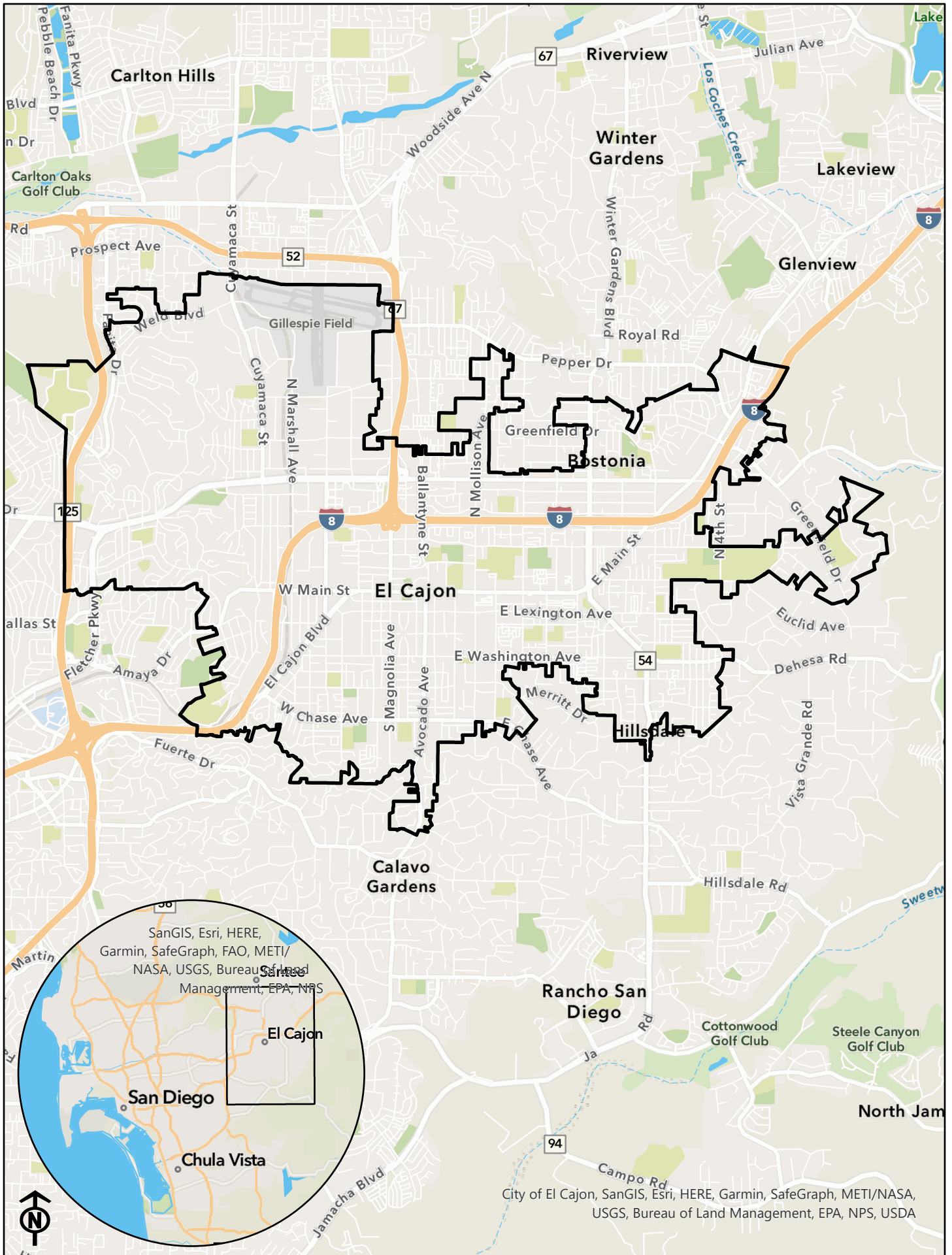
**MANAGEMENT TEAM**

Vince DiMaggio – Assistant City Manager  
Angela Cortez – City Clerk  
Mike Moulton – Police Chief  
Steve Swaney – Fire Chief  
Tony Shute – Director of Community Development  
Marisol Thorn – Director of Human Resources  
Sara Diaz – Director of Information Services  
Yazmin Arellano – Acting 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, 2021**

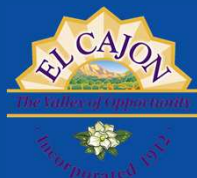
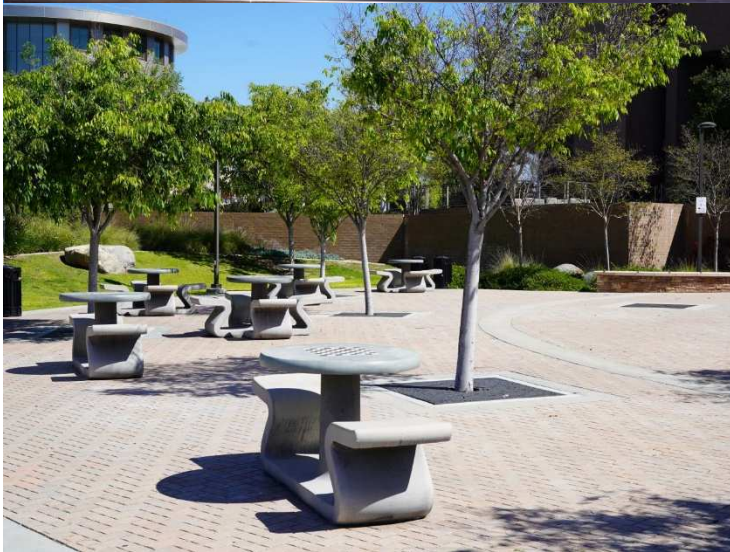




City of El Cajon, SanGIS, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA



# FINANCIAL SECTION



# FINANCIAL SECTION







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

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909 889 0871 T  
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#### **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  
Jenny W. Liu, CPA, MST

#### **MANAGERS / STAFF**

Charles De Simoni, CPA  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA  
Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
Xinlu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Thao Le, CPA, MBA  
Julia Rodriguez Fuentes, CPA, MSA

#### **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



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## *Independent Auditor's Report*

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

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

#### ***Opinions***

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the nonmajor fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of 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 accompanying supplementary information referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information included in the Annual Report***

Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
December 8, 2021





# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

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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, 2021. 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, 2021, the City's total net position was \$219.9 million. Of this amount, governmental activities net position accounts for \$151.3 million and business-type activities total \$68.6 million. The City's overall net position decreased by \$2.6 million or 1.2 percent, from the previous fiscal year.
- The decrease in the City's total net position was corresponding to the changes in the following financial statement elements: (1) total assets in the governmental activities increased by \$16.4 million or 4.7 percent primarily due to cash received from the American Rescue Plan Act (ARPA), which was offset by a decrease in capital assets of \$9.7 million that is a result of depreciation and the sale of assets; (2) total liabilities of the City increased by \$168.1 million or 71.4 percent primarily due to the issuance of pension obligation bonds, increase in the net pension liability, and unearned revenue from the ARPA distribution; (3) deferred outflows of resources increased by \$145.1 million and deferred inflows of resources decreased by \$2.7 million from the prior fiscal year. Pension and OPEB related items account for the change in deferred outflows and inflows of resources with the pension obligation bond proceeds used to pay for pension benefits subsequent to the measurement date resulting in the large increase to deferred outflows.
- Total government-wide revenues were \$126.1 million, which increased by \$9 million or 7.7 percent from the prior fiscal year, mostly due to increased sales taxes and gains on the sale of property. Total expenses were \$128.7 million, a decrease of \$0.3 million, or 0.2 percent, from last fiscal year. The expense decreases were incurred in public safety, recreation, and wastewater, but were offset by increases in community development and interest on long-term debt.
- At June 30, 2021, the City's governmental funds reported combined fund balances of \$109.8 million, a \$12 million increase from the prior fiscal year. This was primarily due to higher than anticipated sales tax revenue and proceeds from the sale of capital assets during the fiscal year.

#### **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 33 of this report.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

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

The 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, and community development. 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 37 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.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

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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, Federal, State, and Local Grants Special Revenue Fund, and Pension Obligation Bonds Debt Service Fund. Data from the other 14 nonmajor governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

#### Proprietary funds

The City maintains two different types of proprietary funds: enterprise funds 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 funds. The private-purpose trust fund accounts for the activities of the Successor Agency to the El Cajon Redevelopment Agency. The custodial funds are used for the collections of delinquent refuse assessments for the City's franchised waste hauler and property-based improvement district (PBID) assessments for the Greater Downtown El Cajon, and for the activities of the 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 52 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 budgetary comparison schedules for the General Fund and major Special Revenue Funds 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 95 of this report.

Combining and individual statements for the nonmajor governmental funds, internal service funds, and custodial fiduciary funds are presented in the Supplementary Information section of the report. The supplementary information can be found beginning on page 111 of this report.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

#### 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, 2021, the City's net position totaled \$219.9 million, which represents an overall decrease of \$2.6 million from the previous fiscal year. As noted earlier, this decrease was primarily due to an increase in total liabilities, mostly resulting from the issuance of pension obligation bonds and reclassification of unearned revenue related to the ARPA distribution. The decrease in capital assets in the governmental activities also contributed to the decline in the City's total net position.

The following is the condensed statement of net position for the fiscal years ended June 30, 2021 and 2020.

#### Condensed Statement of Net Position June 30, 2021 and 2020 (in millions)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current & other assets	\$ 148.2	\$ 122.1	\$ 30.4	\$ 28.4	\$ 178.6	\$ 150.5
Capital assets, net	217.4	227.1	57.5	58.2	274.9	285.3
Total assets	<u>365.6</u>	<u>349.2</u>	<u>87.9</u>	<u>86.6</u>	<u>453.5</u>	<u>435.8</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>164.7</u>	<u>25.2</u>	<u>6.9</u>	<u>1.3</u>	<u>171.6</u>	<u>26.5</u>
<b>LIABILITIES</b>						
Long-term liabilities	154.5	12.9	15.7	10.5	170.2	23.4
Net pension liability	195.7	188.7	9.2	8.9	204.9	197.6
Net OPEB liability	4.5	5.2	0.4	0.4	4.9	5.6
Other liabilities	22.7	7.6	0.8	1.2	23.5	8.8
Total liabilities	<u>377.4</u>	<u>214.4</u>	<u>26.1</u>	<u>21.0</u>	<u>403.5</u>	<u>235.4</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>1.6</u>	<u>4.2</u>	<u>0.1</u>	<u>0.2</u>	<u>1.7</u>	<u>4.4</u>
<b>NET POSITION</b>						
Net investment in capital assets	216.3	225.8	47.9	48.2	264.2	274.0
Restricted	42.8	37.1	0.6	0.6	43.4	37.7
Unrestricted	(107.8)	(107.1)	20.1	17.9	(87.7)	(89.2)
Total net position	<u>\$ 151.3</u>	<u>\$ 155.8</u>	<u>\$ 68.6</u>	<u>\$ 66.7</u>	<u>\$ 219.9</u>	<u>\$ 222.5</u>

At June 30, 2021, the largest portion of the City's total net position (\$264.2 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, 2021**

An additional portion of the City's net position (\$43.4 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, 2021, was a deficit of \$87.7 million, primarily due to the recognition of long-term liabilities (pension obligation bonds, compensated absences), net pension, and net OPEB liabilities.

The following is the condensed statement of activities for the fiscal years ended June 30, 2021 and 2020.

**Condensed Statement of Activities**  
**For the fiscal years ended June 30, 2021 and 2020**  
(in millions)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 15.2	\$ 11.8	\$ 24.1	\$ 21.3	\$ 39.3	\$ 33.1
Operating grants & contributions	8.9	6.4	-	-	8.9	6.4
Capital grants & contributions	4.6	4.0	-	-	4.6	4.0
General revenues:						
Property taxes	22.1	21.0	-	-	22.1	21.0
Sales taxes	42.0	35.9	-	-	42.0	35.9
Other taxes	9.3	8.6	-	-	9.3	8.6
Intergovernmental	0.1	0.1	-	-	0.1	0.1
Investment earnings	0.1	3.2	(0.1)	1.1	-	4.3
Other	-	(0.1)	(0.2)	3.8	(0.2)	3.7
Total revenues	<u>102.3</u>	<u>90.9</u>	<u>23.8</u>	<u>26.2</u>	<u>126.1</u>	<u>117.1</u>
<b>EXPENSES</b>						
General government	8.4	8.4	-	-	8.4	8.4
Public safety	63.8	66.5	-	-	63.8	66.5
Public works	18.9	18.2	-	-	18.9	18.2
Recreation	4.9	7.3	-	-	4.9	7.3
Community development	9.3	4.8	-	-	9.3	4.8
Interest on long-term debt	1.5	-	-	-	1.5	-
Wastewater	-	-	21.9	23.8	21.9	23.8
Total expenses	<u>106.8</u>	<u>105.2</u>	<u>21.9</u>	<u>23.8</u>	<u>128.7</u>	<u>129.0</u>
Change in net position	(4.5)	(14.3)	1.9	2.4	(2.6)	(11.9)
Net position, beginning	155.8	170.1	66.7	64.3	222.5	234.4
Net position, ending	<u>\$ 151.3</u>	<u>\$ 155.8</u>	<u>\$ 68.6</u>	<u>\$ 66.7</u>	<u>\$ 219.9</u>	<u>\$ 222.5</u>

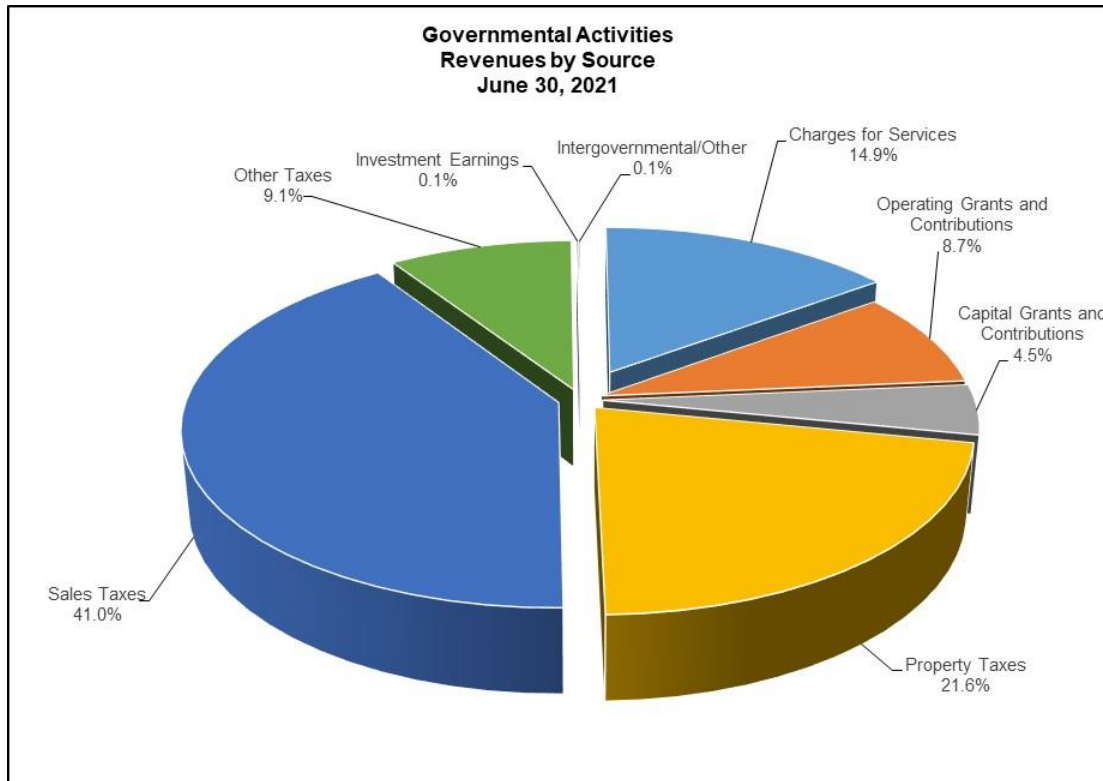
# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2021

### 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 \$11.4 million, or 12.5 percent from the previous fiscal year. Key elements of this change are as follows:

- Sales taxes were \$6.1 million or 17 percent higher compared to the prior fiscal year, which is primarily attributable to an increase in sales volume post-pandemic and the cost of items purchased, such as vehicles.
- Charges for services were higher by \$3.4 million, or 28.8 percent, primarily from the sale of properties funded by the Community Development Block Grant (CDBG) and Low and Moderate Income Housing Asset Fund for which the proceeds are restricted for use within the respective programs.
- Property taxes were \$1.1 million or 5.2 percent higher compared to the prior fiscal year because of a 5.8 percent increase in the assessed values of residential, commercial, and industrial properties.
- Operating grants and contributions increased by \$2.5 million, or 39.1 percent, primarily due to an increase in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds recognized as revenue.
- Investment earnings decreased by \$3.1 million. This decrease is primarily due to unrealized losses resulting with the fair market value adjustment of the City's investments at June 30, 2021.

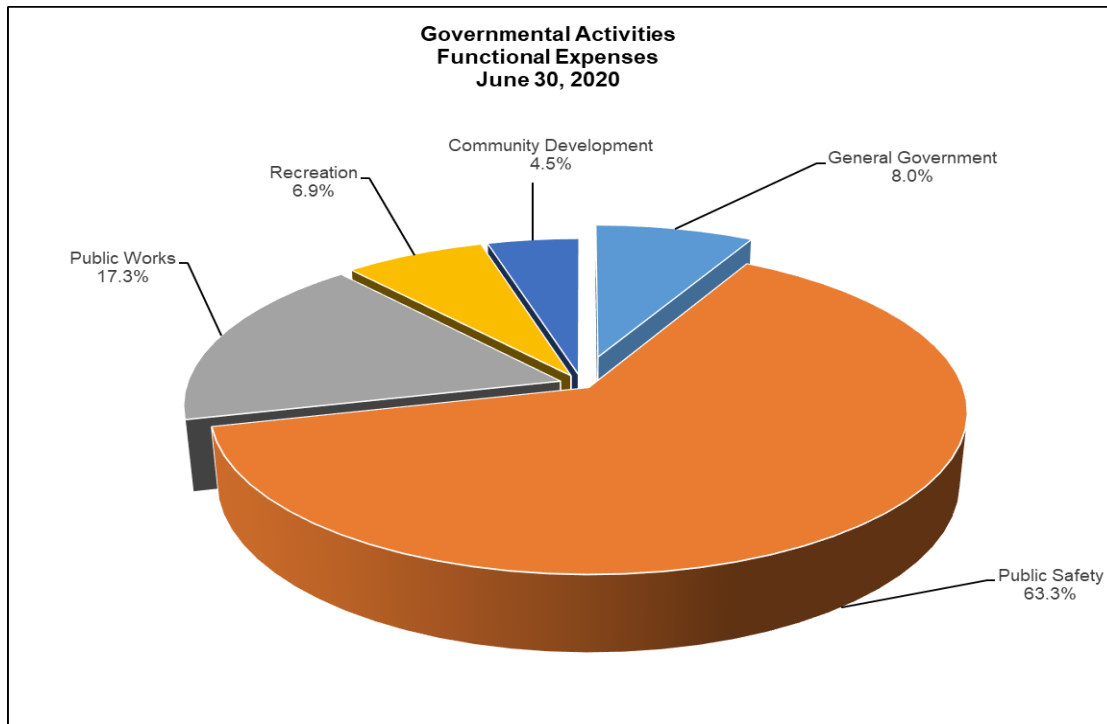
# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2021

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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 \$1.6 million from the prior fiscal year due to increases in community development and interest on long-term debt associated with the newly issued pension obligation bonds, partially offset by decreases in recreation and public safety.

- Community development expenses were higher than the prior fiscal year primarily due to programs funded by the CARES Act.
- Interest on long-term debt increased due to the issuance of Pension Obligation Bonds during the fiscal year.

### Business-type Activities

The City's business-type activity consists solely of the wastewater enterprise fund, which reported a net position of \$68.6 million at June 30, 2021. Wastewater total revenues exceeded total expenses resulting in an increase in the overall net position by \$1.9 million from the prior fiscal year. This growth is attributable to an increase in charges for service primarily resulting from the annual rate increase.

The largest portion of the wastewater net position (\$47.9 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, 2021, the wastewater fund's unrestricted net position was \$20.1 million.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

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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, 2021, the City's governmental funds reported combined fund balances of \$109.7 million, an increase of \$12.0 million from the prior year. Approximately 21.6 percent of this amount (\$23.6 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either restricted, committed, assigned, or nonspendable to indicate that it is: a) restricted for particular purposes (\$42.8 million), b) committed for economic uncertainty and cash flow reserves (\$15.6 million), c) assigned for particular purposes (\$27.8 million), and d) not in spendable form (\$4 thousand).

#### General Fund

The General Fund is the chief operating fund of the City. At the end of the fiscal year, total fund balance was \$53.7 million; of which \$23.6 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 \$76.4 million. Unassigned fund balance represented 30.9 percent of total General Fund expenditures for the year.

The General Fund's fund balance increased by \$4.3 million from the previous fiscal year. Excess of revenues over expenditures was \$7.4 million.

Revenues of the General Fund were \$83.7, which was \$3.2 million higher than the prior year. As mentioned in the preceding section about the government-wide analysis of revenue sources, revenues from sales taxes were the primary drivers of this increase.

Total General Fund expenditures were \$76.4 million, a decrease of \$4.1 million compared to previous fiscal year. The most significant decreases were in recreation and public works, which spent \$2.4 million and \$1.6 million less than the prior year, respectively. The reduced expenditures in recreation were primarily due to decreased operating expenditures for the Magnolia Performing Arts Center, which was closed for the majority of the fiscal year due to Covid-19 restrictions. The reduced expenditures in public works were primarily from decreased personnel expenditures due to multiple vacant positions.

#### 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, 2021, the LMIHAF had total assets of \$19.6 million, \$12 million of which were loans receivable.

The LMIHAF had total revenues of \$0.3 million from investment earnings and interest on loans. Total expenditures were \$1 million, which were primarily costs associated with the sale of the Lexington Senior Apartments leasehold interest. Other financing sources totaled \$4.8 million from the proceeds for the sale of the leasehold interest. During the fiscal year, loan repayments of \$0.3 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, 2021

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#### Federal, State, and Local Grants Special Revenue Fund

This fund accounts for grant revenues received from federal, state, and other local agencies for program/project expenditures prescribed by the grant provisions. As of June 30, 2021, total fund balance was \$1.4 million, and unearned revenues totaled \$15 million for the American Rescue Plan Act (ARPA) funds that were received before all grant requirements were met by the City. Total revenues exceeded total expenditures by a negligible amount since most of these grants were expenditure driven to be eligible for reimbursement. This fund received \$15 million in ARPA Funds from the U.S. Department of the Treasury with the majority remaining unearned, as the spending requirements were not met as of fiscal year end.

#### Pension Obligation Bond Debt Service Fund

The Pension Obligation Bonds (POB) Fund accounts for financial resources accumulated for debt service payments. As of June 30, 2021, the fund balance totaled \$11 thousand, which represents cash restricted for upcoming debt service payments. Total expenditures were \$137.7 million, which was the lump sum payment made to the City's pension plans to reduce the City's Unfunded Accrued Liability (UAL). Total other financing sources were \$137.7 million, which was comprised of the loan proceeds from the debt issuance.

#### Nonmajor Governmental Funds

These funds are used to account for the proceeds of specific revenue sources that typically are legally restricted to expenditures for specified purposes. The total ending fund balances for these funds was approximately \$36.5 million at June 30, 2021, an increase of \$15.5 million from the prior fiscal year. This increase can be attributed to the reclassification of the HOME Special Revenue Fund as a nonmajor governmental fund. Other contributing factors to this increase are a large funding transfer to the Capital Projects Fund from the General Fund for capital improvement projects, and proceeds from the sale of property in the CDBG Special Revenue Fund.

#### **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 \$2.8 million to \$24.1 million during the fiscal year. Operating expenses totaled \$21.9 million, a \$1.9 million decrease from previous year, primarily due to a decrease in disposal costs paid to the City of San Diego resulting from prior year reconciliation payments paid in the previous year. Nonoperating expenses totaled (\$0.3 million), primarily due to fiscal charges and interest expenses. As of June 30, 2021, the fund's net position increased by \$1.9 million to \$68.6 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, and another is used for the City's self-insurance for general and worker's compensation claims. Total operating revenues exceeded operating expenses by \$0.1 million and total nonoperating expenses were \$0.1 million. The total net position of the internal service funds increased to \$12.3 million at June 30, 2021.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

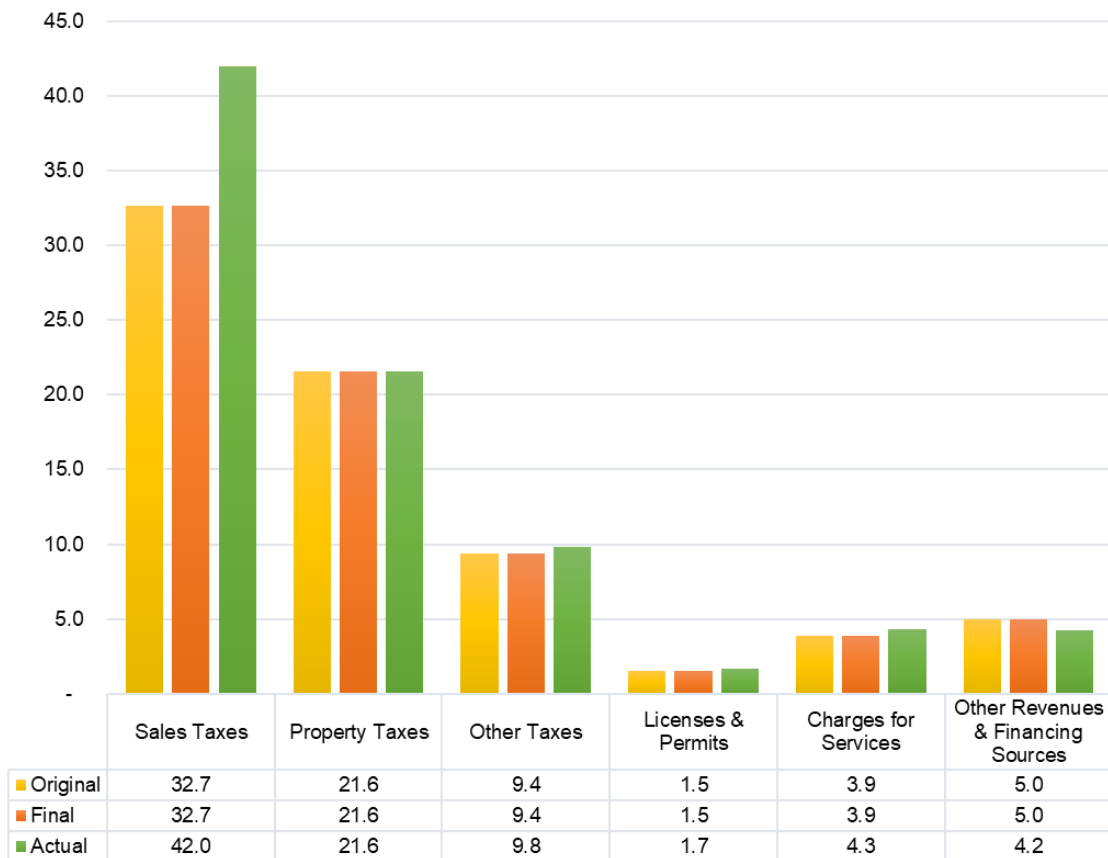
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#### GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budget for revenues and other financing sources was \$74.1 million and the final budget for expenditures and other financing uses was \$83.1 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 \$9.5 million. Actual sales taxes received exceeded the budgeted amounts by \$9.3 million.

**Comparison of General Fund Revenues  
Budget vs. Actual  
For the fiscal year ended June 30, 2021  
(in millions)**



# CITY OF EL CAJON

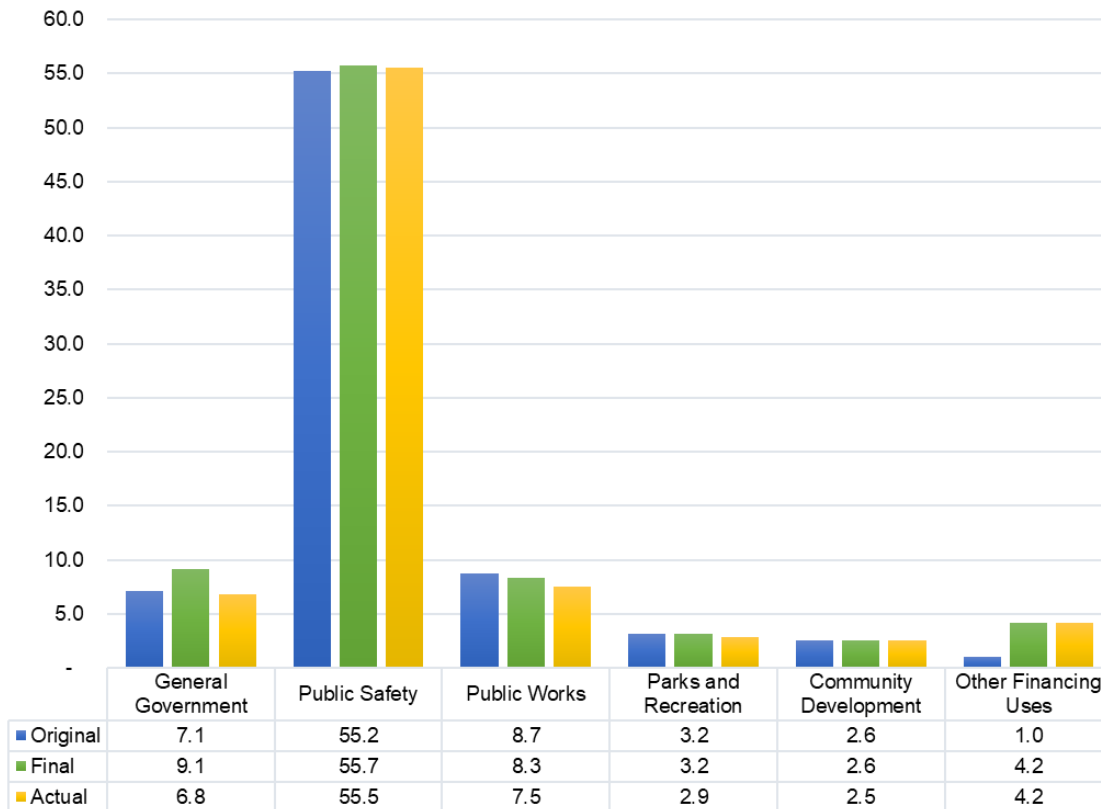
## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

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Actual expenditures and other financing uses were under the final budget by \$3.7 million. This savings is primarily due to General Government (\$2.3 million under budget). The majority of the General Government savings is attributable to a \$2 million budgeted transfer to the City's Public Agency Retirement Services (PARS) 115 Trust account for pension stabilization. This \$2 million was recorded on the balance sheet as cash with fiscal agent instead of recognized as an expenditure during the fiscal year.

**Comparison of General Fund Expenditures  
Budget vs. Actual  
For the fiscal year ended June 30, 2021  
(in millions)**



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 95.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

At June 30, 2021, the City reported capital assets with a carrying value of \$274.9 million, a decrease of \$10.5 million from the prior year. The following table provides a summary of the City's capital assets as of June 30, 2021 and 2020.

City of El Cajon  
**Capital Assets (net of depreciation)**  
**Comparative Data as of June 30, 2021 and 2020**  
(in millions)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 21.7	\$ 22.1	\$ 0.1	\$ 0.1	\$ 21.8	\$ 22.2
Rights of way	31.2	31.2	-	-	31.2	31.2
Construction in progress	1.8	2.6	0.8	0.7	2.6	3.3
Use rights	1.1	1.3	-	-	1.1	1.3
Land improvements	1.9	2.4	-	-	1.9	2.4
Buildings & improvements	78.4	81.9	0.1	0.1	78.5	82.0
Machinery, equipment & vehicles	5.2	5.8	1.0	1.0	6.2	6.8
Interest in Mission Gorge Mains	-	-	4.8	5.1	4.8	5.1
Infrastructure	76.1	79.8	50.7	51.3	126.8	131.1
<b>Total</b>	<b>\$ 217.4</b>	<b>\$ 227.1</b>	<b>\$ 57.5</b>	<b>\$ 58.3</b>	<b>\$ 274.9</b>	<b>\$ 285.4</b>

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

- Sale of Crisis House and leasehold interest in Lexington Senior Apartments
- Completion of wastewater pipeline replacement in various locations
- Replacement of traffic signals at Chase Ave. and Prescott Ave.
- Replacement of 2,500 square feet of rubber tile surfacing at Kennedy Park
- Replacement and upgrades of traffic signals and street lights in various locations throughout the City
- Purchase of six vehicles for public safety, and two vehicles for public works
- Purchase of IT networking equipment for both City Hall and the Police Headquarters

A number of capital projects were still in progress at fiscal year ended June 30, 2021. Major capital projects in progress that were significant included improvements to City streets and channel drains. These projects added approximately \$1.8 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 69.

**CITY OF EL CAJON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended June 30, 2021**

**Long-Term Debt**

The City's outstanding long-term debt at the end of fiscal years 2021 and 2020 are presented in the schedule below.

**City of El Cajon**  
**Long-Term Debt**  
**Comparative Data as of June 30, 2021 and 2020**  
(in millions)

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Pension Obligation Bonds	\$ 141.5	\$ -	\$ 5.7	\$ -	\$ 147.2	\$ -
Capital Lease	1.1	1.3	-	-	1.1	1.3
CA State Water Resources Loan	-	-	9.6	10.0	9.6	10.0
<b>Total</b>	<b>\$ 142.6</b>	<b>\$ 1.3</b>	<b>\$ 15.3</b>	<b>\$ 10.0</b>	<b>\$ 157.9</b>	<b>\$ 11.3</b>

As previously stated, the City issued Taxable Pension Obligation Bonds during the fiscal year in the amount of \$147.2 million in order to pay down a significant portion of the City's Unfunded Accrued Liability (UAL) with the California Public Employee's Retirement System (CalPERS). The bonds bear variable interest rates averaging to 2.864% that is expected to provide long-term savings when compared to the 7.15% discount rate CalPERS applies on the UAL.

Additional information on long-term debt can be found in Note 5 of the Notes to the Basic Financial Statements beginning on page 70.

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

The following factors were considered in preparing the City's General Fund budget for fiscal year 2021-22:

- The global pandemic – and reactions to it – threatened the City's financial stability this past year. As such, the FY20-21 budget anticipated a downturn in revenue, included cost control measures, and the reliance on \$3.6 million from General Fund reserves to meet the City's obligations and community needs. The revenues in FY20-21 were not as dire as anticipated, expenditures were strictly controlled, and actual reserves utilized were only \$1.4 million. The national and local economy continues to recover from the Covid-19 recession. The vaccine rollout and fiscal relief provided by the American Rescue Plan Act have accelerated the recovery. U.S. job growth has continued and national unemployment decreased to 6.1% with California's unemployment at 8.3%. Inflation continues to play a role with the Bureau of Labor Statistics reporting in May 2021 that the Consumer Price Index for the preceding 12 months increased by 4.2 percent.

# CITY OF EL CAJON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2021

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- General Fund revenues and other financing sources are anticipated to increase by \$9.6 million in FY 2021-22 over FY 2020-21. This represents an overall increase of 12.9 percent. The majority of this increase is due to the sales tax growth as a result of the recovering economy, but also as a result of increased capture of sales tax from internet sales. It is also expected that Transient Occupancy Taxes (TOT) will rebound, along with modest growth in most other categories.
- General Fund expenditures and other financing uses are anticipated to increase by \$0.6 million, or 0.8 percent, in FY 2021-22 compared to the revised FY 2020-21 budget. The majority of this increase is the result of the restoration of the measures put in place to mitigate the effects of the public health crisis related to the Covid-19 virus.
- The City issued \$147.2 million in Pension Obligation Bonds during FY 2020-21 to address its unfunded CalPERS liability. The expected total savings over the life of the bonds is \$104.7 million, but savings in the first year are modest. The immediate impact on the FY 2021-22 budget include a decrease in the amortized portion of the unfunded CalPERS liability of \$9.8 million, offset by the addition of the debt service payment of \$9.1 million. The net result is an estimated savings of approximately \$0.7 million.
- The City reduced the use of part-time and temporary staff during the previous two fiscal years because of the economic impacts related to the public health crisis related to the Covid-19 virus. As economic conditions have improved, the resumption of this practice is anticipated in the FY 2021-22 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 2021-22 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 2021-22 budget maintains a strong General Fund reserve of over \$42 million. This reserve balance represents approximately 50.5 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 through economic development initiatives.

#### **REQUESTS FOR INFORMATION**

This Annual Comprehensive 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).

# BASIC FINANCIAL STATEMENTS





# CITY OF EL CAJON

## Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments (note 2)			
Cash and investments	\$ 110,032,043	\$ 27,571,007	\$ 137,603,050
Cash and investments, restricted	2,132,144	592,205	2,724,349
Receivables:			
Accounts, net	196,872	2,138,259	2,335,131
Interest	298,118	82,051	380,169
Intergovernmental	1,235,801	15,584	1,251,385
Taxes	10,404,601	-	10,404,601
Loans (note 3)	23,853,262	-	23,853,262
Prepaid items	4,330	-	4,330
Capital assets (note 4):			
Non-depreciable	54,758,666	877,665	55,636,331
Amortizable or depreciable	162,658,616	56,601,060	219,259,676
<b>Total assets</b>	<b>365,574,453</b>	<b>87,877,831</b>	<b>453,452,284</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension (note 6)	163,592,328	6,836,166	170,428,494
Deferred outflows - OPEB (note 8)	1,154,038	85,463	1,239,501
<b>Total deferred outflows of resources</b>	<b>164,746,366</b>	<b>6,921,629</b>	<b>171,667,995</b>
<b>LIABILITIES</b>			
Accounts payable	2,103,833	218,594	2,322,427
Accrued interest payable	1,524,039	171,015	1,695,054
Accrued liabilities	3,557,842	19,946	3,577,788
Deposits payable	749,367	350,808	1,100,175
Unearned revenue	14,788,441	29,489	14,817,930
Noncurrent liabilities:			
Due within one year (note 5)	9,096,804	837,301	9,934,105
Due in more than one year:			
Long-term obligations (note 5)	145,352,593	14,896,760	160,249,353
Net pension liability (note 6)	195,689,875	9,247,375	204,937,250
Net OPEB liability (note 8)	4,488,701	377,850	4,866,551
<b>Total liabilities</b>	<b>377,351,495</b>	<b>26,149,138</b>	<b>403,500,633</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension (note 6)	650,985	-	650,985
Deferred inflows - OPEB (note 8)	981,396	72,678	1,054,074
<b>Total deferred inflows of resources</b>	<b>1,632,381</b>	<b>72,678</b>	<b>1,705,059</b>
<b>NET POSITION</b>			
Net investment in capital assets	216,346,514	47,925,951	264,272,465
Restricted for:			
Public safety	43,871	-	43,871
Public works	7,542,819	-	7,542,819
Community development	33,199,814	-	33,199,814
Debt service	11,464	592,205	603,669
Other	2,038,034	-	2,038,034
Unrestricted (deficit)	(107,845,573)	20,059,488	(87,786,085)
<b>Total net position</b>	<b>\$ 151,336,943</b>	<b>\$ 68,577,644</b>	<b>\$ 219,914,587</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, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,411,073	\$ 3,222,477	\$ 48,517	\$ -
Public safety	63,835,598	2,181,275	1,567,766	50,000
Public works	18,905,842	1,473,685	2,446,648	4,484,119
Recreation	4,900,145	265,879	123,199	116,430
Community development	9,329,987	8,122,977	4,704,064	-
Interest on long-term debt	1,499,559	-	-	-
Total governmental activities	<u>106,882,204</u>	<u>15,266,293</u>	<u>8,890,194</u>	<u>4,650,549</u>
Business-type activity:				
Wastewater	21,948,424	24,087,595	-	-
Total business-type activity	<u>21,948,424</u>	<u>24,087,595</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 128,830,628</u>	<u>\$ 39,353,888</u>	<u>\$ 8,890,194</u>	<u>\$ 4,650,549</u>

General revenues:  
Taxes  
  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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (5,140,079)	\$ -	\$ (5,140,079)
(60,036,557)	-	(60,036,557)
(10,501,390)	-	(10,501,390)
(4,394,637)	-	(4,394,637)
3,497,054	-	3,497,054
(1,499,559)	-	(1,499,559)
<u>(78,075,168)</u>	<u>-</u>	<u>(78,075,168)</u>
-	2,139,171	2,139,171
-	<u>2,139,171</u>	<u>2,139,171</u>
<u>(78,075,168)</u>	<u>2,139,171</u>	<u>(75,935,997)</u>
22,102,541	-	22,102,541
42,005,039	-	42,005,039
6,388,777	-	6,388,777
2,126,234	-	2,126,234
832,383	-	832,383
76,565	-	76,565
92,406	(70,097)	22,309
2,786	(238,837)	(236,051)
<u>73,626,731</u>	<u>(308,934)</u>	<u>73,317,797</u>
(4,448,437)	1,830,237	(2,618,200)
<u>155,785,380</u>	<u>66,747,407</u>	<u>222,532,787</u>
<u>\$ 151,336,943</u>	<u>\$ 68,577,644</u>	<u>\$ 219,914,587</u>



# CITY OF EL CAJON

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

**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 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 account for activities designed to increase, improve, and preserve affordable housing for low and moderate income residents of El Cajon.

***Federal, State and Local Grants***

This fund accounts for grant revenues received from federal, state and other local agencies and the related expenditures prescribed by the grant provisions/agreements.

**DEBT SERVICE FUND** is used to accumulate financial resources that will be used to make principal and interest payments on general long-term debt. The major debt service fund is listed below:

***Pension Obligation Bonds***

This fund is used to accumulate resources for the repayment of the 2021 Taxable Pension Obligation Bonds that financed a portion of the City's obligations with the California Public Employee's Retirement System.

# CITY OF EL CAJON

## Balance Sheet Governmental Funds June 30, 2021

	<u>General</u>	<u>Special Revenue</u>	
		<u>Low and Moderate Income Housing Asset</u>	<u>Federal, State, and Local Grants</u>
<b>ASSETS</b>			
Cash and investments (note 2)	\$ 46,327,684	\$ 7,595,276	\$ 15,309,297
Cash and investments with fiscal agent	2,038,034	-	-
Receivables:			
Accounts	196,872	-	-
Interest	234,411	22,440	1,830
Intergovernmental	104,979	-	290,150
Taxes	10,362,764	-	-
Loans (note 3)	-	11,965,718	648,536
Prepaid items	4,330	-	-
Due from other funds (note 11)	129,676	-	-
<b>Total assets</b>	<b><u>\$ 59,398,750</u></b>	<b><u>\$ 19,583,434</u></b>	<b><u>\$ 16,249,813</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,271,326	\$ 41,114	\$ 209,980
Accrued liabilities	3,539,347	-	-
Deposits payable	749,367	-	-
Due to other funds (note 11)	-	-	-
Unearned revenue	160,934	-	14,627,507
<b>Total liabilities</b>	<b><u>5,720,974</u></b>	<b><u>41,114</u></b>	<b><u>14,837,487</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	1,312,537	-
<b>Total deferred inflows of resources</b>	<b><u>-</u></b>	<b><u>1,312,537</u></b>	<b><u>-</u></b>
<b>FUND BALANCES (DEFICITS) (note 12)</b>			
Nonspendable	4,330	-	-
Restricted	2,038,034	18,229,783	1,412,326
Committed	15,531,197	-	-
Assigned	12,461,966	-	-
Unassigned	23,642,249	-	-
<b>Total fund balances</b>	<b><u>53,677,776</u></b>	<b><u>18,229,783</u></b>	<b><u>1,412,326</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 59,398,750</u></b>	<b><u>\$ 19,583,434</u></b>	<b><u>\$ 16,249,813</u></b>

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

<u>Debt Service</u>			
<u>Pension</u>		<u>Total</u>	<u>Total</u>
<u>Obligation</u>		<u>Nonmajor</u>	<u>Governmental</u>
<u>Bonds</u>		<u>Governmental</u>	<u>Funds</u>
\$ -	\$ 25,015,289	\$ 94,247,546	
11,464	-	2,049,498	
-	-	196,872	
-	39,437	298,118	
-	840,672	1,235,801	
-	41,837	10,404,601	
-	11,239,008	23,853,262	
-	-	4,330	
-	-	129,676	
<u>\$ 11,464</u>	<u>\$ 37,176,243</u>	<u>\$ 132,419,704</u>	
\$ -	\$ 411,142	\$ 1,933,562	
-	7,801	3,547,148	
-	-	749,367	
-	129,676	129,676	
-	-	14,788,441	
-	<u>548,619</u>	<u>21,148,194</u>	
-	116,373	1,428,910	
-	<u>116,373</u>	<u>1,428,910</u>	
-	-	4,330	
11,464	21,194,767	42,886,374	
-	-	15,531,197	
-	15,322,832	27,784,798	
-	(6,348)	23,635,901	
<u>11,464</u>	<u>36,511,251</u>	<u>109,842,600</u>	
<u>\$ 11,464</u>	<u>\$ 37,176,243</u>	<u>\$ 132,419,704</u>	





**CITY OF EL CAJON**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**Governmental Funds**  
**June 30, 2021**

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Fund balances of governmental funds (page 39) \$ 109,842,600

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	389,666,060
Accumulated amortization or depreciation	(175,529,491)

Other Post Employment Benefits (OPEB) related adjustments that are not financial resources and, therefore, not reported in the governmental funds.

Deferred outflows of resources	1,106,990
Deferred inflows of resources	(941,386)
Net OPEB liability	(4,311,742)

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.

Accrued interest payable for the current portion due of interest due on capital lease payable	(1,483,612)
---	-------------

Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as a liabilities in the funds.

Compensated absences payable	(8,122,525)
Capital lease payable	(1,070,768)
Pension obligation bonds payable	(137,723,000)

Pension related adjustments that are not financial resources and, therefore, not reported in the governmental funds.

Deferred outflows of resources	159,034,883
Deferred inflows of resources	(650,985)
Net pension liability	(192,167,955)

Deferred interest on 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	1,428,910
-------------------------------	-----------

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	3,280,713
Deferred outflows	4,604,493
Compensated absences	(282,304)
Claims payable	(3,456,000)
Deferred inflows	(40,010)
Pension obligation bonds	(3,794,800)
Net pension liability	(3,521,920)
Net OPEB liability	(176,959)
Other assets and liabilities	15,645,751

Net position of governmental activities (page 33)	\$ 151,336,943
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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, 2021

	General	Special Revenue	
		Low and Moderate Income Housing Asset	Federal, State, and Local Grants
<b>REVENUES</b>			
Taxes	\$ 73,449,117	\$ -	\$ -
Intergovernmental	1,177,853	-	4,421,731
Licenses and permits	1,701,436	-	-
Fines and forfeitures	363,311	-	-
Special assessments	367,954	-	-
Charges for services	4,522,468	14,640	-
Use of money and property	1,771,781	295,265	1,565
Other	371,840	1,335	-
Total revenues	<u>83,725,760</u>	<u>311,240</u>	<u>4,423,296</u>
<b>EXPENDITURES</b>			
Current			
General government	6,818,005	-	-
Public safety	55,467,149	-	382,827
Public works	7,508,141	-	-
Recreation	4,031,807	-	-
Community development	2,516,582	974,400	3,393,818
Capital outlay	34,572	-	606,919
Debt service			
Interest	-	-	-
Principal	-	-	-
Total expenditures	<u>76,376,256</u>	<u>974,400</u>	<u>4,383,564</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,349,504</u>	<u>(663,160)</u>	<u>39,732</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of capital assets	-	4,750,000	-
Proceeds from issuance of debt	-	-	-
Transfers in (note 11)	210,372	-	-
Transfers out (note 11)	(3,235,000)	-	-
Total other financing sources (uses)	<u>(3,024,628)</u>	<u>4,750,000</u>	<u>-</u>
Net change in fund balances	4,324,876	4,086,840	39,732
Fund balance, beginning	<u>49,352,900</u>	<u>14,142,943</u>	<u>1,372,594</u>
Fund balances, ending	<u>\$ 53,677,776</u>	<u>\$ 18,229,783</u>	<u>\$ 1,412,326</u>

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

<u>Debt Service</u>		
<u>Pension</u>	<u>Total</u>	<u>Total</u>
<u>Obligation</u>	<u>Nonmajor</u>	<u>Governmental</u>
<u>Bonds</u>	<u>Governmental</u>	<u>Funds</u>
\$ -	\$ 1,743,303	\$ 75,192,420
-	6,541,057	12,140,641
-	-	1,701,436
-	6,961	370,272
-	-	367,954
-	108,097	4,645,205
-	183,452	2,252,063
-	200,161	573,336
-	8,783,031	97,243,327
7,550,321	-	14,368,326
111,174,483	54,552	167,079,011
10,936,872	4,073,324	22,518,337
3,744,628	82,456	7,858,891
4,305,232	1,839,293	13,029,325
-	3,043,188	3,684,679
-	35,372	35,372
-	197,035	197,035
137,711,536	9,325,220	228,770,976
(137,711,536)	(542,189)	(131,527,649)
-	1,060,000	5,810,000
137,723,000	-	137,723,000
-	3,663,328	3,873,700
-	(638,700)	(3,873,700)
137,723,000	4,084,628	143,533,000
11,464	3,542,439	12,005,351
-	32,968,812	97,837,249
\$ 11,464	\$ 36,511,251	\$ 109,842,600

# 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, 2021

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Net changes in fund balances - total governmental funds (page 43) \$ 12,005,351

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	349,603
Donated asset	116,430
Amortization or depreciation expense	(9,472,819)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position.

Capital lease payable	197,035
Proceeds from issuance of debt	(137,723,000)

Net difference in the accrued interest payable on long term debt. (1,464,187)

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. (512,947)

Net difference in current year pension plan contribution and pension plan expense as of the measurement date. 131,903,757

Net difference in current year OPEB contribution and OPEB expense as of the measurement date. 253,236

Interest accrued on long-term loans receivable and retention held that is not available in the current period and, therefore, is not included in the governmental funds. (143,495)

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.

42,599

Changes in net position of governmental activities (page 35) \$ (4,448,437)

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

# CITY OF EL CAJON

## PROPRIETARY FUND FINANCIAL STATEMENTS

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

### ***Wastewater***

This fund accounts for activities related to 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 administrative services. The Internal Service Funds primarily serve governmental activities of the City.

# CITY OF EL CAJON

## Statement of Net Position

### Proprietary Funds

June 30, 2021

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and investments (note 2)		
Cash and investments	\$ 27,571,007	\$ 15,784,497
Cash and investments, restricted	592,205	82,646
Receivables:		
Accounts, net of allowance for bad debt	2,138,259	-
Interest	82,051	-
Intergovernmental	15,584	-
Total current assets	30,399,106	15,867,143
Noncurrent assets:		
Capital assets, not being depreciated (note 4):		
Land	82,300	-
Construction in progress	795,365	-
Capital assets, being depreciated, net (note 4):		
Buildings and improvements	137,241	-
Machinery and equipment	35,150	393,872
Vehicles	925,837	2,886,841
Interest in Mission Gorge Mains	4,795,464	-
Infrastructure	50,707,368	-
Total noncurrent assets	57,478,725	3,280,713
Total assets	87,877,831	19,147,856
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions (note 6)	6,836,166	4,557,445
Deferred outflows of resources related to OPEB (note 8)	85,463	47,048
Total deferred outflows of resources	6,921,629	4,604,493
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	218,594	170,271
Accrued interest payable	171,015	40,427
Accrued liabilities	19,946	10,694
Claims payable (note 9)	-	500,000
Compensated absences (note 5)	214,705	113,858
Deposits payable	350,808	-
California State Water Resources Control Board (note 5)	433,596	-
Bonds payable - current (note 5)	189,000	126,000
Unearned revenues	29,489	-
Total current liabilities	1,627,153	961,250
Noncurrent liabilities:		
Claims payable (note 9)	-	2,956,000
Compensated absences (note 5)	274,382	168,446
California State Water Resources Control Board (note 5)	9,119,178	-
Bonds payable (note 5)	5,503,200	3,668,800
Net pension liability (note 6)	9,247,375	3,521,920
Net OPEB liability (note 8)	377,850	176,959
Total noncurrent liabilities	24,521,985	10,492,125
Total liabilities	26,149,138	11,453,375
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to OPEB (note 8)	72,678	40,010
Total deferred inflows of resources	72,678	40,010
<b>NET POSITION</b>		
Net investment in capital assets	47,925,951	3,280,713
Restricted for debt service	592,205	-
Unrestricted	20,059,488	8,978,251
Total net position	\$ 68,577,644	\$ 12,258,964

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, 2021

	<b>Business-type Activity Enterprise Fund Wastewater</b>	<b>Governmental Activities Internal Service Funds</b>
Operating revenues		
Charges for services	\$ 24,029,617	\$ 9,826,752
Fines	57,678	-
Licenses and permits	300	-
Total operating revenues	24,087,595	9,826,752
Operating expenses		
Salaries and benefits	4,377,559	3,216,560
Materials, services and supplies	15,714,646	3,900,620
Insurance claims/premiums	-	1,773,331
Depreciation	1,856,219	841,318
Total operating expenses	21,948,424	9,731,829
Operating income (loss)	2,139,171	94,923
Nonoperating revenues (expenses):		
Investment earnings	(70,097)	-
Other revenues	7,866	4,690
Interest expense and fiscal charges	(246,703)	(57,014)
Total nonoperating revenues (expenses)	(308,934)	(52,324)
<b>Income (loss) before operating transfers</b>	<b>1,830,237</b>	<b>42,599</b>
Change in net position	1,830,237	42,599
Net position, beginning	66,747,407	12,216,365
Net position, ending	\$ 68,577,644	\$ 12,258,964

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, 2021**

	<b>Business-type Activity Enterprise Fund Wastewater</b>	<b>Governmental Activities Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and charges to other funds	\$ 26,632,042	\$ 9,835,694
Payments to suppliers	(16,137,063)	(5,750,441)
Payments to employees	(9,975,773)	(7,162,636)
Net cash provided by (used for) operating activities	<u>519,206</u>	<u>(3,077,383)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from pension obligation bonds	5,692,200	3,794,800
Payments for bond issuance cost on long-term debt	(24,881)	(16,587)
Net cash provided by (used for) noncapital financing activities	<u>5,667,319</u>	<u>3,778,213</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisitions of infrastructure, vehicles and equipment	(1,134,482)	(601,890)
Repayment of long term borrowing (principal)	(424,678)	-
Repayment of long term borrowing (interest)	(167,527)	-
Net cash (used for) capital and related financing activities	<u>(1,726,687)</u>	<u>(601,890)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment income	(40,075)	-
Net cash provided by (used for) investing activities	<u>(40,075)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	4,419,763	98,940
Cash and cash equivalents, beginning	23,743,449	15,768,203
Cash and cash equivalents, ending	<u>\$ 28,163,212</u>	<u>\$ 15,867,143</u>
<b>Reconciliation of cash and cash equivalents at end of year to the Statement of Net Position:</b>		
Cash and investments	\$ 27,571,007	\$ 15,784,497
Cash and investments, restricted	592,205	82,646
Total cash and cash equivalents at end of year	<u>\$ 28,163,212</u>	<u>\$ 15,867,143</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ 2,139,171	\$ 94,923
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation expense	1,856,219	841,318
Other nonoperating revenue	7,866	4,690
Pension related adjustments	(5,465,302)	(3,643,536)
OPEB related adjustments	(19,550)	(10,763)
Changes in assets and liabilities:		
(Increase) in accounts receivable, net of allowance for bad debt	2,459,114	4,252
(Increase) in intergovernmental receivable	16,172	-
Increase (decrease) in accounts payable	(422,418)	(70,068)
Increase (decrease) in accrued liabilities	(94,911)	(40,848)
Increase (decrease) in deposits payable	31,806	-
Increase (decrease) in claims payable	-	(309,000)
Increase (decrease) in compensated absences payable	(18,450)	51,649
Increase in unearned revenue	29,489	-
Total adjustments	<u>(1,619,965)</u>	<u>(3,172,306)</u>
Net cash provided by (used for) operating activities	<u>\$ 519,206</u>	<u>\$ (3,077,383)</u>
Noncash investing, capital, and financing activities:		
Change in fair value of investments	\$ (438,135)	\$ -

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



# CITY OF EL CAJON

## FIDUCIARY FUND FINANCIAL STATEMENTS

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

### ***Custodial Funds***

These funds are used to account for assets held in a custodial capacity for other agencies/organizations, and therefore cannot be used to support the City's programs. The City's custodial funds are used to account for special assessments collected for other agencies and for the financial transactions of the Heartland Communications Facility Authority and Heartland Fire Training Authority.

### ***Private Purpose Trust Fund***

This 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, 2021**

	<u>Custodial Funds</u>	<u>Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency</u>
<b>ASSETS</b>		
Cash and investments	\$ 5,935,387	\$ 3,733,244
Cash and investments with fiscal agent	-	1,305,942
Receivables:		
Accounts	176,461	-
Intergovernmental	613,126	-
Interest	17,217	5,220
Loans	-	1,747,361
Prepays	150,820	208,768
Total assets	<u>6,893,011</u>	<u>7,000,535</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred amount on refunding	-	779,000
Total deferred outflow of resources	<u>-</u>	<u>779,000</u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	680,782	14,177
Interest payable	-	639,127
Due to other agencies	103,483	-
Long-term debt	-	51,082,796
Total liabilities	<u>784,265</u>	<u>51,736,100</u>
<b>NET POSITION (DEFICIT)</b>		
Restricted for:		
Other agencies	6,108,746	-
Unrestricted (deficit)	-	(43,956,565)
Total net position	<u>\$ 6,108,746</u>	<u>\$ (43,956,565)</u>

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

**CITY OF EL CAJON**  
**Statement of Changes in Fiduciary Net Position (Deficit)**  
**Fiduciary Funds**  
**For the fiscal year ended June 30, 2021**

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	<b>Custodial Funds</b>	<b>Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency</b>
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
Contributions		
Other agencies	\$ 3,960,255	\$ 71,925
Participants	103,353	-
Property taxes	-	4,152,507
Investment earnings	8,896	(19,278)
Assessment collections for other agencies	535,696	-
Interest on loan	-	55,637
Miscellaneous	20,807	-
Total additions	<u>4,629,007</u>	<u>4,260,791</u>
<b>DEDUCTIONS</b>		
Administrative expenses	-	34,770
Payments of assessments to other agencies	536,300	-
Program/project expenses	3,670,093	249,865
Interest and fiscal agent expenses	-	2,488,501
Total deductions	<u>4,206,393</u>	<u>2,773,136</u>
Net change in fiduciary net position	<u>422,614</u>	<u>1,487,655</u>
Net position (deficit), beginning	<u>5,686,132</u>	<u>(45,444,220)</u>
Net position (deficit), ending	<u>\$ 6,108,746</u>	<u>\$ (43,956,565)</u>

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, 2021**

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# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2021

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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, 2021

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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 nonmajor 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/expenses. 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.
- *Federal, State, and Local Grants Fund* accounts for grant revenues received from federal, state, and other local agencies. Expenditures are made and accounted for as prescribed by the grant provisions/agreements. In fiscal year 2021, the fund was reported as a major fund with the City receiving the American Rescue Plan Act grant funding.
- *Pension Obligation Bonds Debt Service Fund* accounts for financial resources accumulated for making the required debt service payments. In fiscal year 2021, the fund was used to report the proceeds from the issuance of Pension Obligation Bonds, and the corresponding expenditures for the City's pension contributions.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2021

---

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

##### Basic financial statements and presentation (continued)

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 *Custodial Fund*, which accounts for resources held by the City in a purely custodial capacity. The activities include the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The City uses the custodial fund to account for monies received, and remitted to other governments and agencies.

The City also uses the custodial 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, 2021

---

#### 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 fiduciary 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.

##### **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 three special revenue funds: LMIHAF, HOME and Community Development Block Grant (CDBG). The General Fund, on a GAAP basis, includes two funds that were considered special revenue funds prior to the implementation of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition. The three funds are budgeted as separate individual funds, but are consolidated into the General Fund for financial reporting purposes. The appropriated annual budgets for the LMIHAF, HOME, and CDBG special revenue funds include loan repayments and disbursements, which are reported as a decrease or increase in the loan receivable on a GAAP basis. Federal, State, and Local Grants and Various Donations special revenue funds do not have appropriated budget since the means control the use of the resources (e.g. grant/donor requirements) and the grant funds and donations vary from year to year.

Appropriations in the capital project funds are now based on the length of the projects. A change in practice in the budgeting of Capital Improvement Projects is incorporated in the Fiscal Year 2020-21 Annual Budget. For many years, the appropriation for capital projects expired at fiscal year-end, and renewed for the following year with the adoption of the annual budget. This practice had several negative consequences, but most notably made projects difficult to understand and thus hindered transparency. Additionally, this practice created a significant administrative burden with very little value. The capital project budget is entirely project based, as opposed to fiscal year based. Once approved by City Council, the project's scope and budget remains in effect until the project is completed or cancelled. Since annual budgets are not adopted for the capital project funds, budgetary comparison schedules are not presented because comparison of budgetary amounts to actual revenues and expenditures is not meaningful.



# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2021

---

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

##### **Budgetary information (continued)**

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.

Appropriations for operations in all budgeted funds lapse at fiscal year-end to the extent that they have not been expended, regardless of any 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 95.

##### **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, 2021

---

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

##### Revenues and expenditures/expenses (continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 supplies and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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 an annual basis as part of the County's Fixed Charge Special Assessments for the property tax roll, with the exception of some accounts that are billed directly to the customers on an annual basis.

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, 2021**

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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 Sewer 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:

<u>Category</u>	<u>Useful Life</u>
Infrastructure	5 - 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 and retention held by granting agency until project completion. The second type is reported in the proprietary funds balance sheet and the statement of net position and includes pension and OPEB related items.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

**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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

**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. This includes prepaid items.
- 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.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2021

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

##### Fund balance policies and flow assumption (continued)

- 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 unassigned 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. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Committed amounts should be reduced first, followed by assigned amounts, then the unassigned amounts.

In the General Fund, Restricted fund balance represents the amount deposited into the 115 trust for pension funding. 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.

##### 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.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Effect of new accounting standards**

The City implemented the requirements of the following accounting standard in fiscal year ending June 30, 2021:

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the new term and the accompanying acronym ACFR as a replacement of the previous instances of *Comprehensive Annual Financial Report*.

The City implemented the requirements of the following accounting standards prior to the fiscal year ending June 30, 2021 effective date:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes the criteria for identifying and reporting fiduciary activities for all state and local governments. The objective of the statement is to enhance the consistency and comparability of fiduciary activity reporting and to improve the usefulness of the fiduciary activity information. The implementation of this statement has resulted in changes to the presentation of the fiduciary fund financial statements by removing revenues collected that are derived from the City's own-source revenues or programs, reclassifying the Miscellaneous Deposit Agency Fund to a Special Assessment Custodial Fund, and including accruals and ending net position to custodial funds not previously required. The City implemented this Statement beginning with fiscal year 2020 reporting period.

**NOTE 2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2021, totaled \$151,301,972, and are reported in the accompanying financial statements as follows:

	<u>Cash and Investments</u>	<u>Cash and Investments, Restricted</u>	<u>Cash and Investments with Fiscal Agent</u>	<u>Total Cash and Investments</u>
Government-wide Statement of Net Position				
Governmental activities	\$ 110,032,043	\$ 82,646	\$ 2,049,498	\$ 112,164,187
Business-type activities	27,571,007	592,205	-	28,163,212
Total Statement of Net Position	<u>137,603,050</u>	<u>674,851</u>	<u>2,049,498</u>	<u>140,327,399</u>
Fiduciary Funds Statement of Net Position	9,668,631	-	1,305,942	10,974,573
Total cash and investments	<u>\$ 147,271,681</u>	<u>\$ 674,851</u>	<u>\$ 3,355,440</u>	<u>\$ 151,301,972</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

Cash and investments at June 30, 2021, consisted of the following:

Cash on hand	\$ 4,755
Deposits with financial institutions	13,798,159
Investments	<u>137,499,058</u>
Total cash and investments	<u>\$ 151,301,972</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
Negotiable Certificates of Deposit	N/A	30%	None
Timed Certificates of Deposit	1 year	20%	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%	30%
Commercial paper	270 days	25%	10%
Repurchase Agreements	30 days	30%	None
Money Market Mutual Funds	N/A	15%	None
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	\$ 75,000,000 per LAIF account

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2021

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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 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 \$75,000,000 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, 2021, the fair value of the City's LAIF investments was \$55,598,934. The fair value was determined by multiplying the City's LAIF balance by the fair value factor of 1.00008297 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.

##### **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).



**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**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	\$ 42,466,118	\$ 5,868,445	\$ 6,511,755	\$ 30,085,918	\$ -
US Treasuries	23,222,630	4,465,481	2,071,004	16,686,145	-
Corporate notes	14,582,118	4,966,395	4,069,448	5,546,275	-
Municipal debt	163,086	-	-	163,086	-
CAMP cash pool	160,230	160,230	-	-	-
LAIF	55,598,934	55,598,934	-	-	-
Held by fiscal agent:					
Invesco STIT Treasury Private	1,305,942	1,305,942	-	-	-
<b>Total</b>	<b>\$ 137,499,058</b>	<b>\$ 72,365,427</b>	<b>\$ 12,652,207</b>	<b>\$ 52,481,424</b>	<b>\$ -</b>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

**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	\$ 42,466,118	N/A	AA+	Aaa	\$ -
US Treasuries	23,222,630	N/A	N/A	Aaa	-
Corporate notes	14,582,118	"A category"	A-/A/A+/AA-/AA/AA+/AAA	A2/A1/Aa3/Aa2/Aa1/Aaa	1,378,656
Municipal debt	163,086	N/A	N/A	N/A	163,086
CAMP cash pool	160,230	N/A	Not Rated	Not Rated	160,230
LAIF	55,598,934	N/A	Not Rated	Not Rated	55,598,934
Held by fiscal agent:					
Invesco STIT Treasury Private	1,305,942	N/A	N/A	N/A	1,306,012
Total	<u>\$137,499,058</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	US Agency securities	\$ 25,230,493
Federal Home Loan Mortgage Corporation	US Agency securities	12,588,414
	Total	<u>\$ 37,818,907</u>

**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).

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Custodial Credit Risk (continued)**

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, 2021, the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

**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, corporate notes, and Municipal debt 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, 2021:

	Total	Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
US Agency securities	\$ 42,466,118	\$ -	\$ 42,466,118	\$ -
US Treasuries	23,222,630	23,222,630	-	-
Corporate notes	14,582,118	-	14,582,118	-
Municipal debt	163,086	-	163,086	-
	<u>\$ 80,433,952</u>	<u>\$ 23,222,630</u>	<u>\$ 57,211,322</u>	<u>\$ -</u>
 <u>Investments not subject to GASB Statement No. 72</u>				
CAMP cash pool	\$ 160,230			
Invesco STIT Treasury Private	1,305,942			
LAIF	55,598,934			
	<u>\$ 57,065,106</u>			
Total investments not subject to GASB Statement No. 72	<u>\$ 57,065,106</u>			
Total investments	<u>\$ 137,499,058</u>			

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

**NOTE 3. LOANS RECEIVABLE**

**Governmental Activities:**

	Low & Moderate Income Housing Asset (LMIHAF)	HOME	CDBG	Federal, State and Local Grants	Total
First Time Homebuyer	\$ 4,545,335	\$ 7,954,603	\$ -	\$ 648,536	\$ 13,148,474
Mobile Home Rehabilitation	-	54,410	194,185	-	248,595
Single Family Rehabilitation	101,596	1,687,449	93,622	-	1,882,667
Multi-Family Projects:					
Chambers Senior Residences	5,690,232	-	-	-	5,690,232
Lexington Avenue Senior Apartment	209,606	-	-	-	209,606
South Sunshine Associates LP	1,418,949	1,254,739	-	-	2,673,688
	<u>\$ 11,965,718</u>	<u>\$ 10,951,201</u>	<u>\$ 287,807</u>	<u>\$ 648,536</u>	<u>\$ 23,853,262</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, 2021, the balance outstanding includes \$4,500,000 of principal and \$1,190,232 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 (DDA) with Lexington Avenue Senior Apartments (original developer) to provide for the development of affordable housing within the Project Area. On March 3, 2020, the Housing Authority and the original developer agreed to terminate the lease and DDA. This allowed the Housing Authority to enter into a new DDA and sale of the leasehold interest to a new developer/operator, Thomas Safran & Associates Development, Inc. The sale was completed on December 14, 2020 with the new developer/operator assuming the outstanding loan balance of \$206,250. The new agreement includes an interest rate of 3%. As of June 30, 2021, the outstanding balance includes \$206,250 of principal and \$3,356 of accrued interest.

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 project was completed on December 23, 2019 and a certificate of occupancy was signed by the City Building Official. The loan is due on or before July 31, 2073. As of June 30, 2021, the outstanding balance of the HOME loan includes total principal of \$1,200,000 and \$54,739 of accrued interest.

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, 2021, the balance outstanding includes a loan disbursement of \$1,300,000 and accrued interest of \$118,949.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For the fiscal year ended June 30, 2021

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 22,154,186	\$ -	\$ (422,585)	\$ 21,731,601
Rights of way	31,190,652	-	-	31,190,652
Construction in progress	2,595,354	1,511,783	(2,270,724)	1,836,413
Total assets, not being depreciated:	<u>55,940,192</u>	<u>1,511,783</u>	<u>(2,693,309)</u>	<u>54,758,666</u>
Capital assets being amortized or depreciated:				
Use rights	2,003,895	-	-	2,003,895
Land improvements	9,058,255	116,430	-	9,174,685
Buildings and improvements	114,565,279	178,078	(368,000)	114,375,357
Vehicles and equipment	20,090,295	809,802	(43,770)	20,856,327
Infrastructure	200,052,282	722,554	-	200,774,836
Total assets being amortized or depreciated	<u>345,770,006</u>	<u>1,826,864</u>	<u>(411,770)</u>	<u>347,185,100</u>
Less accumulated amortization or depreciation for:				
Use rights	(672,736)	(221,860)	-	(894,596)
Land improvements	(6,616,406)	(697,508)	-	(7,313,914)
Buildings and improvements	(32,701,700)	(3,640,677)	368,000	(35,974,377)
Vehicles and equipment	(14,317,081)	(1,358,407)	43,770	(15,631,718)
Infrastructure	(120,316,194)	(4,395,685)	-	(124,711,879)
Total accumulated amortization or depreciation	<u>(174,624,117)</u>	<u>(10,314,137)</u>	<u>411,770</u>	<u>(184,526,484)</u>
Total capital assets being amortized or depreciated, net	171,145,889	(8,487,273)	-	162,658,616
Governmental activity capital assets, net	<u>\$ 227,086,081</u>	<u>\$ (6,975,490)</u>	<u>\$ (2,693,309)</u>	<u>\$ 217,417,282</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	706,602	274,573	(185,810)	795,365
Total assets, not being depreciated:	<u>788,902</u>	<u>274,573</u>	<u>(185,810)</u>	<u>877,665</u>
Capital assets being depreciated:				
Buildings and improvements	427,527	-	-	427,527
Vehicles and equipment	2,148,252	29,386	-	2,177,638
Interest in Mission Gorge Mains	8,805,762	-	-	8,805,762
Infrastructure	101,385,207	1,016,333	-	102,401,540
Total assets being depreciated	<u>112,766,748</u>	<u>1,045,719</u>	<u>-</u>	<u>113,812,467</u>
Less accumulated depreciation for:				
Buildings and improvements	(283,062)	(7,224)	-	(290,286)
Vehicles and equipment	(1,082,577)	(134,074)	-	(1,216,651)
Interest in Mission Gorge Mains	(3,863,535)	(146,763)	-	(4,010,298)
Infrastructure	(50,126,014)	(1,568,158)	-	(51,694,172)
Total accumulated depreciation	<u>(55,355,188)</u>	<u>(1,856,219)</u>	<u>-</u>	<u>(57,211,407)</u>
Total capital assets being depreciated, net	57,411,560	(810,500)	-	56,601,060
Business-type activity capital assets, net	<u>\$ 58,200,462</u>	<u>\$ (535,927)</u>	<u>\$ (185,810)</u>	<u>\$ 57,478,725</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For the fiscal year ended June 30, 2021

**NOTE 4. CAPITAL ASSETS (continued)**

**Amortization and Depreciation**

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	\$ 1,144,239
Public safety	2,709,718
Public works	4,464,607
Recreation	639,020
Community development	<u>515,235</u>

Total depreciation expense - governmental activities	<u>\$ 9,472,819</u>
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**Business-type Activities:**

Wastewater	<u>\$ 1,856,219</u>
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Total depreciation expense - business-type activities	<u>\$ 1,856,219</u>
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**NOTE 5. LONG-TERM LIABILITIES**

Summary of the changes in long-term liabilities for the fiscal year ended June 30, 2021, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 7,840,233	\$ 4,767,535	\$ (4,202,939)	\$ 8,404,829	\$ 3,698,272
Claims payable (note 9)	3,765,000	957,927	(1,266,927)	3,456,000	500,000
Capital lease	1,267,803	-	(197,035)	1,070,768	202,532
Pension obligation bonds	-	141,517,800	-	141,517,800	4,696,000
Total governmental activities	<u>\$ 12,873,036</u>	<u>\$ 147,243,262</u>	<u>\$ (5,666,901)</u>	<u>\$ 154,449,397</u>	<u>\$ 9,096,804</u>
<b>Business-type Activities:</b>					
<u>Notes from direct borrowings</u>					
CA State Water Resources	\$ 9,977,452	\$ -	\$ (424,678)	\$ 9,552,774	\$ 433,596
<u>Other long-term liabilities</u>					
Compensated absences	507,537	238,892	(257,342)	489,087	214,705
Pension obligation bonds	-	5,692,200	-	5,692,200	189,000
Total business-type activities	<u>\$ 10,484,989</u>	<u>\$ 5,931,092</u>	<u>\$ (682,020)</u>	<u>\$ 15,734,061</u>	<u>\$ 837,301</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Pension obligation bonds** **\$ 147,210,000**

On January 27, 2021, the City issued its 2021 Taxable Pension Obligation Bonds in the amount of \$147,210,000. The bonds were issued for the purpose of refunding a portion of the City's obligations with the California Public Employee's Retirement System (CalPERS). The bonds bear variable interest rates ranging from 0.449% to 3.284% with an average rate of 2.864% and are payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2021 until maturity.

The bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. The bonds do not constitute an indebtedness of the City, the State, or any of its political subdivisions in contravention of any constitutional or statutory debt limit or restriction. For the purposes of paying principal and interest the City is obligated, under the trust agreement, to annually appropriate amounts sufficient to meet the debt service requirement in the fiscal year. The City refunded a portion of both Miscellaneous and Safety plans with CalPERS. The Miscellaneous plan portion was allocated to both governmental and business-type activities based on the allocation of the unfunded accrued liability.

The annual debt service requirements to amortize the 2021 Pension Obligation Bonds outstanding as of June 30, 2021 is provided below.

Year ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 4,696,000	\$ 4,070,176	\$ 189,000	\$ 163,708	\$ 4,885,000	\$ 4,233,884
2023	5,335,200	3,434,725	214,800	138,149	5,550,000	3,572,874
2024	5,369,000	3,400,099	216,000	136,755	5,585,000	3,536,854
2025	5,417,200	3,350,329	217,800	134,753	5,635,000	3,485,081
2026	5,479,800	3,286,460	220,200	132,185	5,700,000	3,418,645
2027-2031	28,859,000	14,972,533	1,161,000	602,215	30,020,000	15,574,748
2032-2036	32,320,400	11,519,723	1,299,600	463,349	33,620,000	11,983,072
2037-2041	37,333,200	6,500,612	1,501,800	261,472	38,835,000	6,762,084
2042-2043	16,708,000	827,456	672,000	33,280	17,380,000	860,736
Totals	<u>\$ 141,517,800</u>	<u>\$ 51,362,114</u>	<u>\$ 5,692,200</u>	<u>\$ 2,065,865</u>	<u>\$ 147,210,000</u>	<u>\$ 53,427,978</u>

**Capital lease**

County of San Diego **\$ 1,070,768**

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.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Capital lease (continued)**

The leased asset, Use Right (Note 4), is amortized on a straight-line basis over 10 years. At June 30, 2021, the net book value of the asset is \$1,109,299, which consists of \$2,003,895 initial cost, less accumulated amortization of \$894,596

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>		
2022	\$	232,407
2023		232,407
2024		232,407
2025		232,407
2026		232,407
Total minimum lease payments	\$	1,162,035
Less: interest at 2.79%		(91,267)
Present value of minimum lease payments	\$	<u>1,070,768</u>

**Direct borrowing**

California State Water Resources Control Board **\$ 9,552,774**

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

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



**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Direct borrowing (continued)**

California State Water Resources Control Board (continued)

*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, 2021, pledged net revenues and debt service are \$6,740,089 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, 2021, 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 \$7,552,774 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>
2022	\$ 433,596	\$ 158,608	\$ 592,204
2023	442,702	149,503	592,205
2024	451,999	140,206	592,205
2025	461,491	130,714	592,205
2026	471,182	121,023	592,205
2027-2031	2,508,554	452,469	2,961,023
2032-2036	<u>2,783,250</u>	<u>177,774</u>	<u>2,961,024</u>
Totals	<u>\$ 7,552,774</u>	<u>\$ 1,330,297</u>	<u>\$ 8,883,071</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Compensated absences**

The total unpaid vacation balances, compensatory time and sick leave benefits accumulated by City employees are accrued and reported as compensated absences. Compensated absences balances for the fiscal year ended June 30, 2021, are as follows:

<b>Governmental Activities:</b>	
Major Governmental Fund	
General Fund	\$ 7,946,804
Nonmajor Governmental Funds	
Gas Tax Special Revenue Fund	175,684
Transit Special Revenue Fund	37
Internal Service Funds	<u>282,304</u>
Total governmental activities	<u>\$ 8,404,829</u>
<b>Business-type Activities:</b>	
Wastewater Enterprise Fund	<u>\$ 489,087</u>
Total business-type activities	<u>\$ 489,087</u>

**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.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Pension Plan Description (continued)**

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' Annual Comprehensive 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, 2021, are summarized as noted below. All members have a benefit-vesting schedule of five years of service and receive benefit payments monthly for life.

	CLASSIC MEMBER Membership date prior to January 1, 2013			PEPRA MEMBER Membership date on or after January 1, 2013	
	MISCELLANEOUS	SAFETY	SAFETY	MISCELLANEOUS	SAFETY
		Tier 1	Tier 2		
Benefit formula	3.0% @ 60	3.0% @ 50	3.0% @ 55	2.0% @ 62	2.7% @ 57
Retirement age	50 - 60+	50+	50 - 55+	52 - 67+	50 - 57+
Monthly benefits, 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%	13.000%
Employer Contribution Rate - Normal Cost	12.342%	21.224%	21.224%	12.342%	21.224%

**Employees Covered**

During the 2019-20 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	528	308
Inactive employees entitled to but not yet receiving benefits	324	133
Active employees	216	174
Totals	1,068	615

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**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, 2021 is \$166,893,459, which consisted of \$55,499,867 and \$111,393,592 for the Miscellaneous and Safety Plans, respectively.

**Net Pension Liability Information**

The City's net pension liability for each Plan is measured as the total pension liability, less the plan's fiduciary net position. The total pension liability of each of the Plans is measured as of June 30, 2020 (measurement date) using an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	2.75%
Salary increases	Varies by entry age and service
Mortality rate*	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on purchasing power applies; 2.50% thereafter

*\* The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.*

All other actuarial assumptions used in June 30, 2019 valuation were based on an actuarial experience study for the period 1997 to 2015, including salary increases, mortality rates and retirement rates. The Experience Study report can be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

In February 2020, the City established a Section 115 irrevocable trust to set aside funds to address pension funding needs in the long term. The Trust is owned and monitored by the City but externally managed by investment professionals. The Trust allows the City to have full control and flexibility on use of trust assets as a budget stabilization tool to fund pension contributions in future years. As of June 30, 2021 the City reported the account balance of \$2,038,034 as cash and investments held by fiscal agent in the City's General Fund.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Change of Assumptions**

There were no changes of assumptions in measurement period 2020. Demographic assumptions and inflation rate used for the June 30, 2019 valuation were based on the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

**Discount Rate**

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

**Expected Rate of Return**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

<u>Asset class<sup>(1)</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10<sup>(2)</sup></u>	<u>Real Return Years 11+<sup>(3)</sup></u>
Global equity	50.0 %	4.80 %	5.98 %
Fixed income	28.0 %	1.00 %	2.62 %
Inflation assets	0.0 %	0.77 %	1.81 %
Private equity	8.0 %	6.30 %	7.23 %
Real assets	13.0 %	3.75 %	4.93 %
Liquidity	1.0 %	0.00 %	(0.92)%

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) 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, 2021

**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 06/30/2019 (valuation date)	\$ 235,533,446	\$ 161,489,480	\$ 74,043,966
Changes recognized for the measurement period:			
Service cost	2,977,187	-	2,977,187
Interest on total pension liability	16,469,083	-	16,469,083
Differences between expected and actual experience	294,443	-	294,443
Net plan to plan resource movement	-	-	-
Contributions from the employer	-	7,760,121	(7,760,121)
Contributions from the employees	-	1,221,300	(1,221,300)
Net investment income	-	8,085,826	(8,085,826)
Benefit payments, including refunds of employee contributions	(13,959,312)	(13,959,312)	-
Administrative expense	-	(227,661)	227,661
Other miscellaneous income	-	-	-
Net changes during 2019-20	<u>5,781,401</u>	<u>2,880,274</u>	<u>2,901,127</u>
Balance at 06/30/2020 (measurement date)	<u>\$ 241,314,847</u>	<u>\$ 164,369,754</u>	<u>\$ 76,945,093</u>
<b>SAFETY</b>			
Balance at 06/30/2019 (valuation date)	\$ 333,732,468	\$ 210,204,765	\$ 123,527,703
Changes recognized for the measurement period:			
Service cost	4,723,268	-	4,723,268
Interest on total pension liability	23,341,882	-	23,341,882
Differences between expected and actual experience	(650,086)	-	(650,086)
Contributions from the employer	-	11,019,557	(11,019,557)
Contributions from the employees	-	1,756,898	(1,756,898)
Net investment income	-	10,470,492	(10,470,492)
Benefit payments, including refunds of employee contributions	(17,968,239)	(17,968,239)	-
Administrative expense	-	(296,337)	296,337
Other miscellaneous income	-	-	-
Net changes during 2019-20	<u>9,446,825</u>	<u>4,982,371</u>	<u>4,464,454</u>
Balance at 06/30/2020 (measurement date)	<u>\$ 343,179,293</u>	<u>\$ 215,187,136</u>	<u>\$ 127,992,157</u>

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
For the fiscal year ended June 30, 2021

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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, 2020:

<b>Miscellaneous</b>	<u>Discount Rate</u>	<u>Net Pension Liability</u>	<u>Impact on Liability</u>
	6.15%	\$ 105,395,142	\$ 28,450,049
	7.15%	76,945,093	-
	8.15%	53,129,672	(23,815,421)
<b>Safety</b>	<u>Discount Rate</u>	<u>Net Pension Liability</u>	<u>Impact on Liability</u>
	6.15%	\$ 173,781,092	\$ 45,788,935
	7.15%	127,992,157	-
	8.15%	90,386,398	(37,605,759)

**Pension Plan's Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position 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, 2020 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, 2021**

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

**Pension Expense**

For the measurement period ending June 30, 2020, the total pension expense recognized is \$25,880,864 consisting of \$9,955,680 and \$15,925,184, 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	2.2 years	3.6 years
Changes in assumptions	0.1 years	1.5 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, 2020, the EARSL used for the Plans is as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Total future service years (a)	2,321	2,165
Total number of participants (active, inactive and retired)	1,059	608
EARSL for the 2019-20 measurement period	2.2 years	3.6 years

(a) *The sum of the remaining service years of the active employees. Inactive employees and retirees have remaining service years equal to 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, 2021

**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, 2020.

<b>Deferred Outflows of Resources</b>	<u>Miscellaneous</u>	<u>Safety</u>
Pension contributions subsequent to the measurement date	\$ 55,499,867	\$ 111,393,592
Differences between expected and actual experience	481,545	633,811
Net difference between projected and actual earnings on plan investments	986,642	1,433,037
Total Deferred Outflows of Resources - Pension	<u>\$ 56,968,054</u>	<u>\$ 113,460,440</u>

<b>Deferred Inflows of Resources</b>	<u>Miscellaneous</u>	<u>Safety</u>
Differences between expected and actual experience	\$ -	\$ (469,507)
Changes in assumptions	-	(181,478)
Net difference between projected and actual earnings on plan investments	-	-
Total Deferred Inflows of Resources - Pension	<u>\$ -</u>	<u>\$ (650,985)</u>

The \$166,893,459 reported as deferred outflows of resources related to contributions subsequent the June 30, 2020 measurement date will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2022.

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

<u>Measurement Period</u> <u>Ended June 30</u>	<u>Deferred Outflows / (Inflows) of Resources</u>	
	<u>Miscellaneous</u>	<u>Safety</u>
2021	\$ (365,539)	\$ (847,265)
2022	385,030	428,065
2023	797,422	963,996
2024	651,274	871,067
2025	-	-
Thereafter	-	-

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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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, 2021, the City's total payroll and covered payroll was \$368,193. The City made employer contributions of \$26,409. The assets held in trust by the plan administrator had a fair value of \$659,831 at June 30, 2021.

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, 2021**

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

**Employees Covered**

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees		413
Inactive employees or beneficiaries currently receiving benefits		193
Total		606

**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, 2021, the City's cash contributions were \$200,000 in prefunding payment to the trust and \$338,575 of premium payments to CalPERS for PEMHCA health benefits resulting in total payments of \$538,575. 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, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal	
Asset valuation method	Market value basis	
Amortization method	Over 20 years using level percentage of payroll	
<b>Actuarial Assumptions:</b>		
Discount rate	7.28%	
Expected rate of return	7.28%	
Inflation rate	2.50%	
Payroll increases	2.75%	
Healthcare cost trend rate	6.00% decreasing to 5.00%	
Minimum contribution	4% annual increase in CalPERS minimum required contributions	

The June 30, 2020 valuation reflects updated census, plan and rate information and healthcare trend rates. In addition, all other actuarial assumptions used in the valuation were based on the results of the 2017 CalPERS Experience Study for the period from 1997 to 2015, including updates to salary increases, mortality and retirement rates.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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

**Expected Rate of Return**

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, 2020 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	59.0%	5.50 %
Global Debt Securities	25.0%	2.35 %
Inflation Assets	5.0%	1.50 %
Commodities	3.0%	1.75 %
REITs	8.0%	3.65 %
<b>Total</b>	<u>100.0%</u>	

*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%. This discount rate assumes the City continues to fully fund for its retiree benefits through CERBT trust under its investment allocation strategy 1. 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, 2021

**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 06/30/2019 (valuation date)	\$ 11,005,844	\$ 5,375,643	\$ 5,630,201
Changes recognized for the measurement period:			
Service cost	240,400	-	240,400
Interest	792,235	-	792,235
Differences between expected and actual experience	(666,003)	-	(666,003)
Changes of assumptions	-	-	-
Contributions - employer	-	940,805	(940,805)
Net investment income	-	192,108	(192,108)
Benefit payments, including refunds of member contributions	(740,805)	(740,805)	-
Administrative expense	-	(2,631)	2,631
Net changes	(374,173)	389,477	(763,650)
Balance at 06/30/2020 (measurement date)	\$ 10,631,671	\$ 5,765,120	\$ 4,866,551

**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, 2020:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
6.28%	\$ 6,028,961	\$ 1,162,410
7.28%	4,866,551	-
8.28%	3,887,647	(978,904)

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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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, 2020:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
1% Decrease	\$ 3,701,686	\$ (1,164,865)
Current Rate	4,866,551	-
1% Increase	6,273,464	1,406,913

**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	5 years

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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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, 2021, the City recognized OPEB expense of \$678,633. At the end of the fiscal year, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement period	\$ 538,575	\$ -
Differences between expected and actuarial experience	13,502	(1,054,074)
Changes of assumptions	491,601	-
Differences between projected and actual earnings	<u>195,823</u>	<u>-</u>
Total	<u>\$ 1,239,501</u>	<u>\$ (1,054,074)</u>

The \$538,575 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022.

The remaining \$(353,148) of deferred outflows and deferred inflows of resources will be recognized in the future as OPEB expense as follows:

<u>Measurement period Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 41,772
2022	(151,260)
2023	(151,722)
2024	(91,938)
2025	-
Thereafter	-

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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**NOTE 9. RISK MANAGEMENT**

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; injuries to employees; and natural disasters. The City established self-insurance programs and maintains contracts with various insurance companies to manage excessive risks. The City uses the Self Insurance Fund to account for and finance risks for claim liabilities. The estimated liability for pending and incurred but not reported (IBNR) claims at June 30, 2021, has been reported in the financial statements as claims payable in the Self Insurance Internal Service Fund and is based on history and actuarial studies. 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.

**General Liability and Worker's Compensation Insurance**

The City is self-insured for general liability 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 City is also self-insured for the first \$125,000 on each workers' compensation claim and is a participating member agency of an excess worker's compensation insurance program that covers losses up to the statutory limit. Athens Administrators is the City's third party claims administrator. Loss control services are obtained on an as needed basis.

Changes in the balance of claim liabilities during the past two years are as follows:

	General Liability	Worker's Compensation	Total Claims
Liability - June 30, 2019	\$ 1,604,000	\$ -	\$ 1,604,000
Current fiscal year claims	48,960	645,916	694,876
Claims payments	(90,809)	(101,472)	(192,281)
Changes to estimates	251,849	1,406,556	1,658,405
Liability - June 30, 2020	<u>1,814,000</u>	<u>1,951,000</u>	<u>3,765,000</u>
Current fiscal year claims	77,359	742,079	819,438
Claims payments	(119,385)	(682,568)	(801,953)
Changes to estimates	(464,974)	138,489	(326,485)
Liability - June 30, 2021	<u>\$ 1,307,000</u>	<u>\$ 2,149,000</u>	<u>\$ 3,456,000</u>

The City's accrued liability at year-end of \$3,456,000 was established based on the 70% confidence level of funding of the actuarially computed expected liability.

**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, 2021**

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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**

As discussed in Note 1, *Budgetary information, Budgetary basis of accounting*, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The encumbrances and related appropriation lapse at the end of the year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

At fiscal year end, the significant encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	Encumbrance	Amount
Governmental Funds:		
Nonmajor Governmental Funds	New enterprise resource planning (ERP) system	\$ 1,867,715
	Battery energy storage system	636,777
	Total	\$ 2,504,492

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

**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, 2021 is as follows:

Due To	Due From	Amount
General Fund	Non-Major Special Revenue Fund	\$ 123,909
	Non-Major Capital Project Fund	5,767
<b>Totals</b>		<b>\$ 129,676</b>

The amounts due to the General Fund from the CDBG nonmajor special revenue fund and the Parks and Recreation Improvement Grants capital project fund were 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**

Transfers in and transfers out for the fiscal year ended June 30, 2021 are as follows:

<b>Transfers Out</b>	<b>Transfers In</b>		<b>Total</b>
	Major Funds	Nonmajor Funds	
	General Fund	Capital Projects	
<u>Major Funds</u>			
General Fund	\$ -	\$ 3,235,000	\$ 3,235,000
<u>Nonmajor Funds</u>			
Special Revenue	210,372	309,246	519,618
Capital Projects	-	119,082	119,082
<b>Total</b>	<b>\$ 210,372</b>	<b>\$ 3,663,328</b>	<b>\$ 3,873,700</b>

The transfers from the General fund to the nonmajor capital projects funds are for funding for public safety energy efficiency project.

The transfers from the nonmajor special revenue funds provide annual subsidy to the General Fund to fund the police officers assigned to patrol schools in the Grossmont Union High School District and to manage the Crime Free Multi-Housing program. The General Fund also received five percent of the Certified Access Specialist Program fees collected for administration costs.

The transfers from nonmajor special revenue funds to the nonmajor capital project funds are funding for American with Disabilities Act (ADA) curb ramps and sidewalks program, City downtown bollards, and park facilities improvements.

The transfers between nonmajor capital project funds are funding for Kennedy Park resurfacing and a shade structure.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

**NOTE 12. FUND BALANCES AND DEFICITS**

Fund balances for the fiscal year ended June 30, 2021 are as follows:

	General	Special Revenue			Non-Major	Total Governmental Funds
		Low and Moderate Income/Housing Asset	Federal, State, and Local Grants	Pension Obligation Bonds		
Nonspendable						
Prepaid items	\$ 4,330	\$ -	\$ -	\$ -	\$ -	\$ 4,330
Restricted						
Animal shelter operations	-	-	-	-	41,549	41,549
Animal shelter project	-	-	-	-	266,637	266,637
Community development	-	7,576,602	64,588	-	1,646,050	9,287,240
Debt service	-	-	-	11,464	-	11,464
Loans receivable	-	10,653,181	648,536	-	11,181,947	22,483,664
Public safety	-	-	624,790	-	594,507	1,219,297
Public works project	-	-	74,412	-	604,738	679,150
RTCIP impact fee	-	-	-	-	727,074	727,074
RMRA	-	-	-	-	2,661,639	2,661,639
Transportation projects	-	-	-	-	3,470,626	3,470,626
PARS Trust for UAL	2,038,034	-	-	-	-	2,038,034
Committed	15,531,197	-	-	-	-	15,531,197
Assigned						
Capital projects	-	-	-	-	15,322,832	15,322,832
Economic uncertainty	6,500,000	-	-	-	-	6,500,000
Unfunded retirement obligations	5,961,966	-	-	-	-	5,961,966
Unassigned	23,642,249	-	-	-	(6,348)	23,635,901
Totals	<u>\$ 53,677,776</u>	<u>\$ 18,229,783</u>	<u>\$ 1,412,326</u>	<u>\$ 11,464</u>	<u>\$ 36,511,251</u>	<u>\$ 109,842,600</u>

The General Fund's committed fund balance of \$15,531,197 is established as an operating reserve based on 20% of annual expenditures. This reserve serves as both a last resort to mitigate the effect of unexpected events outside of the City's control, and a source of cash flow for the General Fund between the months of July and December when expenditures typically exceed revenues until cash receipts from the City's primary revenue sources begin to come in.

**Fund Deficit**

The fund deficit reported for nonmajor 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 was received.

# CITY OF EL CAJON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the fiscal year ended June 30, 2021

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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 14.14% for the fiscal year ending June 30, 2021.

On May 12, 2020, 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 \$69,630 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 \$32,521 for the fiscal year ending June 30, 2021.

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

##### **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, the Viejas Band of Kumeyaay Indians, and San Miguel. One elected official from each member agency is appointed to the HCFA Commission. The commission approves an annual budget based on the costs of operating the Authority. El Cajon's membership share was 26.86% for the fiscal year ending June 30, 2021.

HCFA leases a portion of the property located at 100 E. Lexington Avenue from the City. Lease payments totaled \$52,744 for the fiscal year ending June 30, 2021. The City also provides clerical and accounting services for HCFA. Charges for services were \$44,884 for the fiscal year ending June 30, 2021.

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, 2021**

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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 2020-21, the total amount rebated to Sunroad under this agreement was \$4,691.

**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 2020-21, the total amount rebated to the Hotel under this agreement was \$373,169.

**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 2020-21, the total amount rebated to Honda under this agreement was \$152,380.

**CITY OF EL CAJON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the fiscal year ended June 30, 2021**

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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 2020-21, the total amount rebated to Mercedes-Benz under this agreement was \$109,728.

# REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF EL CAJON

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) For the fiscal year ended June 30, 2021

REVENUES	Budgeted Amounts		Actual Amounts <sup>1</sup>	Variance with Final Budget
	Original	Final		
Taxes				
Sales and use	\$ 32,735,587	\$ 32,735,587	\$ 41,999,181	\$ 9,263,594
Property	21,638,712	21,638,712	21,623,736	(14,976)
Franchise	6,335,994	6,335,994	6,388,778	52,784
Transient lodging	1,841,733	1,841,733	2,126,234	284,501
Business licenses	798,619	798,619	832,383	33,764
Property transfer	400,000	400,000	478,805	78,805
Total taxes	63,750,645	63,750,645	73,449,117	9,698,472
Intergovernmental:				
Motor vehicle license fees	50,000	50,000	76,565	26,565
Reimbursements	932,100	932,100	1,091,794	159,694
Total intergovernmental	982,100	982,100	1,168,359	186,259
Licenses and permits	1,460,200	1,460,200	1,701,436	241,236
Fines and forfeitures	593,000	593,000	363,311	(229,689)
Special assessments	350,000	350,000	367,954	17,954
Charges for services:				
Planning and engineering	1,193,800	1,193,800	1,392,474	198,674
Public safety	738,500	738,500	585,982	(152,518)
All others	1,996,142	1,996,142	2,371,362	375,220
Total charges for services	3,928,442	3,928,442	4,349,818	421,376
Use of money and property	2,381,890	2,381,890	1,760,216	(621,674)
Other:				
Sale of property	-	-	2,787	2,787
Miscellaneous	400,260	400,260	254,124	(146,136)
Total other	400,260	400,260	256,911	(143,349)
Total revenues	73,846,537	73,846,537	83,417,122	9,570,585

**(Continued)**

<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 Notes to Required Supplementary Information on page 101.



# CITY OF EL CAJON

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts <sup>1</sup>	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
General government:				
City council	\$ 492,267	\$ 492,267	\$ 475,581	\$ 16,686
Council contingency	60,000	60,000	6,500	53,500
City manager	2,096,854	2,101,685	2,101,685	-
Community services and events	132,900	132,900	101,155	31,745
City attorney	800,079	692,362	581,546	110,816
City clerk and elections	621,114	621,114	576,264	44,850
Human resources	848,382	848,383	824,579	23,804
Finance	2,047,810	2,150,695	2,150,695	-
Other financing uses	-	2,000,000	-	2,000,000
Total general government	<u>7,099,406</u>	<u>9,099,406</u>	<u>6,818,005</u>	<u>2,281,401</u>
Public safety:				
Police:				
Administration	3,092,032	3,131,460	3,131,460	-
Inspection and training	2,177,595	2,314,695	2,314,695	-
Records	1,067,005	1,041,258	1,041,258	-
Communications	2,607,096	2,637,529	2,637,529	-
Patrol	16,595,587	16,362,745	16,362,745	-
Special operations unit	2,848,173	3,088,066	3,088,066	-
Traffic enforcement	2,178,316	1,961,861	1,961,861	-
Investigation	5,650,568	5,775,325	5,775,325	-
Laboratory	955,184	1,009,196	1,009,196	-
Auxillary	119,951	120,869	120,869	-
Animal control	1,073,054	1,315,454	1,315,454	-
Total police	<u>38,364,561</u>	<u>38,758,458</u>	<u>38,758,458</u>	<u>-</u>
Fire:				
Administration	2,006,857	1,936,523	1,910,400	26,123
Emergency medical services	222,300	222,301	179,394	42,907
Suppression	12,549,984	12,710,319	12,710,319	-
Heartland Fire and Rescue	2,074,386	2,074,387	1,908,578	165,809
Total fire	<u>16,853,527</u>	<u>16,943,530</u>	<u>16,708,691</u>	<u>234,839</u>
Total public safety	<u>55,218,088</u>	<u>55,701,988</u>	<u>55,467,149</u>	<u>234,839</u>

(Continued)

<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 Notes to Required Supplementary Information on page 101.

# CITY OF EL CAJON

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts <sup>1</sup>	Variance with Final Budget
	Original	Final		
Public works:				
Administration	\$ 502,183	\$ 507,941	\$ 507,941	\$ -
Facilities maintenance	2,241,525	2,241,526	2,075,107	166,419
Engineering	1,302,043	1,302,043	1,061,668	240,375
Traffic engineering and maintenance	1,715,226	1,720,807	1,705,758	15,049
Parks	2,084,554	1,679,314	1,623,040	56,274
Street maintenance	821,662	821,662	534,627	287,035
Total public works	8,667,193	8,273,293	7,508,141	765,152
Recreation	3,216,451	3,216,451	2,871,132	345,319
Community development:				
Housing	570,407	526,849	489,476	37,373
Planning	997,141	1,040,699	1,040,699	-
Building and fire safety	1,007,299	1,007,299	986,407	20,892
Total community development	2,574,847	2,574,847	2,516,582	58,265
Total expenditures	76,775,985	78,865,985	75,181,009	3,684,976
Excess (deficiency) of revenues over (under) expenditures	(2,929,448)	(5,019,448)	8,236,113	13,255,561
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	210,277	210,277	210,372	(95)
Transfers out	(1,000,000)	(4,235,000)	(4,235,000)	-
Total other financing sources (uses)	(789,723)	(4,024,723)	(4,024,628)	(95)
Net change in fund balance	(3,719,171)	(9,044,171)	4,211,485	13,255,466
Fund balance, beginning	48,802,670	48,802,670	48,802,670	-
Fund balance, ending	\$ 45,083,499	\$ 39,758,499	\$ 53,014,155	\$ 13,255,466

**(Concluded)**

<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 Notes to Required Supplementary Information on page 101.

# CITY OF EL CAJON

## Low and Moderate Income Housing Asset Major Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 14,640	\$ 14,640
Use of money and property	1	1	295,266	295,265
Other	4,715,420	4,715,420	292,211	(4,423,209)
Total revenues	<u>4,715,421</u>	<u>4,715,421</u>	<u>602,117</u>	<u>(4,113,304)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	7,248,587	7,248,587	974,400	15,471,574
Capital outlay	2,000	2,000	-	2,000
Total expenditures	<u>7,250,587</u>	<u>7,250,587</u>	<u>974,400</u>	<u>15,473,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,535,166)</u>	<u>(2,535,166)</u>	<u>(372,283)</u>	<u>2,162,883</u>
<b>OTHER FINANCING SOURCES</b>				
Sales of capital assets	-	-	4,750,000	4,750,000
Transfers in	303,000	303,000	-	(303,000)
Total other financing sources	<u>303,000</u>	<u>303,000</u>	<u>4,750,000</u>	<u>4,447,000</u>
Net change in fund balance	(2,232,166)	(2,232,166)	4,377,717	6,609,883
Fund balance, beginning	<u>13,964,472</u>	<u>13,964,472</u>	<u>13,964,472</u>	<u>-</u>
Fund balance, ending	<u>\$ 11,732,306</u>	<u>\$ 11,732,306</u>	<u>\$ 18,342,189</u>	<u>\$ 6,609,883</u>

See Notes to Required Supplementary Information on page 101.

**CITY OF EL CAJON**  
**Reconciliation of Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budgetary to GAAP Basis**  
**Major Governmental Funds**  
**For the fiscal year ended June 30, 2021**

	<b>General</b>	<b>Low and Moderate Income Housing Asset</b>
<b>Actual revenues from budgetary basis schedules</b>	\$ 83,417,122	\$ 602,117
Differences - Budget to GAAP:		
GAAP reporting entity differences:		
Recreation Special Programs is not budgeted in General Fund	193,242	-
Magnolia Performing Arts is not budgeted in General Fund	115,396	-
Loan repayments are budgetary resources but are not revenues for financial reporting purpose	-	(290,877)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	83,725,760	311,240
<b>Actual expenditures from budgetary basis schedules</b>	75,181,009	974,400
Differences - Budget to GAAP:		
GAAP reporting entity differences:		
Recreation Special Programs is not budgeted in General Fund	445,603	-
Magnolia Performing Arts is not budgeted in General Fund	749,644	-
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	76,376,256	974,400
<b>Actual other financing sources (uses) from budgetary basis schedules</b>	(4,024,628)	4,750,000
Differences - Budget to GAAP:		
GAAP reporting entity differences:		
Magnolia Performing Arts is not budgeted in General Fund	1,000,000	-
Total other financing sources (uses) as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	(3,024,628)	4,750,000
Net change in fund balances as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	4,324,876	4,086,840
Fund balances, beginning of year (GAAP Basis) (page 42)	49,352,900	14,142,943
Fund balances, end of year (GAAP Basis) (page 42)	\$ 53,677,776	\$ 18,229,783

Recreation Special Programs Fund and Magnolia Performing Arts Fund are included with the General Fund for financial reporting purposes on a GAAP basis, pursuant to GASB Statement No.54

See Notes to Required Supplementary Information on page 101.

# CITY OF EL CAJON

## Notes to the Required Supplementary Information

### Budgetary Information

#### For the fiscal year ended June 30, 2021

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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, Low and Moderate Income Housing Asset Fund Special Revenue Fund, HOME Special Revenue Fund and Community Development Block Grant Special Revenue Fund. The differences of actual amounts presented using the budgetary basis versus GAAP basis for the major governmental funds are presented in the Reconciliation of Schedules of Revenues, Expenditures, and Change in Fund Balances - Budgetary to GAAP Basis on page 100.

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 Federal, State, and Local Grants and Various Donations Special Revenue Funds and Capital Projects Funds. The Capital Projects Fund is appropriated on a project-length basis. 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 appropriation transfers between departments or funds require City Council approval. Appropriations for operations lapse at year-end to the extent that they have not been expended or encumbered.

#### 2. General Fund

The General Fund Budgetary Comparison Schedule presented on pages 96-98 is the budgetary and actual amounts as reported in the City's budget. The financial statements for the General Fund, prepared on a GAAP basis, include two funds that were considered special revenue funds prior to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. These additional funds that are combined with the General Fund (GAAP basis) are the Recreation Special Programs and Magnolia Performing Arts funds. These two funds are budgeted as separate individual funds, but are consolidated into the General Fund for financial reporting purposes. A reconciliation of the Schedule of Revenues, Expenditures and Changes in Fund Balances from budgetary to the GAAP Basis is presented on page 100. The Combined Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund (GAAP Basis) and budgetary comparison schedules of the two funds are presented as Supplementary Information on pages 112-115.

#### 3. Federal, State, and Local Grants Major Special Revenue Fund

Budgetary to actual comparison schedule is not presented for the Federal, State, and Local Grants Special Revenue Fund because this fund is not budgeted annually. The fund does not have appropriated budget since the grant awards, agreements and requirements control the use of the resources and sometimes span a period of more than one fiscal year.

# CITY OF EL CAJON

## Required Supplementary Information

### Schedule of Changes in the Net Pension Liability and Related Ratios - Miscellaneous Plan for the Measurement Periods ending June 30 Last Seven Years <sup>1</sup>

	Measurement Period		
	2013-14	2014-15	2015-16
<b>Total Miscellaneous Pension Liability</b>			
Service cost	\$ 2,765,638	\$ 2,565,998	\$ 2,551,598
Interest on total pension liability	13,910,118	14,457,238	14,844,856
Changes in benefits	-	-	-
Differences between expected and actual experience	-	57,598	(1,504,597)
Changes in assumptions	-	(3,292,566)	-
Benefit payments, including refunds of employee contributions	(9,543,379)	(10,108,043)	(10,781,021)
Net change in total pension liability	7,132,377	3,680,225	5,110,836
Total pension liability - beginning	188,857,112	195,989,489	199,669,714
<b>Total Miscellaneous pension liability - ending (a)</b>	<b>\$ 195,989,489</b>	<b>\$ 199,669,714</b>	<b>\$ 204,780,550</b>
<b>Miscellaneous Plan fiduciary net position</b>			
Contributions - employer	\$ 4,086,776	\$ 4,676,850	\$ 5,294,296
Contributions - employee	1,273,729	1,169,243	1,142,365
Net investment income	21,642,095	3,217,684	736,004
Benefit payments	(9,543,379)	(10,108,043)	(10,781,021)
Plan to plan resource movement	-	256	-
Administrative expense	-	(162,571)	(86,686)
Other miscellaneous income(expense)	-	-	-
Net change in plan fiduciary net position	17,459,221	(1,206,581)	(3,695,042)
Plan fiduciary net position - beginning	125,984,050	143,443,271	142,236,690
<b>Miscellaneous Plan fiduciary net position - ending (b)</b>	<b>\$ 143,443,271</b>	<b>\$ 142,236,690</b>	<b>\$ 138,541,648</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 52,546,218</b>	<b>\$ 57,433,024</b>	<b>\$ 66,238,902</b>
Miscellaneous Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	73.19%	71.24%	67.65%
Miscellaneous Plan covered payroll <sup>2</sup>	\$ 14,761,877	\$ 14,329,579	\$ 14,348,523
Net pension liability as a percentage of Miscellaneous Plan covered payroll	355.96%	400.80%	461.64%

<sup>1</sup> Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

<sup>2</sup> Covered payroll represents the payroll on which contributions to the pension plan are based.

See Note 1 of the Notes to Required Supplementary Information - Net Pension Liability on page 107.

Measurement Period			
2016-17	2017-18	2018-19	2019-20
\$ 2,765,699	\$ 2,812,784	\$ 2,825,180	\$ 2,977,187
15,080,991	15,414,119	16,060,380	16,469,083
-	-	-	-
(1,052,850)	(217,246)	3,530,348	294,443
11,547,296	(1,094,357)	-	-
(11,469,789)	(12,329,214)	(13,120,445)	(13,959,312)
16,871,347	4,586,086	9,295,463	5,781,401
204,780,550	221,651,897	226,237,983	235,533,446
<b>\$ 221,651,897</b>	<b>\$ 226,237,983</b>	<b>\$ 235,533,446</b>	<b>\$ 241,314,847</b>

\$ 5,729,154	\$ 5,952,503	\$ 7,126,866	\$ 7,760,121
1,179,611	1,148,838	1,240,802	1,221,300
15,602,402	12,639,219	10,236,329	8,085,826
(11,469,789)	(12,329,214)	(13,120,445)	(13,959,312)
-	(364)	2,323	-
(204,547)	(232,773)	(111,407)	(227,661)
-	(442,040)	364	-
10,836,831	6,736,169	5,374,832	2,880,274
138,541,648	149,378,479	156,114,648	161,489,480
<b>\$ 149,378,479</b>	<b>\$ 156,114,648</b>	<b>\$ 161,489,480</b>	<b>\$ 164,369,754</b>
<b>\$ 72,273,418</b>	<b>\$ 70,123,335</b>	<b>\$ 74,043,966</b>	<b>\$ 76,945,093</b>

67.39%      69.00%      68.56%      68.11%

\$ 13,975,942    \$ 14,120,404    \$ 14,671,685    \$ 15,802,477

517.13%      496.61%      504.67%      486.92%

# CITY OF EL CAJON

## Required Supplementary Information

### Schedule of Changes in the Net Pension Liability and Related Ratios - Safety Plan for the Measurement Periods ending June 30 Last Seven Years <sup>1</sup>

	Measurement Period		
	2013-14	2014-15	2015-16
<b>Total Safety Plan pension liability</b>			
Service cost	\$ 3,989,127	\$ 4,099,136	\$ 4,327,007
Interest on total pension liability	19,271,768	20,106,901	20,881,842
Changes in benefits	-	-	-
Differences between expected and actual experience	-	1,748,846	704,978
Changes in assumptions	-	(4,926,806)	-
Benefit payments, including refunds of employee contributions	(13,894,694)	(14,624,385)	(15,165,608)
Net change in total pension liability	9,366,201	6,403,692	10,748,219
Total pension liability - beginning	261,909,693	271,275,894	277,679,586
<b>Total Safety Plan pension liability - ending (a)</b>	<b>\$ 271,275,894</b>	<b>\$ 277,679,586</b>	<b>\$ 288,427,805</b>
<b>Safety Plan fiduciary net position</b>			
Contributions - employer	\$ 5,671,725	\$ 7,064,751	\$ 7,138,821
Contributions - employee	1,408,399	1,452,168	1,448,543
Net investment income	28,540,504	4,131,876	913,046
Benefit payments	(13,894,694)	(14,624,385)	(15,165,608)
Plan to plan resource movement	-	-	-
Administrative expense	-	(209,628)	(113,503)
Other Miscellaneous Income/(Expense)	-	-	-
Net change in plan fiduciary net position	21,725,934	(2,185,218)	(5,778,701)
Plan fiduciary net position - beginning	166,698,392	188,424,326	186,239,108
<b>Safety Plan fiduciary net position - ending (b)</b>	<b>188,424,326</b>	<b>186,239,108</b>	<b>180,460,407</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 82,851,568</b>	<b>\$ 91,440,478</b>	<b>\$ 107,967,398</b>
Safety Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	69.46%	67.07%	62.57%
Safety Plan covered payroll <sup>2</sup>	\$ 14,089,384	\$ 15,063,157	\$ 15,983,328
Net pension liability as percentage of Safety Plan covered payroll	588.04%	607.05%	675.50%

<sup>1</sup> Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

<sup>2</sup> Covered payroll represents the payroll on which contributions to the pension plan are based.

See Note 1 of the Notes to Required Supplementary Information - Net Pension Liability on page 107.



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Measurement Period			
2016-17	2017-18	2018-19	2019-20
\$ 4,627,095	\$ 4,665,299	\$ 4,417,341	\$ 4,723,268
21,187,689	21,939,641	22,690,389	23,341,882
-	-	-	-
(4,240,228)	2,153,863	791,993	(650,086)
17,772,474	(1,270,346)	-	-
(15,884,588)	(16,516,560)	(17,029,399)	(17,968,239)
23,462,442	10,971,897	10,870,324	9,446,825
288,427,805	311,890,247	322,862,144	333,732,468
<b>\$ 311,890,247</b>	<b>\$ 322,862,144</b>	<b>\$ 333,732,468</b>	<b>\$ 343,179,293</b>

\$ 7,963,467	\$ 8,172,881	\$ 9,762,519	\$ 11,019,557
1,501,090	1,391,912	1,663,961	1,756,898
20,358,562	16,375,994	13,272,580	10,470,492
(15,884,588)	(16,516,560)	(17,029,399)	(17,968,239)
-	(474)	-	-
(266,438)	(302,512)	(144,636)	(296,337)
-	(574,475)	474	-
13,672,093	8,546,766	7,525,499	4,982,371
180,460,407	194,132,500	202,679,266	210,204,765
<b>194,132,500</b>	<b>202,679,266</b>	<b>210,204,765</b>	<b>215,187,136</b>
<b>\$ 117,757,747</b>	<b>\$ 120,182,878</b>	<b>\$ 123,527,703</b>	<b>\$ 127,992,157</b>

62.24%                  62.78%                  62.99%                  62.70%

\$ 15,120,732    \$ 15,449,544    \$ 14,818,817    \$ 16,153,448

778.78%                  777.91%                  833.59%                  792.35%

**CITY OF EL CAJON**  
**Required Supplementary Information**  
**Schedule of Plan Contributions - Pension**  
**Last Eight Fiscal Years <sup>1</sup>**

Fiscal Year	Actuarially Determined Contribution	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll <sup>2</sup>	Contributions as a percentage of covered payroll
<b>Miscellaneous</b>					
2013-14	\$ 4,086,776	\$ (4,086,776)	\$ -	\$ 14,761,877	27.68%
2014-15	4,274,354	(4,676,850)	(402,496)	14,329,579	32.64%
2015-16	5,106,525	(5,294,296)	(187,771)	14,348,523	36.90%
2016-17	5,525,288	(5,729,154)	(203,866)	13,975,942	40.99%
2017-18	5,952,503	(5,952,503)	-	14,120,404	42.16%
2018-19	6,938,792	(7,126,866)	(188,074)	14,671,685	48.58%
2019-20	7,760,121	(7,760,121)	-	15,802,477	49.11%
2020-21 <sup>3</sup>	8,612,734	(55,499,867)	(46,887,133)	14,508,921	382.52%
<b>Safety</b>					
2013-14	\$ 5,671,725	\$ (5,671,725)	\$ -	\$ 14,089,384	40.26%
2014-15	6,461,007	(7,064,751)	(603,744)	15,063,157	46.90%
2015-16	6,886,886	(7,138,821)	(251,935)	15,983,328	44.66%
2016-17	7,680,772	(7,963,467)	(282,695)	15,120,732	52.67%
2017-18	8,172,881	(8,172,881)	-	15,449,544	52.90%
2018-19	9,530,187	(9,762,519)	(232,332)	14,818,817	65.88%
2019-20	11,019,557	(11,019,557)	-	16,153,448	68.22%
2020-21 <sup>3</sup>	11,818,856	(111,393,592)	(99,574,736)	18,179,616	612.74%

<sup>1</sup> Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

<sup>2</sup> Covered payroll represents the payroll on which the contributions to the pension plan are based.

<sup>3</sup> In fiscal year 2020-21, the City issued Pension Obligation Bonds to pay down a portion of its unfunded CalPERS liability.

See Note 2 of the Notes to Required Supplementary Information - Net Pension Liability on page 107.

# CITY OF EL CAJON

## Notes to Required Supplementary Information

### Net Pension Liability - Miscellaneous and Safety Plans

#### June 30, 2021

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#### 1. Notes to Schedule of Changes in the Net Pension Liability and Related Ratios

***Benefit changes.***

The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

***Changes of assumptions.***

No changes in 2019 or 2020. 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.

#### 2. Notes to Schedule of Plan Contributions for the Fiscal Years June 30:

- a. The City makes contributions equal to the actuarially determined contributions. However, the City may choose to make additional contributions towards its unfunded liability. Contributions for the plan exceed the actuarially determined contributions.
- b. Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20, 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.
- c. The following actuarial methods and assumptions from the June 30, 2017 funding valuation report, were used to set the actuarially determined contributions for measurement period 2019-20:

Actuarial cost method	Entry Age Normal
Amortization method/period	Details on Appendix A of the June 30, 2017 Funding Valuation Report.
Asset valuation method	Fair value of assets. Details on the June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25% net of pension plan investment and administrative expenses including inflation.
Retirement age	The probabilities of retirement are based on the 2017 California Public Employees' Retirement System (CalPERS) experience study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS experience study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

# CITY OF EL CAJON

## Required Supplementary Information

### Schedule of Changes in the Net OPEB Liability and Related Ratios for the Measurement Periods ending June 30 Last Four Years <sup>1</sup>

	Measurement Period			
	2016-17	2017-18	2018-19	2019-20
<b>Total OPEB Liability</b>				
Service cost	\$ 78,533	\$ 78,533	\$ 233,261	\$ 240,400
Interest on total OPEB liability	391,440	397,219	795,418	792,235
Differences between expected and actual experience	-	54,005	(868,788)	(666,003)
Changes in assumptions	-	718,115	520,123	-
Changes in benefit terms	-	4,588,311	-	-
Benefit payments	(293,421)	(308,359)	(733,949)	(740,805)
Net change in total OPEB liability	176,552	5,527,824	(53,935)	(374,173)
Total OPEB liability - beginning	5,355,403	5,531,955	11,059,779	11,005,844
<b>Total OPEB liability - ending (a)</b>	<b>\$ 5,531,955</b>	<b>\$ 11,059,779</b>	<b>\$ 11,005,844</b>	<b>\$ 10,631,671</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 949,193	\$ 958,359	\$ 1,383,949	\$ 940,805
Net investment income	321,424	276,640	296,391	192,108
Benefit payments	(293,421)	(308,359)	(733,949)	(740,805)
Administrative expense	(1,685)	(6,613)	(1,063)	(2,631)
Net change in plan fiduciary net position	975,511	920,027	945,328	389,477
Plan fiduciary net position - beginning	2,534,777	3,510,288	4,430,315	5,375,643
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,510,288</b>	<b>\$ 4,430,315</b>	<b>\$ 5,375,643</b>	<b>\$ 5,765,120</b>
<b>Net OPEB liability - ending (a)-(b)</b>	<b>\$ 2,021,667</b>	<b>\$ 6,629,464</b>	<b>\$ 5,630,201</b>	<b>\$ 4,866,551</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)</b>	63.45%	40.06%	48.84%	54.23%
Covered-employee payroll <sup>2</sup>	\$ 31,664,513	\$ 24,276,000	\$ 27,922,328	\$ 28,690,192
Net OPEB liability as percentage of covered-employee payroll	6.38%	27.31%	20.16%	16.96%

<sup>1</sup> Historical information is required only for measurement periods for which GASB Statement No.75 is applicable.

<sup>2</sup> Contributions to OPEB are not based on measure of pay.

See Notes to Required Supplementary Information - Other Postemployment Benefits on page 110.

**CITY OF EL CAJON**  
**Required Supplementary Information**  
**Schedule of Plan Contributions - OPEB**  
**Last Five Fiscal Years <sup>1</sup>**

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<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the actuarially determined contributions</u>	<u>Contributions deficiency (excess)</u>	<u>Covered- employee payroll <sup>2</sup></u>	<u>Contributions as a percentage of covered- employee payroll</u>
2016-17	\$ 398,230	\$ (949,193)	\$ (550,963)	\$ 24,275,515	3.91%
2017-18	398,230	(958,359)	(560,129)	24,988,882	3.84%
2018-19	769,774	(1,383,949)	(614,175)	27,922,328	4.96%
2019-20	740,805	(940,805)	(200,000)	28,220,048	3.33%
2020-21	717,072	(538,575)	178,497	27,160,174	1.98%

<sup>1</sup> Historical information is required only for measurement periods for which GASB Statement No.75 is applicable.

<sup>2</sup> Contributions to OPEB are not based on measure of pay.

See Notes to Required Supplementary Information - Other Postemployment Benefits on page 110.

**CITY OF EL CAJON**  
**Notes to Required Supplementary Information**  
**Other Post Employment Benefits (OPEB)**  
**June 30, 2021**

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The OPEB liabilities and actuarially determined contribution were based on the following actuarial assumptions and methods:

Actuarial cost method	Entry Age Normal								
Actuarial valuation date	June 30, 2019								
Measurement date	June 30, 2020								
Asset valuation method	Market value basis								
Funding policy	Fund a recommended actuarially determined contribution (ADC) to fully fund the benefits over a reasonable period of time through an amortization of the net (unfunded) OPEB liability.								
Expected rate of return	7.28%								
Discount rate	7.28%. This discount rate assumes the City fully funds for its retiree benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1.								
Inflation	2.50%								
Payroll increases	2.75% plus merit scale. Prior valuation used a rate of 3.0% and has been updated to reflect the 2017 experience study for the CalPERS pension plan.								
Medical trend rates	Medical costs in future years are adjusted by the following trends: <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;"><u>Fiscal Year End</u></th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2021</td> <td style="text-align: right;">6.00%</td> </tr> <tr> <td style="text-align: center;">2022</td> <td style="text-align: right;">5.50%</td> </tr> <tr> <td style="text-align: center;">2023+</td> <td style="text-align: right;">5.00%</td> </tr> </tbody> </table>	<u>Fiscal Year End</u>		2021	6.00%	2022	5.50%	2023+	5.00%
<u>Fiscal Year End</u>									
2021	6.00%								
2022	5.50%								
2023+	5.00%								
Minimum contribution	The CalPERS minimum required contribution is assumed to increase 4% per year.								
Participation rates and spouse coverage	40% of eligible employees will elect medical insurance coverage and 40% of future retirees are assumed to elect spouse coverage								

Pre-retirement turnover, mortality, retirement, and disability retirement rates are based on the 2017 CalPERS experience study for the pension plan.

# SUPPLEMENTARY INFORMATION

# CITY OF EL CAJON

## Balance Sheet General Fund (GAAP Basis) June 30, 2021

	General Fund	Recreation Special Programs	Magnolia Performing Arts	Total <sup>1</sup>
<b>ASSETS</b>				
Cash and investments	\$ 45,406,440	\$ (29,387)	\$ 950,631	\$ 46,327,684
Cash and investments with fiscal agent	2,038,034	-	-	2,038,034
Receivables:				
Accounts	163,736	33,136	-	196,872
Interest	234,411	-	-	234,411
Intergovernmental	104,979	-	-	104,979
Taxes	10,362,764	-	-	10,362,764
Prepaid items	4,330	-	-	4,330
Due from other funds	129,676	-	-	129,676
Total assets	<u>\$ 58,444,370</u>	<u>\$ 3,749</u>	<u>\$ 950,631</u>	<u>\$ 59,398,750</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,148,065	\$ 1,453	\$ 121,808	\$ 1,271,326
Accrued liabilities	3,534,751	4,596	-	3,539,347
Deposits payable	747,399	1,968	-	749,367
Unearned revenue	-	160,934	-	160,934
Total liabilities	<u>5,430,215</u>	<u>168,951</u>	<u>121,808</u>	<u>5,720,974</u>
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Prepaid items	4,330	-	-	4,330
<b>Restricted</b>				
	2,038,034	-	-	2,038,034
<b>Committed</b>				
	15,531,197	-	-	15,531,197
<b>Assigned:</b>				
Economic uncertainty	6,500,000	-	-	6,500,000
Unfunded retirement obligations	5,961,966	-	-	5,961,966
<b>Unassigned</b>				
	22,978,628	(165,202)	828,823	23,642,249
Total fund balances	<u>53,014,155</u>	<u>(165,202)</u>	<u>828,823</u>	<u>53,677,776</u>
Total liabilities and fund balances	<u>\$ 58,444,370</u>	<u>\$ 3,749</u>	<u>\$ 950,631</u>	<u>\$ 59,398,750</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 Balance Sheet-Governmental Funds for the General Fund (page 38).



# CITY OF EL CAJON

## Schedule of Revenues, Expenditures and Changes in Fund Balances General Fund (GAAP Basis) For the fiscal year ended June 30, 2021

	General Fund	Recreation Special Programs	Magnolia Performing Arts	Reconciliation to Fund Financial Statements	Total <sup>1</sup>
<b>REVENUES</b>					
Taxes	\$ 73,449,117	\$ -	\$ -	\$ -	\$ 73,449,117
Intergovernmental	1,168,359	9,494	-	-	1,177,853
Licenses and permits	1,701,436	-	-	-	1,701,436
Fines and forfeitures	363,311	-	-	-	363,311
Special assessments	367,954	-	-	-	367,954
Charges for services	4,349,818	172,650	-	-	4,522,468
Use of money and property	1,760,216	(3,831)	15,396	-	1,771,781
Other	256,911	14,929	100,000	-	371,840
Total revenues	<u>83,417,122</u>	<u>193,242</u>	<u>115,396</u>	<u>-</u>	<u>83,725,760</u>
<b>EXPENDITURES</b>					
Current:					
General government	6,818,005	-	-	-	6,818,005
Public safety	55,467,149	-	-	-	55,467,149
Public works	7,508,141	-	-	-	7,508,141
Recreation	2,871,132	440,590	720,085	-	4,031,807
Community development	2,516,582	-	-	-	2,516,582
Capital outlay	-	5,013	29,559	-	34,572
Total expenditures	<u>75,181,009</u>	<u>445,603</u>	<u>749,644</u>	<u>-</u>	<u>76,376,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,236,113</u>	<u>(252,361)</u>	<u>(634,248)</u>	<u>-</u>	<u>7,349,504</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	210,372	-	1,000,000	(1,000,000)	210,372
Transfers out	(4,235,000)	-	-	1,000,000	(3,235,000)
Total other financing sources (uses)	<u>(4,024,628)</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>(3,024,628)</u>
Net change in fund balances	4,211,485	(252,361)	365,752	-	4,324,876
Fund balances, beginning	<u>48,802,670</u>	<u>87,159</u>	<u>463,071</u>	<u>-</u>	<u>49,352,900</u>
Fund balances, ending	<u>\$ 53,014,155</u>	<u>\$ (165,202)</u>	<u>\$ 828,823</u>	<u>\$ -</u>	<u>\$ 53,677,776</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 42).

**CITY OF EL CAJON**  
**Recreation Special Programs<sup>1</sup>**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the fiscal year ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 9,494	\$ 2,494
Charges for services	565,200	565,200	172,650	(392,550)
Use of money and property	3,400	3,400	(3,831)	(7,231)
Other	76,000	76,000	14,929	(61,071)
Total revenues	<u>651,600</u>	<u>651,600</u>	<u>193,242</u>	<u>(458,358)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation	731,420	731,420	440,590	290,830
Capital outlay	6,714	6,714	5,013	1,701
Total expenditures	<u>738,134</u>	<u>738,134</u>	<u>445,603</u>	<u>292,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(86,534)</u>	<u>(86,534)</u>	<u>(252,361)</u>	<u>(165,827)</u>
Net change in fund balance	(86,534)	(86,534)	(252,361)	(165,827)
Fund balance, beginning	<u>87,159</u>	<u>87,159</u>	<u>87,159</u>	<u>-</u>
Fund balance, ending	<u>\$ 625</u>	<u>\$ 625</u>	<u>\$ (165,202)</u>	<u>\$ (165,827)</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 100.

# CITY OF EL CAJON

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

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

#### Budget and Actual

For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other	\$ -	\$ -	\$ 100,000	\$ 100,000
Total revenues	-	-	100,000	100,000
<b>EXPENDITURES</b>				
Current:				
Recreation	508,272	923,612	704,689	218,923
Capital outlay	-	29,660	29,559	101
Total expenditures	508,272	953,272	734,248	219,024
Excess (deficiency) of revenues over (under) expenditures	(508,272)	(953,272)	(634,248)	319,024
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,000,000	1,000,000	1,000,000	-
Total other financing sources	1,000,000	1,000,000	1,000,000	-
Net change in fund balance	491,728	46,728	365,752	319,024
Fund balance, beginning	463,071	463,071	463,071	-
Fund balance, ending	\$ 954,799	\$ 509,799	\$ 828,823	\$ 319,024

<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.

Actual amounts, on a budgetary basis, do not reflect the full revenues and expenditures of the Magnolia Performing Arts, and only present the net budgetary impact of the activities. The full revenue and expenditure amounts, pursuant to GAAP Basis, are included and presented in the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis) on page 113.

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 100.

**CITY OF EL CAJON**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 6,645,258	\$ 18,370,031	\$ 25,015,289
Receivables:			
Interest	18,315	21,122	39,437
Intergovernmental	220,197	620,475	840,672
Taxes	41,837	-	41,837
Loans	11,239,008	-	11,239,008
Total assets	<u>\$ 18,164,615</u>	<u>\$ 19,011,628</u>	<u>\$ 37,176,243</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 172,111	\$ 239,031	\$ 411,142
Accrued liabilities	7,801	-	7,801
Due to other funds	123,909	5,767	129,676
Total liabilities	<u>303,821</u>	<u>244,798</u>	<u>548,619</u>
Deferred inflows of resources			
Unavailable grant revenue	54,740	61,633	116,373
	<u>54,740</u>	<u>61,633</u>	<u>116,373</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted:			
Animal shelter operations	41,549	-	41,549
Animal shelter project	266,637	-	266,637
Community development	1,646,050	-	1,646,050
Loans receivable	11,181,947	-	11,181,947
Public safety	594,507	-	594,507
Public works projects	604,738	-	604,738
RTCIP impact fee	-	727,074	727,074
RMRA	-	2,661,639	2,661,639
Streets projects	3,470,626	-	3,470,626
<b>Assigned:</b>			
Capital projects	-	15,322,832	15,322,832
<b>Unassigned</b>	-	(6,348)	(6,348)
Total fund balances	<u>17,806,054</u>	<u>18,705,197</u>	<u>36,511,251</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,164,615</u>	<u>\$ 19,011,628</u>	<u>\$ 37,176,243</u>

# CITY OF EL CAJON

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the fiscal year ended June 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ 1,743,303	\$ 1,743,303
Intergovernmental	3,894,383	2,646,674	6,541,057
Fines and forfeitures	6,961	-	6,961
Charges for services	28,100	79,997	108,097
Use of money and property	116,760	66,692	183,452
Other	52,195	147,966	200,161
Total revenues	<u>4,098,399</u>	<u>4,684,632</u>	<u>8,783,031</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	51,946	2,606	54,552
Public works	2,703,810	1,369,514	4,073,324
Recreation	-	82,456	82,456
Community development	1,839,293	-	1,839,293
Capital outlay	203,868	2,839,320	3,043,188
Capital lease:			
Interest	35,372	-	35,372
Principal	197,035	-	197,035
Total expenditures	<u>5,031,324</u>	<u>4,293,896</u>	<u>9,325,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(932,925)</u>	<u>390,736</u>	<u>(542,189)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sales of capital assets	1,060,000	-	1,060,000
Transfers in	-	3,663,328	3,663,328
Transfers out	(519,618)	(119,082)	(638,700)
Total other financing sources (uses)	<u>540,382</u>	<u>3,544,246</u>	<u>4,084,628</u>
Net change in fund balances	(392,543)	3,934,982	3,542,439
Fund balances, beginning	<u>18,198,597</u>	<u>14,770,215</u>	<u>32,968,812</u>
Fund balances, ending	<u>\$ 17,806,054</u>	<u>\$ 18,705,197</u>	<u>\$ 36,511,251</u>



# CITY OF EL CAJON

## NONMAJOR SPECIAL REVENUE FUNDS

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

### ***Gas Tax***

This fund accounts for gas tax revenues from the State and expended for construction and maintenance of City streets and street infrastructure.

### ***Transit***

This fund accounts for Transportation Development Act (TDA) Article 4 monies allocated by the San Diego Association of Governments (SANDAG) to be used for support of public transportation systems and aid to public transportation research and projects.

### ***Federal/County Asset Forfeiture***

This fund accounts for revenues from assets seized primarily from illegal narcotics activity to be used to supplement law enforcement activities.

### ***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.

### ***Housing In-Lieu Fees***

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

### ***State CASP***

This fund accounts for fees collected with business license applications and renewals as mandated by State (Assembly Bill 1379) for the Certified Access Specialist Program (CASP).

### ***Community Development Block Grant (CDBG)***

This fund accounts for federal grants used for public services and programs and public facilities projects which benefit citizens with special needs such as seniors, people with disability and low and moderate income households.

### ***HOME***

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

### ***Various Donations***

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

**CITY OF EL CAJON**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2021**

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
<b>ASSETS</b>				
Cash and investments	\$ 3,523,728	\$ 612,526	\$ 158,566	\$ 401,282
Receivables:				
Interest	10,481	1,827	472	1,465
Intergovernmental	-	-	-	-
Taxes	-	-	-	41,837
Loans	-	-	-	-
Total assets	<u>\$ 3,534,209</u>	<u>\$ 614,353</u>	<u>\$ 159,038</u>	<u>\$ 444,584</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 57,476	\$ 9,596	\$ -	\$ 9,115
Accrued liabilities	6,107	19	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>63,583</u>	<u>9,615</u>	<u>-</u>	<u>9,115</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
<b>Restricted:</b>				
Animal shelter operations	-	-	-	-
Animal shelter project	-	-	-	-
Community development	-	-	-	-
Loans receivable	-	-	-	-
Public safety	-	-	159,038	435,469
Public works projects	-	604,738	-	-
Streets projects	3,470,626	-	-	-
Total fund balances	<u>3,470,626</u>	<u>604,738</u>	<u>159,038</u>	<u>435,469</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,534,209</u>	<u>\$ 614,353</u>	<u>\$ 159,038</u>	<u>\$ 444,584</u>



Housing In-Lieu Fees	Budgeted			Unbudgeted	
	State CASP	Community Development Block Grant	HOME	Various Donations	Total Nonmajor Special Revenue Funds
\$ 312,462	\$ 86,772	\$ -	\$ 1,238,487	\$ 311,435	\$ 6,645,258
922	-	-	3,148	-	18,315
-	-	216,065	4,132	-	220,197
-	-	-	-	-	41,837
-	-	287,807	10,951,201	-	11,239,008
<u>\$ 313,384</u>	<u>\$ 86,772</u>	<u>\$ 503,872</u>	<u>\$ 12,196,968</u>	<u>\$ 311,435</u>	<u>\$ 18,164,615</u>
\$ -	\$ 247	\$ 93,290	\$ 2,387	\$ -	\$ 172,111
-	-	1,187	488	-	7,801
-	-	123,909	-	-	123,909
-	247	218,386	2,875	-	303,821
-	-	-	54,740	-	54,740
-	-	-	54,740	-	54,740
-	-	-	-	41,549	41,549
-	-	-	-	266,637	266,637
313,384	86,525	-	1,242,892	3,249	1,646,050
-	-	285,486	10,896,461	-	11,181,947
-	-	-	-	-	594,507
-	-	-	-	-	604,738
-	-	-	-	-	3,470,626
<u>313,384</u>	<u>86,525</u>	<u>285,486</u>	<u>12,139,353</u>	<u>311,435</u>	<u>17,806,054</u>
<u>\$ 313,384</u>	<u>\$ 86,772</u>	<u>\$ 503,872</u>	<u>\$ 12,196,968</u>	<u>\$ 311,435</u>	<u>\$ 18,164,615</u>

# CITY OF EL CAJON

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the fiscal year ended June 30, 2021

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
<b>REVENUES</b>				
Intergovernmental	\$ 2,297,919	\$ 100,314	\$ -	\$ 473,884
Fines and forfeitures	-	-	6,961	-
Charges for services	-	-	-	-
Use of money and property	(9,816)	197	(768)	(1,017)
Other	-	-	-	50,000
Total revenues	2,288,103	100,511	6,193	522,867
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	36,021	15,925
Public works	2,623,250	80,560	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	203,868
Capital lease	-	-	-	-
Interest	-	-	-	35,372
Principal	-	-	-	197,035
Total expenditures	2,623,250	80,560	36,021	452,200
Excess (deficiency) of revenues over (under) expenditures	(335,147)	19,951	(29,828)	70,667
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets	-	-	-	-
Transfers out	(79,691)	-	-	(160,000)
Total other financing (uses)	(79,691)	-	-	(160,000)
Net change in fund balances	(414,838)	19,951	(29,828)	(89,333)
Fund balances, beginning	3,885,464	584,787	188,866	524,802
Fund balances, ending	\$ 3,470,626	\$ 604,738	\$ 159,038	\$ 435,469

<u>Budgeted</u>				<u>Unbudgeted</u>	
<u>Housing In-Lieu Fees</u>	<u>State CASP</u>	<u>Community Development Block Grant</u>	<u>HOME</u>	<u>Various Donations</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 929,379	\$ 92,887	\$ -	\$ 3,894,383
-	-	-	-	-	6,961
-	28,100	-	-	-	28,100
(25)	-	-	128,189	-	116,760
-	-	-	2,195	-	52,195
<u>(25)</u>	<u>28,100</u>	<u>929,379</u>	<u>223,271</u>	<u>-</u>	<u>4,098,399</u>
-	-	-	-	-	51,946
-	-	-	-	-	2,703,810
-	6,808	1,730,627	101,858	-	1,839,293
-	-	-	-	-	203,868
-	-	-	-	-	35,372
-	-	-	-	-	197,035
<u>-</u>	<u>6,808</u>	<u>1,730,627</u>	<u>101,858</u>	<u>-</u>	<u>5,031,324</u>
<u>(25)</u>	<u>21,292</u>	<u>(801,248)</u>	<u>121,413</u>	<u>-</u>	<u>(932,925)</u>
-	-	1,060,000	-	-	1,060,000
-	(1,264)	(278,663)	-	-	(519,618)
-	(1,264)	781,337	-	-	540,382
(25)	20,028	(19,911)	121,413	-	(392,543)
<u>313,409</u>	<u>66,497</u>	<u>305,397</u>	<u>12,017,940</u>	<u>311,435</u>	<u>18,198,597</u>
<u>\$ 313,384</u>	<u>\$ 86,525</u>	<u>\$ 285,486</u>	<u>\$ 12,139,353</u>	<u>\$ 311,435</u>	<u>\$ 17,806,054</u>

**CITY OF EL CAJON**  
**Gas Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the fiscal year ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 2,659,466	\$ 2,659,466	\$ 2,297,919	\$ (361,547)
Use of money and property	-	-	(9,816)	(9,816)
Total revenues	<u>2,659,466</u>	<u>2,659,466</u>	<u>2,288,103</u>	<u>(371,363)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	2,985,787	2,985,787	2,623,250	362,537
Capital outlay	45,200	45,200	-	45,200
Total expenditures	<u>3,030,987</u>	<u>3,030,987</u>	<u>2,623,250</u>	<u>407,737</u>
Deficiency of revenues (under) expenditures	<u>(371,521)</u>	<u>(371,521)</u>	<u>(335,147)</u>	<u>36,374</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(264,500)	(264,500)	(79,691)	184,809
Total other financing sources (uses)	<u>(264,500)</u>	<u>(264,500)</u>	<u>(79,691)</u>	<u>184,809</u>
Net change in fund balance	(636,021)	(636,021)	(414,838)	221,183
Fund balance, beginning	<u>3,885,464</u>	<u>3,885,464</u>	<u>3,885,464</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,249,443</u>	<u>\$ 3,249,443</u>	<u>\$ 3,470,626</u>	<u>\$ 221,183</u>

**CITY OF EL CAJON**  
**Transit Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the fiscal year ended June 30, 2021**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 97,392	\$ 97,392	\$ 100,314	\$ 2,922
Use of money and property	-	-	197	197
Total revenues	<u>97,392</u>	<u>97,392</u>	<u>100,511</u>	<u>3,119</u>
<b>EXPENDITURES</b>				
Current:				
Public works	106,575	106,575	80,560	26,015
Capital outlay	-	-	-	-
Total expenditures	<u>106,575</u>	<u>106,575</u>	<u>80,560</u>	<u>26,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,183)</u>	<u>(9,183)</u>	<u>19,951</u>	<u>29,134</u>
Net change in fund balance	(9,183)	(9,183)	19,951	29,134
Fund balance, beginning	<u>584,787</u>	<u>584,787</u>	<u>584,787</u>	<u>-</u>
Fund balance, ending	<u>\$ 575,604</u>	<u>\$ 575,604</u>	<u>\$ 604,738</u>	<u>\$ 29,134</u>

**CITY OF EL CAJON**  
**Federal/County Asset Forfeiture Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the fiscal year ended June 30, 2021**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 31,000	\$ 31,000	\$ 6,961	\$ (24,039)
Use of money and property	1,000	1,000	(768)	(1,768)
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>6,193</u>	<u>(25,807)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	67,850	67,850	36,021	31,829
Total expenditures	<u>67,850</u>	<u>67,850</u>	<u>36,021</u>	<u>31,829</u>
Deficiency of revenues (under) expenditures	<u>(35,850)</u>	<u>(35,850)</u>	<u>(29,828)</u>	<u>6,022</u>
Net change in fund balance	(35,850)	(35,850)	(29,828)	6,022
Fund balance, beginning	<u>188,866</u>	<u>188,866</u>	<u>188,866</u>	<u>-</u>
Fund balance, ending	<u>\$ 153,016</u>	<u>\$ 153,016</u>	<u>\$ 159,038</u>	<u>\$ 6,022</u>

**CITY OF EL CAJON**  
**Local Public Safety Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the fiscal year ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 408,800	\$ 408,800	\$ 473,884	\$ 65,084
Use of money and property	-	-	(1,017)	(1,017)
Other	-	-	50,000	50,000
Total revenues	<u>408,800</u>	<u>408,800</u>	<u>522,867</u>	<u>114,067</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	37,500	37,500	15,925	21,575
Capital outlay	211,500	251,500	203,868	47,632
Debt Service:				
Interest	35,517	35,517	35,372	145
Principal	196,890	196,890	197,035	(145)
Total expenditures	<u>481,407</u>	<u>521,407</u>	<u>452,200</u>	<u>69,207</u>
Excess of revenues over expenditures	<u>(72,607)</u>	<u>(112,607)</u>	<u>70,667</u>	<u>183,274</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net change in fund balance	(232,607)	(272,607)	(89,333)	183,274
Fund balance, beginning	<u>524,802</u>	<u>524,802</u>	<u>524,802</u>	<u>-</u>
Fund balance, ending	<u>\$ 292,195</u>	<u>\$ 252,195</u>	<u>\$ 435,469</u>	<u>\$ 183,274</u>

**CITY OF EL CAJON**  
**Housing In-Lieu Fees Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the fiscal year ended June 30, 2021**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ (25)	\$ (25)
Total revenues	<u>-</u>	<u>-</u>	<u>(25)</u>	<u>(25)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(303,000)	(303,000)	-	303,000
Total other financing sources	<u>(303,000)</u>	<u>(303,000)</u>	<u>-</u>	<u>303,000</u>
Net change in fund balance	(303,000)	(303,000)	(25)	302,975
Fund balance, beginning	<u>313,409</u>	<u>313,409</u>	<u>313,409</u>	<u>-</u>
Fund balance, ending	<u>\$ 10,409</u>	<u>\$ 10,409</u>	<u>\$ 313,384</u>	<u>\$ 302,975</u>



# CITY OF EL CAJON

## State Certified Access Specialist Program (CASP) Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 26,000	\$ 26,000	\$ 28,100	\$ 2,100
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>28,100</u>	<u>2,100</u>
<b>EXPENDITURES</b>				
Current:				
Community development	26,740	26,740	6,808	19,932
Total expenditures	<u>26,740</u>	<u>26,740</u>	<u>6,808</u>	<u>19,932</u>
Excess of revenues over expenditures	<u>(740)</u>	<u>(740)</u>	<u>21,292</u>	<u>22,032</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,170)	(1,170)	(1,264)	(94)
Total other financing sources (uses)	<u>(1,170)</u>	<u>(1,170)</u>	<u>(1,264)</u>	<u>(94)</u>
Net change in fund balance	(1,910)	(1,910)	20,028	21,938
Fund balance, beginning	<u>66,497</u>	<u>66,497</u>	<u>66,497</u>	<u>-</u>
Fund balance, ending	<u>\$ 64,587</u>	<u>\$ 64,587</u>	<u>\$ 86,525</u>	<u>\$ 21,938</u>

# CITY OF EL CAJON

## Community Development Block Grant (CDBG) Special Revenue Fund <sup>1</sup> Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 2,373,747	\$ 4,408,950	\$ 929,379	\$ (3,479,571)
Total revenues	<u>2,373,747</u>	<u>4,408,950</u>	<u>929,379</u>	<u>(3,479,571)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	1,549,640	3,089,700	1,730,627	1,359,073
Total expenditures	<u>1,549,640</u>	<u>3,089,700</u>	<u>1,730,627</u>	<u>1,359,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>824,107</u>	<u>1,319,250</u>	<u>(801,248)</u>	<u>(2,120,498)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	1,060,000	1,060,000
Transfers out	(824,107)	(2,054,859)	(278,663)	1,776,196
Total other financing sources	<u>(824,107)</u>	<u>(2,054,859)</u>	<u>781,337</u>	<u>2,836,196</u>
Net change in fund balance	-	(735,609)	(19,911)	715,698
Fund balance, beginning	<u>305,397</u>	<u>305,397</u>	<u>305,397</u>	<u>-</u>
Fund balance, ending	<u>\$ 305,397</u>	<u>\$ (430,212)</u>	<u>\$ 285,486</u>	<u>\$ 715,698</u>

<sup>1</sup> Actual amounts presented reflect the full revenues and expenditures of the Community Development Block Grant Fund on a budgetary basis that include both loan repayments and disbursements. Pursuant to GAAP basis, these amounts are considered an increase or reduction in the loan receivable as presented in the Combining Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis) for Nonmajor Special Revenue Funds on pages 122 and 123.

# CITY OF EL CAJON

## HOME Special Revenue Fund <sup>1</sup>

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

#### Budget and Actual

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 646,351	\$ 646,351	\$ 92,888	\$ (553,463)
Use of money and property	-	-	128,189	128,189
Other	-	-	544,120	544,120
Total revenues	<u>646,351</u>	<u>646,351</u>	<u>765,197</u>	<u>118,846</u>
<b>EXPENDITURES</b>				
Current:				
Community development	646,351	646,351	66,398	579,953
Total expenditures	<u>646,351</u>	<u>646,351</u>	<u>66,398</u>	<u>579,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>698,799</u>	<u>698,799</u>
Net change in fund balance	-	-	698,799	698,799
Fund balance, beginning	<u>12,017,940</u>	<u>12,017,940</u>	<u>12,017,940</u>	<u>-</u>
Fund balance, ending	<u>\$ 12,017,940</u>	<u>\$ 12,017,940</u>	<u>\$ 12,716,739</u>	<u>\$ 698,799</u>

<sup>1</sup> Actual amounts presented reflect the full revenues and expenditures of the HOME Fund on a budgetary basis that include both loan repayments and disbursements. Pursuant to GAAP basis, these amounts are considered an increase or reduction in the loan receivable as presented in the Combining Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis) for Nonmajor Special Revenue Funds on pages 122 and 123.



# CITY OF EL CAJON

## NONMAJOR CAPITAL PROJECTS FUNDS

**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.

Appropriations in the capital project funds are entirely project based, as opposed to fiscal year based. Once approved by City Council, the project's scope and budget remain in effect until the project is completed or cancelled. Since annual budgets are not adopted for the capital project funds, budgetary comparison schedules are not presented because comparison of the budgetary amounts to actual revenues and expenditures is not meaningful.

The following are the nonmajor Capital Project Funds used by the City:

### ***City Capital Improvement Program***

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

### ***Parks and Recreation Improvement Grants***

This fund is used to account for state grants to repair and improve City recreational facilities.

### ***Parks Impact Fees***

This fund is used to account for City parks and recreational improvements financed with park impact fees.

### ***Public Works Transportation Projects***

This fund accounts for research, planning, construction, improvement, maintenance, and operation of public streets, highways, and their related public facilities for traffic funded with TransNet (half-percent special sales tax), Specific Street Obligations, Gas Tax, Highway Safety Grants, and other transportation related funding.

### ***Public Safety Facilities***

This fund was established to account for the proceeds resulting from the half-cent sales tax increase for ten years authorized by Proposition O, as approved by votes in November 2004. Expenditures in this fund are restricted for the construction of new public safety facilities including an animal shelter, as well as upgrades to existing fire facilities.

**CITY OF EL CAJON**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2021**

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	<b>City Capital Improvement Program</b>	<b>Parks and Recreation Improvement Grants</b>	<b>Parks Impact Fees</b>	<b>Public Works Transportation Projects</b>
<b>ASSETS</b>				
Cash and investments	\$ 10,444,840	\$ -	\$ 137,914	\$ 4,036,430
Receivables:				
Interest	-	-	407	9,665
Intergovernmental	-	-	-	620,475
Total assets	<u>\$ 10,444,840</u>	<u>\$ -</u>	<u>\$ 138,321</u>	<u>\$ 4,666,570</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 21,645	\$ 581	\$ -	\$ 216,805
Due to other funds	-	5,767	-	-
Total liabilities	<u>21,645</u>	<u>6,348</u>	<u>-</u>	<u>216,805</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	61,633
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,633</u>
<b>FUND BALANCES (DEFICITS)</b>				
<b>Restricted:</b>				
RTCIP impact fee	-	-	-	727,074
RMRA	-	-	-	2,661,639
<b>Assigned:</b>				
Capital projects	10,423,195	-	138,321	999,419
<b>Unassigned</b>				
Total fund balances	<u>10,423,195</u>	<u>(6,348)</u>	<u>138,321</u>	<u>4,388,132</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,444,840</u>	<u>\$ -</u>	<u>\$ 138,321</u>	<u>\$ 4,666,570</u>

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<b>Public Safety Facilities Projects</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ 3,750,847	\$ 18,370,031
11,050	21,122
-	620,475
<u>\$ 3,761,897</u>	<u>\$ 19,011,628</u>
\$ -	\$ 239,031
-	5,767
<u>-</u>	<u>244,798</u>
-	61,633
<u>-</u>	<u>61,633</u>
-	727,074
-	2,661,639
3,761,897	15,322,832
-	(6,348)
<u>3,761,897</u>	<u>18,705,197</u>
<u>\$ 3,761,897</u>	<u>\$ 19,011,628</u>

**CITY OF EL CAJON**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances (Deficit)**  
**Nonmajor Capital Projects Funds**  
**For the fiscal year ended June 30, 2021**

	<b>City Capital Improvement Program</b>	<b>Parks and Recreation Improvement Grants</b>	<b>Parks Impact Fees</b>	<b>Public Works Transportation Projects</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 11,295	\$ 1,726,150
Intergovernmental	-	-	-	2,646,674
Charges for services	-	-	-	79,997
Use of money and property	69,630	-	3	539
Other	-	-	-	147,966
Total revenues	<u>69,630</u>	<u>-</u>	<u>11,298</u>	<u>4,601,326</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Public works	119,015	-	-	1,250,499
Recreation	-	82,456	-	-
Capital outlay	79,721	222,463	21,105	2,369,618
Total expenditures	<u>198,736</u>	<u>304,919</u>	<u>21,105</u>	<u>3,620,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(129,106)</u>	<u>(304,919)</u>	<u>(9,807)</u>	<u>981,209</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,235,000	336,781	-	91,547
Transfers out	(119,082)	-	-	-
Total other financing sources (uses)	<u>3,115,918</u>	<u>336,781</u>	<u>-</u>	<u>91,547</u>
Net change in fund balances	2,986,812	31,862	(9,807)	1,072,756
Fund balances (deficits), beginning	<u>7,436,383</u>	<u>(38,210)</u>	<u>148,128</u>	<u>3,315,376</u>
Fund balances (deficits), ending	<u>\$ 10,423,195</u>	<u>\$ (6,348)</u>	<u>\$ 138,321</u>	<u>\$ 4,388,132</u>



<b>Public Safety Facilities Projects</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ 5,858	\$ 1,743,303
-	2,646,674
-	79,997
(3,480)	66,692
-	147,966
2,378	4,684,632
2,606	2,606
-	1,369,514
-	82,456
146,413	2,839,320
149,019	4,293,896
(146,641)	390,736
-	3,663,328
-	(119,082)
-	3,544,246
(146,641)	3,934,982
3,908,538	14,770,215
\$ 3,761,897	\$ 18,705,197



# CITY OF EL CAJON

## INTERNAL SERVICE FUNDS

**INTERNAL SERVICE FUNDS** are used to account for financing of goods or services provided by one fund, or department, to other funds, or departments, on a cost-reimbursement basis.

### ***Vehicle Maintenance***

This fund accounts for maintenance and operating expenses of the City's automotive and equipment fleets.

### ***Vehicle and Equipment Replacement***

This fund accounts for the replacement of the City's automotive and equipment fleets.

### ***Self Insurance***

This fund accounts for liability insurance premiums, payment of claims and to establish reserves against future claims.

### ***Information Technology Services***

This fund accounts for the 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, 2021**

	<u>Vehicle Maintenance</u>	<u>Vehicle and Equipment Replacement</u>	<u>Self Insurance</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,068,899	\$ 4,373,706	\$ 7,051,890
Cash and investments, restricted	-	-	82,646
Total current assets	<u>1,068,899</u>	<u>4,373,706</u>	<u>7,134,536</u>
Noncurrent assets:			
Capital assets, being depreciated net:			
Machinery and equipment	-	25,219	-
Vehicles	26,916	2,859,925	-
Total noncurrent assets	<u>26,916</u>	<u>2,885,144</u>	<u>-</u>
Total assets	<u>1,095,815</u>	<u>7,258,850</u>	<u>7,134,536</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,709,042	-	569,681
Deferred outflows related OPEB	20,430	-	3,597
Total deferred outflows of resources	<u>1,729,472</u>	<u>-</u>	<u>573,278</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	81,752	-	15,165
Accrued interest payable	15,160	-	5,053
Accrued liabilities	3,820	-	1,267
Claims payable - Due within one year	-	-	500,000
Compensated absences - Due within one year	47,496	-	-
Bonds payable - Due within one year	47,250	-	15,750
Total current liabilities	<u>195,478</u>	<u>-</u>	<u>537,235</u>
Noncurrent liabilities:			
Claims payable - Due in more than one year	-	-	2,956,000
Compensated absences - Due in more than one year	29,379	-	-
Bonds payable	1,375,800	-	458,600
Net pension liability	2,222,381	-	587,862
Net OPEB liability	85,373	-	17,670
Total noncurrent liabilities	<u>3,712,933</u>	<u>-</u>	<u>4,020,132</u>
Total liabilities	<u>3,908,411</u>	<u>-</u>	<u>4,557,367</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related OPEB	17,374	-	3,059
Total deferred inflows of resources	<u>17,374</u>	<u>-</u>	<u>3,059</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,916	2,885,144	-
Unrestricted (deficit)	(1,127,414)	4,373,706	3,147,388
Total net position	<u>\$ (1,100,498)</u>	<u>\$ 7,258,850</u>	<u>\$ 3,147,388</u>

Information Technology Services	Other Post Employment Benefits	Total
\$ 2,584,471	\$ 705,531	\$ 15,784,497
-	-	82,646
2,584,471	705,531	15,867,143
368,653	-	393,872
-	-	2,886,841
368,653	-	3,280,713
2,953,124	705,531	19,147,856
2,278,722	-	4,557,445
23,021	-	47,048
2,301,743	-	4,604,493
71,254	2,100	170,271
20,214	-	40,427
5,607	-	10,694
-	-	500,000
66,362	-	113,858
63,000	-	126,000
226,437	2,100	961,250
-	-	2,956,000
139,067	-	168,446
1,834,400	-	3,668,800
711,677	-	3,521,920
73,916	-	176,959
2,759,060	-	10,492,125
2,985,497	2,100	11,453,375
19,577	-	40,010
19,577	-	40,010
368,653	-	3,280,713
1,881,140	703,431	8,978,251
\$ 2,249,793	\$ 703,431	\$ 12,258,964

# CITY OF EL CAJON

## Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the fiscal year ended June 30, 2021

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance
Operating revenues:			
Charges for services	\$ 2,200,000	\$ -	\$ 3,585,151
Total operating revenues	2,200,000	-	3,585,151
Operating expenses:			
Salaries and benefits	746,872	-	222,100
Materials, services and supplies	1,280,352	32,959	436,042
Insurance claims/premiums	4,202	-	1,769,129
Depreciation	14,180	719,099	-
Total operating expenses	2,045,606	752,058	2,427,271
Operating income (loss)	154,394	(752,058)	1,157,880
Nonoperating revenues (expenses):			
Other revenues	-	-	1,083
Interest expense and fiscal charges	(21,380)	-	(7,127)
Total nonoperating revenues (expenses)	(21,380)	-	(6,044)
Change in net position	133,014	(752,058)	1,151,836
Net position (deficit), beginning	(1,233,512)	8,010,908	1,995,552
Net position (deficit), ending	\$ (1,100,498)	\$ 7,258,850	\$ 3,147,388

<b>Information Technology Services</b>	<b>Other Post Employment Benefits</b>	<b>Total</b>
\$ 3,156,695	\$ 884,906	\$ 9,826,752
<u>3,156,695</u>	<u>884,906</u>	<u>9,826,752</u>
1,178,160	1,069,428	3,216,560
2,148,767	2,500	3,900,620
-	-	1,773,331
108,039	-	841,318
<u>3,434,966</u>	<u>1,071,928</u>	<u>9,731,829</u>
<u>(278,271)</u>	<u>(187,022)</u>	<u>94,923</u>
3,607	-	4,690
<u>(28,507)</u>	<u>-</u>	<u>(57,014)</u>
<u>(24,900)</u>	<u>-</u>	<u>(52,324)</u>
(303,171)	(187,022)	42,599
<u>2,552,964</u>	<u>890,453</u>	<u>12,216,365</u>
<u>\$ 2,249,793</u>	<u>\$ 703,431</u>	<u>\$ 12,258,964</u>

**CITY OF EL CAJON**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2021**

	<b>Vehicle Maintenance</b>	<b>Vehicle and Equipment Replacement</b>	<b>Self Insurance</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from interfund charges	\$ 2,200,000	\$ -	\$ 3,590,485
Payments to suppliers	(1,263,302)	(32,959)	(2,288,534)
Payments to employees	(2,116,070)	-	(985,506)
Net cash provided by (used for) operating activities	<u>(1,179,372)</u>	<u>(32,959)</u>	<u>316,445</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Proceeds from pension obligation bonds	1,423,050	-	474,350
Payments for bond issuance cost on long-term debt	(6,220)	-	(2,073)
Net cash provided by noncapital financing activities	<u>1,416,830</u>	<u>-</u>	<u>472,277</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisitions of vehicles and equipment	-	(307,321)	-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(307,321)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	237,458	(340,280)	788,722
Cash and cash equivalents, beginning	831,441	4,713,986	6,345,814
Cash and cash equivalents, ending	<u>\$ 1,068,899</u>	<u>\$ 4,373,706</u>	<u>\$ 7,134,536</u>
	-	-	-
<b>Reconciliation of cash and cash equivalents at end of year to the Statement of Net Position:</b>			
Cash and investments	\$ 1,068,899	\$ 4,373,706	\$ 7,051,890
Cash and investments, restricted	-	-	82,646
Total cash and cash equivalents at end of year	<u>\$ 1,068,899</u>	<u>\$ 4,373,706</u>	<u>\$ 7,134,536</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 154,394	\$ (752,058)	\$ 1,157,880
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	14,180	719,099	-
Other nonoperating revenue	-	-	1,083
Pension related adjustments	(1,366,326)	-	(455,443)
OPEB related adjustments	(4,673)	-	(824)
Decrease in accounts receivable	-	-	4,252
Increase (decrease) in accounts payable	21,252	-	(76,941)
(Decrease) in accrued liabilities	(11,979)	-	(4,562)
(Decrease) in claims payable	-	-	(309,000)
Increase in compensated absences payable	13,780	-	-
Total adjustments	<u>(1,333,766)</u>	<u>719,099</u>	<u>(841,435)</u>
Net cash provided by (used for) operating activities	<u>\$ (1,179,372)</u>	<u>\$ (32,959)</u>	<u>\$ 316,445</u>



Information Technology Services	Other Post Employment Benefits	Total
\$ 3,160,303	\$ 884,906	\$ 9,835,694
(2,165,246)	(400)	(5,750,441)
(2,991,632)	(1,069,428)	(7,162,636)
<u>(1,996,575)</u>	<u>(184,922)</u>	<u>(3,077,383)</u>
1,897,400	-	3,794,800
(8,294)	-	(16,587)
<u>1,889,106</u>	<u>-</u>	<u>3,778,213</u>
(294,569)	-	(601,890)
<u>(294,569)</u>	<u>-</u>	<u>(601,890)</u>
(402,038)	(184,922)	98,940
<u>2,986,509</u>	<u>890,453</u>	<u>15,768,203</u>
<u>\$ 2,584,471</u>	<u>\$ 705,531</u>	<u>\$ 15,867,143</u>
-	-	-
\$ 2,584,471	\$ 705,531	\$ 15,784,497
-	-	82,646
<u>\$ 2,584,471</u>	<u>\$ 705,531</u>	<u>\$ 15,867,143</u>
\$ (278,271)	\$ (187,022)	\$ 94,923
108,039	-	841,318
3,607	-	4,690
(1,821,767)	-	(3,643,536)
(5,266)	-	(10,763)
-	-	4,252
(16,479)	2,100	(70,068)
(24,307)	-	(40,848)
-	-	(309,000)
37,869	-	51,649
<u>(1,718,304)</u>	<u>2,100</u>	<u>(3,172,306)</u>
<u>\$ (1,996,575)</u>	<u>\$ (184,922)</u>	<u>\$ (3,077,383)</u>



# CITY OF EL CAJON

## FIDUCIARY FUNDS - CUSTODIAL FUNDS

**FIDUCIARY FUNDS - Custodial Funds** are used to account for assets held by the City in a purely custodial capacity for other governments, agencies, or individuals.

### ***Special Assessments***

This fund accounts for the special assessments levied and collected for the Downtown El Cajon Business Improvement District and for the delinquent refuse service fees liened, assessed, and collected for Waste Management.

### ***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 Net Position**  
**Fiduciary Funds - Custodial Funds**  
**June 30, 2021**

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	<u>Special Assessments</u>	<u>Heartland Communications Facility Authority</u>	<u>Heartland Fire Training Authority</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 96,063	\$ 4,607,416	\$ 1,231,908	\$ 5,935,387
Receivables:				
Accounts	7,420	163,994	5,047	176,461
Intergovernmental	-	612,301	825	613,126
Interest	-	13,653	3,564	17,217
Prepaid expenses	-	150,820	-	150,820
Total assets	<u>103,483</u>	<u>5,548,184</u>	<u>1,241,344</u>	<u>6,893,011</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	-	660,277	20,505	680,782
Due to other agencies	<u>103,483</u>	<u>-</u>	<u>-</u>	<u>103,483</u>
Total liabilities	<u>103,483</u>	<u>660,277</u>	<u>20,505</u>	<u>784,265</u>
<b>NET POSITION</b>				
Restricted for:				
Organizations and other agencies	-	4,887,907	1,220,839	6,108,746
Total net position	<u>\$ -</u>	<u>\$ 4,887,907</u>	<u>\$ 1,220,839</u>	<u>\$ 6,108,746</u>

**CITY OF EL CAJON**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Custodial Funds**  
**For the fiscal year ended June 30, 2021**

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	<u>Special Assessments</u>	<u>Heartland Communications Facility Authority</u>	<u>Heartland Fire Training Authority</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions				
Other agencies	\$ -	\$ 3,613,435	\$ 346,820	\$ 3,960,255
Participants	-	-	103,353	103,353
Investment earnings	-	9,506	(610)	8,896
Assessment collections for other agencies	535,696	-	-	535,696
Miscellaneous	-	11,063	9,744	20,807
Total additions	<u>535,696</u>	<u>3,634,004</u>	<u>459,307</u>	<u>4,629,007</u>
<b>DEDUCTIONS</b>				
Payments of assessments to other agencies	536,300	-	-	536,300
Program/project expenses	-	3,289,841	380,252	3,670,093
Total deductions	<u>536,300</u>	<u>3,289,841</u>	<u>380,252</u>	<u>4,206,393</u>
Net change in fiduciary net position	(604)	344,163	79,055	422,614
Net position, beginning	<u>604</u>	<u>4,543,744</u>	<u>1,141,784</u>	<u>5,686,132</u>
Net position, ending	<u>\$ -</u>	<u>\$ 4,887,907</u>	<u>\$ 1,220,839</u>	<u>\$ 6,108,746</u>



# STATISTICAL SECTION



# STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

## ***Financial Trends***

*(Pages 153-157)*

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

## ***Revenue Capacity***

*(Pages 158-164)*

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

## ***Debt Capacity***

*(Pages 165-168)*

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

## ***Demographic and Economic Information***

*(Pages 169-170)*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

## ***Operating Information***

*(Pages 171-174)*

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relates to the services the City provides and the activities it performs.





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

	Fiscal Year									
	2012 (a)	2013	2014	2015 (b)	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Net investment in capital assets	\$ 187,945,040	\$ 193,537,908	\$ 210,077,278	\$ 214,159,409	\$ 218,963,053	\$ 217,482,744	\$ 224,144,319	\$ 229,501,003	\$ 225,818,278	\$ 216,346,514
Restricted	58,728,019	59,087,555	61,853,603	65,833,008	58,121,515	57,960,163	50,168,314	50,726,336	37,057,587	42,836,002
Unrestricted	20,608,443	28,212,027	30,515,904	(104,296,561)	(94,443,051)	(91,791,772)	(97,584,297)	(110,074,824)	(107,090,485)	(107,845,573)
<b>Total governmental activities net position</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>\$ 155,785,380</b>	<b>\$ 151,336,943</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 37,954,007	\$ 37,072,743	\$ 46,121,178	\$ 38,577,875	\$ 36,498,175	\$ 38,505,588	\$ 43,106,240	\$ 41,234,527	\$ 48,223,010	\$ 47,925,951
Restricted	-	-	-	261,645	231,764	264,273	357,552	592,205	592,205	592,205
Unrestricted	19,536,586	18,044,303	6,881,080	14,669,740	21,239,228	19,898,344	18,826,347	22,430,175	17,932,192	20,059,488
<b>Total business-type activities net position</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>\$ 66,747,407</b>	<b>\$ 68,577,644</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 225,899,047	\$ 230,610,651	\$ 256,198,456	\$ 252,737,284	\$ 255,461,228	\$ 255,988,332	\$ 267,250,559	\$ 270,735,530	\$ 274,041,288	\$ 264,272,465
Restricted	58,728,019	59,087,555	61,853,603	66,094,653	58,353,279	58,224,436	50,525,866	51,318,541	37,649,792	43,428,207
Unrestricted	40,145,029	46,256,330	37,396,984	(89,626,821)	(73,203,823)	(71,893,428)	(78,757,950)	(87,644,649)	(89,158,293)	(87,786,085)
<b>Total primary government net position</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>	<b>\$ 222,532,787</b>	<b>\$ 219,914,587</b>

City of El Cajon - Finance Department

(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									
	2012 (a)	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 7,696,562	\$ 9,148,684	\$ 11,388,403	\$ 9,344,953	\$ 8,606,868	\$ 9,205,742	\$ 8,375,482	\$ 8,118,423	\$ 8,360,591	\$ 8,411,073
Public safety	38,633,076	40,578,344	42,919,265	45,235,084	47,292,321	52,741,903	58,123,097	64,202,864	66,478,760	63,835,598
Public works	11,680,268	12,281,575	10,796,564	10,806,104	10,984,725	13,175,937	14,984,088	17,520,996	18,208,412	18,905,842
Recreation	4,697,831	4,622,822	4,958,144	5,526,542	5,526,453	3,242,986	4,916,098	4,602,764	7,294,395	4,900,145
Community development	8,972,209	4,669,220	2,665,013	2,906,824	3,501,648	3,089,380	4,223,953	4,337,787	4,761,873	9,329,987
Interest on long-term debt	2,910,351	987,165	792,604	483,777	174,542	55,909	50,652	43,072	37,833	1,499,559
<b>Total governmental activities expenses</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>105,141,864</b>	<b>106,882,204</b>
<b>Business-type activities:</b>										
Wastewater	16,398,495	17,710,456	17,378,120	15,867,424	16,700,356	19,429,363	17,389,328	20,017,217	23,790,188	21,948,424
<b>Total business-type activities expenses</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>23,790,188</b>	<b>21,948,424</b>
<b>Total primary government expenses</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>\$ 128,932,052</b>	<b>\$ 128,830,628</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,175,685	\$ 2,229,570	\$ 2,416,175	\$ 1,523,652	\$ 1,824,092	\$ 1,653,820	\$ 2,319,957	\$ 2,474,624	\$ 2,889,061	\$ 3,222,477
Public safety	4,758,621	4,145,824	4,956,285	4,580,713	3,829,943	1,714,929	2,018,135	2,203,829	2,591,701	2,181,275
Public works	1,303,160	1,184,869	1,270,454	1,067,571	1,198,740	1,145,382	1,728,558	1,541,113	1,411,722	1,473,695
Recreation	677,070	696,275	1,153,051	992,221	843,635	823,711	679,813	667,450	2,683,986	265,879
Community development	1,128,417	2,166,733	332,193	1,540,318	1,962,232	1,417,215	1,864,899	3,339,544	2,237,967	8,122,977
Operating grants and contributions	9,264,974	6,811,610	6,717,307	6,970,988	6,049,885	6,478,047	7,581,512	6,878,948	6,353,384	8,890,194
Capital grants and contributions	9,396,184	16,162,285	23,453,340	14,847,109	7,468,431	5,625,620	3,819,611	6,755,129	3,966,957	4,650,549
<b>Total governmental activities revenues</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>22,134,778</b>	<b>28,807,036</b>
Business-type activities:										
Wastewater	13,382,226	15,369,359	15,363,078	20,341,567	19,577,156	19,903,017	20,395,530	21,060,708	21,351,388	24,087,595
Charges for services	13,382,226	15,369,359	15,363,078	20,341,567	19,577,156	19,903,017	20,395,530	21,060,708	21,351,388	24,087,595
<b>Total business-type activities revenues</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>	<b>\$ 43,486,166</b>	<b>\$ 52,894,631</b>

(Continued)

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

	Fiscal Year									
	2012 (a)	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense)/revenue										
Governmental activities	\$ (46,886,186)	\$ (38,890,644)	\$ (33,221,188)	\$ (42,780,732)	\$ (52,909,599)	\$ (62,653,133)	\$ (70,660,885)	\$ (74,965,269)	\$ (83,007,086)	\$ (78,075,168)
Business-type activities	(3,016,269)	(2,341,097)	(2,015,042)	4,474,143	2,876,800	473,654	3,006,202	1,043,491	(2,438,800)	2,139,171
<b>Total primary government net expense</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>\$ (85,445,886)</b>	<b>\$ (75,935,997)</b>
<b>General Revenues and Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 27,082,113	\$ 20,468,597	\$ 21,692,259	\$ 21,360,064	\$ 21,396,116	\$ 17,575,902	\$ 18,709,738	\$ 20,147,423	\$ 20,964,049	\$ 22,102,541
Sales taxes	22,466,903	24,328,310	25,367,434	26,056,239	29,493,906	37,559,282	37,163,462	37,055,679	35,936,128	42,005,039
Franchise taxes	4,721,291	4,767,474	4,791,459	5,044,461	5,196,514	5,148,007	5,311,723	5,511,422	5,947,736	6,388,777
Transient lodging taxes	1,046,237	1,057,224	1,138,761	1,330,117	1,378,472	1,408,750	1,613,926	2,116,816	1,794,920	2,126,234
Business license taxes	747,522	768,726	766,515	788,397	775,603	833,371	837,895	843,422	818,288	832,363
Intergovernmental, unrestricted	-	51,550	87,385	828,833	40,931	45,845	54,999	50,668	83,545	76,565
Investment earnings	299,103	179,961	39,032	54,446	599,306	241,282	402,994	2,645,785	3,159,443	92,406
Other	1,531,970	1,352,057	801,775	676,603	703,000	821,817	(356,651)	18,233	(64,158)	2,786
Special item - net gain(loss) on sale	-	(597,018)	-	-	-	-	-	-	-	-
Special item - payment to affected taxing entities	-	-	-	(1,234,000)	-	-	-	-	-	-
Extraordinary gain - net transfer of assets	21,677,883	-	-	54,944	271,412	28,495	-	-	-	-
Transfer in(out)	5,682	69,751	145,863	54,944	59,855,260	63,662,751	63,738,086	66,389,448	68,639,951	73,626,731
<b>Total governmental activities</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>66,389,448</b>	<b>68,639,951</b>	<b>73,626,731</b>
<b>Business-type activities:</b>										
Investment earnings	82,552	24,511	42,103	69,455	187,377	146,614	144,106	879,492	1,093,630	(70,097)
Other	1,465,778	15,015	4,014	5,413,909	1,667,142	107,265	471,626	43,785	3,835,670	(238,837)
Special item - net loss on sale of properties	-	(2,225)	-	-	-	-	-	-	-	-
Transfer in(out)	(5,682)	(69,751)	(145,863)	(54,944)	(271,412)	(28,495)	-	-	-	-
<b>Total business-type activities</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>4,929,300</b>	<b>(308,934)</b>
<b>Total primary government</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>\$ 73,569,251</b>	<b>\$ 73,317,797</b>
<b>Changes in Net Position</b>										
Governmental activities	\$ 32,692,518	\$ 13,555,988	\$ 21,609,295	\$ 12,179,372	\$ 6,945,661	\$ 1,009,618	\$ (6,922,799)	\$ (6,575,821)	\$ (14,367,135)	\$ (4,448,437)
Business-type activities	(1,473,621)	(2,373,547)	(2,114,788)	9,902,563	4,459,907	699,038	3,621,934	1,966,768	2,490,500	1,830,237
<b>Total primary government</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>	<b>\$ (11,876,635)</b>	<b>\$ (2,618,200)</b>

(Concluded)

City of El Cajon - Finance Department

(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**  
**Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	2,331	2,616	1,769	8,379	15,598	7,071	2,507	-	4,330
Committed	10,003,509	10,614,730	11,415,896	12,101,021	13,052,990	13,052,990	13,052,990	15,939,481	15,619,455	2,038,034
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	13,612,686	15,531,197
Unassigned	3,401,384	10,969,345	12,987,788	12,430,127	16,573,355	14,613,935	21,239,581	18,617,202	20,120,759	12,461,966
<b>Total general fund</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>\$ 49,352,900</b>	<b>\$ 53,677,776</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ 4,219	\$ 3,117	\$ 1,234,000	\$ -	\$ 568,839	\$ -	\$ -	\$ -	\$ -
Restricted	32,917,930	31,072,800	31,521,762	33,798,874	31,368,390	31,236,465	34,195,345	35,871,669	35,927,192	40,848,340
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	25,454,019	27,270,420	29,729,317	29,851,850	26,613,467	26,043,452	15,847,758	13,360,745	12,595,367	15,322,832
Unassigned	-	(16,521)	(42,390)	-	(2,250)	(13,157)	(8,343)	(6,348)	(38,210)	(6,348)
<b>Total all other governmental funds</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>\$ 48,484,349</b>	<b>\$ 56,164,824</b>
<b>Total fund balance</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>	<b>\$ 97,837,249</b>	<b>\$ 109,842,600</b>

Source: City of El Cajon - Finance Department

**CITY OF EL CAJON**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes	\$ 64,998,157	\$ 62,523,559	\$ 64,226,217	\$ 64,639,654	\$ 60,540,666	\$ 64,994,212	\$ 65,198,527	\$ 67,830,438	\$ 66,979,234	\$ 75,192,420
Intergovernmental	8,477,915	6,772,809	7,353,362	7,588,943	6,950,884	7,554,839	8,604,212	10,421,364	9,047,131	12,140,641
Licenses and permits	927,820	959,941	1,043,011	1,376,417	1,810,129	1,190,944	1,387,579	1,984,864	1,720,324	1,701,436
Fines and forfeitures	1,073,953	948,898	730,257	707,147	614,923	634,882	685,061	573,407	543,091	370,272
Special assessments	377,558	378,829	385,163	379,048	377,388	368,315	367,458	366,589	366,681	367,954
Charges for services	6,248,868	5,964,400	6,165,821	5,876,605	5,165,405	3,387,982	4,561,823	4,559,913	4,811,503	4,645,205
Use of money and property	1,153,444	994,581	897,274	1,700,784	1,515,971	1,336,554	1,309,683	3,758,860	6,849,675	2,252,063
Other	3,207,720	5,269,805	3,481,182	6,053,602	6,166,811	3,393,023	2,776,383	2,481,587	1,030,115	573,336
<b>Total revenues</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>91,347,754</b>	<b>97,243,327</b>
<b>Expenditures</b>										
General government	7,446,595	8,943,751	11,158,991	8,490,159	8,720,888	7,483,195	5,945,279	6,699,620	7,135,491	14,368,326
Public safety	38,458,168	39,216,674	41,758,874	44,909,375	45,379,458	45,326,731	48,075,169	52,026,698	54,868,132	167,079,011
Public works	5,553,901	5,523,424	5,196,417	5,161,698	5,695,177	9,930,389	11,193,499	12,358,617	12,407,958	22,518,337
Recreation	4,426,742	4,362,631	4,634,936	5,084,634	5,113,117	3,222,345	3,469,092	3,733,382	6,540,475	7,858,891
Community development	5,906,316	5,013,538	2,970,194	2,958,140	3,236,546	3,327,458	3,578,642	3,926,542	4,459,817	13,029,325
Capital outlay	13,997,614	9,054,501	6,443,922	6,269,915	8,907,171	6,982,930	13,555,195	13,551,753	6,173,793	3,684,679
Debt service: principal	1,362,000	2,997,000	7,187,000	7,472,000	7,990,000	176,498	181,423	186,484	191,687	197,035
Debt service: interest & fiscal charges	2,742,813	987,165	792,604	483,777	174,542	55,909	76,147	43,072	18,408	35,372
<b>Total expenditures</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>91,795,761</b>	<b>228,770,976</b>
<b>Excess (deficiency) of revenues over (under) expenditures</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>(448,007)</b>	<b>(131,527,649)</b>
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	-	-	-	-	-	-	-	-	5,810,000
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	137,723,000
Transfers in	30,436,534	11,555,208	16,101,370	15,070,867	12,427,065	5,454,368	3,539,200	10,629,962	5,284,107	3,873,700
Transfers out	(32,542,205)	(11,551,690)	(15,967,585)	(15,029,834)	(12,155,653)	(5,425,873)	(3,539,200)	(10,629,962)	(5,284,107)	(3,873,700)
<b>Total other financing sources (uses)</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>	<b>-</b>	<b>143,533,000</b>
Extraordinary loss	(36,972,442)	-	-	-	-	-	-	-	-	-
Special item - payment to affected taxing entities	-	-	-	(1,234,000)	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 4,465,615</b>	<b>\$ 7,717,656</b>	<b>\$ 4,273,134</b>	<b>\$ 7,533,535</b>	<b>\$ (1,803,310)</b>	<b>\$ 6,383,791</b>	<b>\$ (1,183,720)</b>	<b>\$ (549,146)</b>	<b>\$ (448,007)</b>	<b>\$ 12,005,351</b>
<b>Debt service as percentage of noncapital expenditures</b>	6.23%	5.94%	10.83%	10.67%	10.70%	0.33%	0.36%	0.29%	0.25%	0.10%

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

**CITY OF EL CAJON**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Fiscal Year	Property	Sales and Use		Franchise	Transient Occupancy	Business License	Property Transfer	Other	Total
		(a)	(b)						
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	
2020	20,483,031	35,936,128	5,947,736	1,794,920	818,288	481,018	1,518,113	66,979,234	
2021	21,623,736	42,005,040	6,388,778	2,126,234	832,383	478,805	1,737,445	75,192,420	

**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 (Listed Alphabetically) Current Fiscal Year and Nine Years Ago

Fiscal Year 2021		Fiscal Year 2012	
Business Name	Business Category	Business Name	Business Category
Auto City	Used Automotive Dealers	Best Buy	Electronics/Appliance Stores
Best Buy	Electronics/Appliance Stores	BMW	New Motor Vehicle Dealers
BMW	New Motor Vehicle Dealers	East County Preowned Superstore	Used Automotive Dealers
East County Preowned Superstore	Used Automotive Dealers	El Cajon Ford	New Motor Vehicle Dealers
El Cajon Ford	New Motor Vehicle Dealers	El Cajon Mitsubishi	New Motor Vehicle Dealers
Enterprise Rent A Car	Transportation/Rentals	Enterprise Rent A Car	Transportation/Rentals
Ferguson Enterprises	Plumbing/Electrical Supplies	Ferguson Enterprises	Plumbing/Electrical Supplies
G&M Oil	Service Stations	G P Resources	Service Stations
Genesee Scientific	Medical/Biotech	G&M Oil	Service Stations
Home Depot	Building Materials	Home Depot	Building Materials
Hyundai of El Cajon	New Motor Vehicle Dealers	JC Penney	Department Stores
Inland Kenworth	New Motor Vehicle Dealers	Lexus	New Motor Vehicle Dealers
J & B Materials	Building Materials	Macy's	Department Stores
Lexus	New Motor Vehicle Dealers	Main Street Gas & Mini Mart	Service Stations
Mercedes Benz	New Motor Vehicle Dealers	Mossy Nissan	New Motor Vehicle Dealers
Mossy Nissan	New Motor Vehicle Dealers	Sears	Department Stores
Russell Sigler	Contractors	Soco Group	Service Stations
Subaru of El Cajon	New Motor Vehicle Dealers	Subaru of El Cajon	New Motor Vehicle Dealers
Target	Discount Department Stores	Super Star Stations	Service Stations
Team Kia of El Cajon	New Motor Vehicle Dealers	Target	Discount Department Stores
Toyota Lease Trust	Auto Lease	Team Kia of El Cajon	New Motor Vehicle Dealers
Toyota of El Cajon	New Motor Vehicle Dealers	Toyota of El Cajon	New Motor Vehicle Dealers
Tripton Honda	New Motor Vehicle Dealers	Tripton Honda	New Motor Vehicle Dealers
USA Food Mart	Service Stations	United Oil	New Motor Vehicle Dealers
Walmart	Discount Department Stores	Walmart	Service Stations

Percent of Fiscal Year Total Paid By Top 25 Accounts = 46.06%

Percent of Fiscal Year Total Paid By Top 25 Accounts = 46.99%

**Sources:**

- State Board of Equalization
- California Department of Taxes and Fees Administration
- State Controller's Office
- The HdL Companies

**CITY OF EL CAJON**  
**Taxable Sales by Category**  
**Last Ten Calendar Years**  
**(in thousands of dollars)**

	Calendar Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$ 76,656	\$ 80,630	\$ 83,364	\$ 82,324	\$ 84,241	\$ 86,123	\$ 85,294	\$ 87,675	\$ 86,541	\$ 58,955
General Merchandise	148,864	145,964	147,430	151,929	155,714	154,451	147,400	134,383	119,974	107,241
Food Stores	45,544	45,473	47,891	47,291	45,809	45,374	47,041	47,961	46,271	51,726
Eating and Drinking Places	127,204	133,326	137,793	143,339	150,819	159,558	164,357	173,666	186,546	169,593
Building Materials	185,665	192,786	209,128	230,531	247,753	261,868	272,995	280,374	323,993	296,446
Auto Dealers and Supplies	420,554	500,822	569,150	610,892	696,517	752,207	780,013	751,463	742,782	727,653
Service Stations	387,731	378,912	353,581	339,384	275,627	243,765	267,201	287,686	212,079	140,676
Other Retail Stores	240,927	251,955	264,852	267,323	280,789	286,048	280,452	291,415	295,436	280,236
All Other Outlets	345,541	401,943	431,732	451,971	479,017	508,471	612,843	626,266	667,280	831,376
<b>Total</b>	<b>\$ 1,978,686</b>	<b>\$ 2,131,811</b>	<b>\$ 2,244,921</b>	<b>\$ 2,324,984</b>	<b>\$ 2,416,286</b>	<b>\$ 2,497,865</b>	<b>\$ 2,657,596</b>	<b>\$ 2,680,889</b>	<b>\$ 2,680,902</b>	<b>\$ 2,663,902</b>

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

**Note:** Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of City revenue.



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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other Property</u>	<u>Unsecured Property</u>	<u>Taxable Assessed Value (a)</u>	<u>Change from Prior Year</u>	<u>Direct Tax Rate (b)</u>
2012	\$ 4,564,734	\$ 1,291,942	\$ 421,873	\$ 312,156	\$ 497,007	\$ 7,087,712	-1.70%	0.27601
2013	4,607,898	1,310,579	444,734	334,147	439,823	7,137,181	0.70%	0.27945
2014	4,787,559	1,331,941	443,994	339,905	425,276	7,328,675	2.68%	0.11063
2015	5,108,591	1,368,047	447,675	344,706	400,064	7,669,083	4.64%	0.11052
2016	5,427,999	1,417,330	465,784	349,895	419,799	8,080,807	5.37%	0.11042
2017	5,731,130	1,495,880	472,218	368,216	441,287	8,508,731	5.30%	0.11031
2018	6,166,301	1,539,417	507,733	350,122	426,269	8,989,842	5.65%	0.11052
2019	6,555,644	1,595,490	539,786	377,385	450,730	9,519,035	5.89%	0.11022
2020	6,925,985	1,661,394	570,715	394,050	494,779	10,046,923	5.55%	0.11014
2021	7,387,271	1,728,043	594,413	410,744	505,699	10,626,170	5.77%	0.11012

**Sources:** San Diego County Assessor 2011/12 - 2020/21 Combined Tax Rolls  
HdL, Coren & Cone

**Notes:** (a) Exempt values are not included in the Taxable Assessed Value  
(b) Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013-14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012-13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

**CITY OF EL CAJON**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

	Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
<b>Basic City and County Levy</b>	(a)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<b>Overlapping Tax Rates</b>											
Cajon Valley School - General Bond		0.06084	0.06274	0.08634	0.08294	0.08145	0.08761	0.08477	0.07882	0.07882	0.07882
Grossmont Healthcare District Bond		0.00000	0.02005	0.02005	0.02005	0.02352	0.02352	0.02352	0.02490	0.02490	0.02490
Grossmont Healthcare District Prop G 6-06-06		0.02005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Grossmont Union High Bond		0.06121	0.06103	0.06167	0.06118	0.06053	0.05717	0.06482	0.06704	0.06704	0.06704
Grossmont-Cuyamaca Community College		0.03082	0.03173	0.04752	0.04650	0.04539	0.04671	0.04225	0.04038	0.04038	0.04038
La Mesa Spring Valley Elementary		0.02556	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District		0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Santee Elementary Bond		0.03308	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total Direct &amp; Overlapping Tax Rates</b>	(b)	1.23526	1.17905	1.21908	1.21417	1.21439	1.22747	1.21886	1.21464	1.21464	1.21464
<b>City's Share of 1% Levy per Proposition 13</b>	(c)	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174

**Sources:** San Diego County Assessor 2011/12 - 2020/21 Tax Rate Table  
HdL, Coren & Cone

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

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

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

**CITY OF EL CAJON**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (a)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	46,373	8,793,101	98.57
2020	9,256,244	9,027,399	97.53	82,836	9,110,235	98.42
2021	9,782,316	9,537,408	97.50	-	9,537,408	97.50

**Source:** San Diego County Auditor/Controller, Property Tax Apportionment Report 2020-21

**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 2021			Fiscal Year 2012		
	Taxable Value	Rank	Percent of City Total Taxable Value	Taxable Value	Rank	Percent of City Total Taxable Value
Star-West Parkway Mall L P	\$ 251,274,655	1	2.36%			
G K N Aerospace Chem-Tronics Inc	96,973,410	2	0.91%	\$ 51,899,305	3	0.73%
B9 MF 1250 Petree St LLC	86,670,934	3	0.82%			
Lysinger 1999 Trust 10-22-03	47,836,125	4	0.45%			
Kaiser Foundation Health Plan Inc	47,687,281	5	0.45%	43,484,966	4	0.61%
Cox Communications California	38,037,447	6	0.36%	22,924,917	10	0.32%
Terraza T I C I LLC	35,359,252	7	0.33%			
Harsch Investment Properties LLC	30,545,694	8	0.29%			
Helif Properties Inc	30,401,715	9	0.29%			
Walmart Real Estate Business Trust	28,709,955	10	0.27%			
Parkway Plaza LP				219,477,958	1	3.10%
Conrad Prebys Trust				86,157,110	2	1.22%
El Cajon Energy Center LLC				36,861,416	5	0.52%
San Diego Forest Park LLC				32,048,191	6	0.45%
Calpeak Power-El Cajon LLC				28,826,668	7	0.41%
Sears Roebuck and Company				26,506,776	8	0.37%
Pacific Gilespie Partners IV LP				25,490,344	9	0.36%
Total Top 10 Taxpayers	693,496,468		6.53%	573,677,651		8.09%
City Total Taxable Value (a)	\$ 10,626,169,520		100.00%	\$ 7,086,663,877		100%

**Sources:** San Diego County Assessor 2011/12 and 2020/21 Combined Tax Rolls and SBE Non Unitary Tax Roll HdL, Coren & Cone

**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 (a)	Per Capita (a)
	Sales Tax Revenue Bonds	Capital Leases	Notes Payable	Pension Obligation Bonds	Obligation Due to San Diego Metro Wastewater	Note Payable to State Water Resources Control Board	Pension Obligation Bonds	Total Primary Government			
2012	\$ 25,195,000	\$ -	\$ 451,000	\$ -	\$ 9,858,817	\$ -	\$ -	\$ -	\$ 35,504,817	1.71%	\$ 353
2013	22,255,000	-	394,000	-	9,858,817	-	-	-	32,507,817	1.56%	324
2014	15,125,000	-	337,000	-	9,858,817	-	-	-	25,320,817	1.23%	250
2015	7,710,000	-	280,000	-	9,858,817	1,308,225	-	-	19,157,042	0.96%	190
2016	-	-	-	-	9,858,817	3,768,749	-	-	13,627,566	0.66%	133
2017	-	1,827,397	-	-	9,858,817	3,871,418	-	-	15,557,632	0.73%	151
2018	-	1,645,974	-	-	9,858,817	7,313,590	-	-	18,818,381	0.85%	178
2019	-	1,459,490	-	-	9,858,817	10,393,396	-	-	21,711,703	0.95%	206
2020	-	1,267,803	-	-	-	9,977,452	-	-	11,245,255	0.46%	108
2021	-	1,070,768	-	141,517,800	-	9,552,774	5,692,200	-	157,833,542	6.09%	1,529

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

**Notes:** (a) See Demographic and Economic Statistics on page 166 for personal income and population data.

Details regarding the City's outstanding debt can be found in Note 5 of the Notes to the Basic Financial Statements on pages 70-74.

**CITY OF EL CAJON**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2021**

	<u>Total Debt</u> <u>06/30/2021</u>	<u>Percent Applicable</u> <u>to City of El Cajon (a)</u>	<u>City's Share of</u> <u>Debt 06/30/2021</u>
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Metropolitan Water District	\$ 26,830,000	0.322%	\$ 86,393
Grossmont-Cuyamaca Community College District	399,720,377	18.563%	74,200,094
Grossmont Union High School District	611,620,166	19.102%	116,831,684
Cajon Valley Union School District	169,617,572	47.025%	79,762,663
La Mesa-Spring Valley School District	13,884,849	8.670%	1,203,816
Santee School District	63,361,524	3.313%	2,099,167
Grossmont Healthcare District	249,978,330	17.528%	43,816,202
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 318,000,019 (b)</b>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT:</b>			
San Diego County General Fund Obligations	\$ 211,585,000	1.799%	\$ 3,806,414
San Diego County Pension Obligation Bonds	400,125,000	1.799%	7,198,249
San Diego County Superintendent of Schools Certificates of Participation	8,585,000	1.799%	154,444
Grossmont-Cuyamaca Community College District General Fund Obligations	33,185,000	19.102%	6,338,999
Cajon Valley Union School District Certificates of Participation	16,287,000	47.025%	7,658,962
La Mesa-Spring Valley School District Certificates of Participation	10,017,723	8.670%	868,537
Santee School District Certificates of Participation	23,099,849	3.313%	765,298
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 26,790,903 (b)</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</b>	<b>\$ 56,680,000</b>	<b>90.402 - 100%</b>	<b>\$ 52,038,887 (b)</b>
<b>TOTAL DIRECT DEBT - City of El Cajon</b>			
Pension Obligation Bonds	\$ 141,517,800	100.000%	\$ 141,517,800
Capital Lease Obligations	1,070,768	100.000%	1,070,768
<b>TOTAL DIRECT DEBT - City of El Cajon</b>			<b>\$ 142,588,568</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 539,418,377</b>
Ratios to 2020-21 Assessed Valuation (in thousands of dollars):			
Total Overlapping Tax and Assessment Debt	\$ 10,626,170		
Total Overlapping General Fund Debt	2.99%		
Overlapping Tax Increment Debt (Successor Agencies)	0.25%		
<b>Total Direct Debt</b>	<b>0.49%</b>		
<b>Combined Total Debt</b>	<b>1.34%</b>		
	<b>5.07%</b>		

**Source:** San Diego County Assessor Data, MuniServices, LLC / an Avenu Insights & Analytics Company

**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**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net assessed valuation	\$ 7,087,712	\$ 7,137,181	\$ 7,328,675	\$ 7,669,083	\$ 8,080,807	\$ 8,508,731	\$ 8,989,842	\$ 9,519,035	\$ 10,046,923	\$ 10,626,170
State legal debt limit (a)	1,063,157	1,070,577	1,099,301	1,150,362	1,212,121	1,276,310	1,348,476	1,427,855	1,507,038	1,593,926
Less amount of debt applicable to the limit: (b)										
Sales Tax Revenue Bonds	25,195	22,255	15,125	7,710	-	-	-	-	-	-
Notes Payable	451	394	337	2,890	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	1,827	1,646	1,459	1,268	1,071
Pension Obligation Bonds										
Total net debt applicable to limit	25,646	22,649	15,462	10,600	-	1,827	1,646	1,459	1,268	141,518
Legal debt margin	\$ 1,037,511	\$ 1,047,928	\$ 1,083,839	\$ 1,139,762	\$ 1,212,121	\$ 1,274,483	\$ 1,346,830	\$ 1,426,396	\$ 1,505,770	\$ 1,451,337
Total net debt applicable to the limit as a percentage of debt limit	2.41%	2.12%	1.41%	0.92%	0.00%	0.14%	0.12%	0.10%	0.08%	8.95%

**Source:** San Diego County Assessor 2011/12 - 2020/21 Combined Tax Rolls  
HdL, Coren & Cone  
City of El Cajon Finance Department

**Not:** (a) State law limits indebtedness for California cities to 15% of the assessed valuation of property within the City.  
(b) Details regarding the City's outstanding debt can be found in Note 5 of the Notes to the Basic Financial Statements on pages 70-74.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>NOTE PAYABLE - STATE WATER RESOURCES CONTROL BOARD</b>										
Wastewater Revenues	\$ -	\$ -	\$ -	\$ -	\$ 21,431,675	\$ 19,985,038	\$ 20,910,132	\$ 21,848,143	\$ 22,350,809	\$ 24,087,595
Less: Operations and Maintenance	-	-	-	-	(12,260,836)	(14,563,908)	(13,833,983)	(14,128,459)	(20,830,199)	(21,948,424)
Net revenues	-	-	-	-	9,170,839	5,421,130	7,076,149	7,719,684	1,520,610	2,139,171
Debt Service										
Principal	-	-	-	-	-	184,664	270,557	467,098	415,943	424,678
Interest	-	-	-	-	-	64,545	86,995	125,107	176,261	167,527
<b>Coverage</b>	-	-	-	-	-	<b>21.75</b>	<b>19.79</b>	<b>13.04</b>	<b>2.57</b>	<b>3.61</b>
<b>REVENUE BONDS (a)</b>										
Sales Tax Revenues	\$ 7,674,879	\$ 8,334,328	\$ 8,447,073	\$ 7,528,077	\$ 126,155	\$ -	\$ 29,487	\$ 7,420	\$ 27,459	\$ 5,858
Debt Service										
Principal	-	2,940,000	7,130,000	7,415,000	-	-	-	-	-	-
Interest	1,008,400	964,300	772,600	466,700	-	-	-	-	-	-
<b>Coverage</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 Revenues	\$ 6,313,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service										
Principal	1,305,000	-	-	-	-	-	-	-	-	-
Interest	1,708,769	-	-	-	-	-	-	-	-	-
Pass-through payments	1,555,164	-	-	-	-	-	-	-	-	-
<b>Coverage</b>	<b>1.38</b>	-	-	-	-	-	-	-	-	-

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

**Notes:** (a) The Sales Tax Revenue Bonds (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**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Calendar Year	Population (a)	Personal Income (in thousands) (b)	Per Capita Personal Income (b)	Unemployment Rate (c)	Median Age (b)	% of Population 25+ with High School Degree (b)	% of Population 25+ with Bachelor's Degree (b)
2011	100,562	\$ 2,071,175	\$ 20,596	13.5%	33.0	79.6%	16.2%
2012	100,460	2,088,061	20,785	9.5%	32.6	78.8%	17.1%
2013	101,256	2,058,940	20,334	8.3%	32.4	78.6%	17.9%
2014	101,003	1,991,880	19,721	9.2%	32.4	78.4%	17.5%
2015	102,337	2,075,352	20,279	7.5%	32.8	79.2%	18.2%
2016	102,803	2,133,683	20,755	6.7%	33.3	80.4%	19.1%
2017	105,557	2,201,499	20,856	6.5%	34.1	81.1%	19.1%
2018	105,559	2,296,327	21,753	3.6%	33.8	82.2%	19.1%
2019	104,393	2,450,181	23,470	3.6%	34.0	83.0%	20.1%
2020	103,243	2,593,529	25,120	12.1%	34.0	84.0%	20.9%

**Source:** HdL, Coren & Cone

**Notes:** (a) Population: California State Department of Finance.

(b) Income, Age, and Education Data: US Census Bureau, most recent American Community Survey.

(c) Unemployment Data: California Employment Development Department.

**CITY OF EL CAJON**  
**Top Ten Employers**  
**Current Fiscal Year and Nine Years Ago**

Business Name	Fiscal Year 2021			Fiscal Year 2012		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Grossmont-Cuyamaca Community College District (a)	2,987	1	6.68%	738	2	1.37%
Cajon Valley Union School District (b)	1,907	2	4.27%	1,670	1	3.11%
GKN Aerospace Chem-Tronics Inc.	800	3	1.79%	617	3	1.15%
Grossmont Union High School District	644	4	1.44%	573	4	1.07%
Taylor Guitars	525	5	1.17%	388	7	0.72%
Avocado Post Acute (formerly Eldorado Care Center)	473	6	1.06%	350	8	0.65%
City of El Cajon	422	7	0.94%	426	6	0.79%
Wal-Mart (2 locations)	409	8	0.91%	440	5	0.82%
San Diego Post-Acute Center	407	9	0.91%			
Home Depot	387	10	0.87%			
Country Hills Post Acute				350	9	0.65%
University Mechanical and Engineering				349	10	0.65%
<b>Total Top 10 Employers</b>	<b>8,961</b>		<b>20.04%</b>	<b>5,901</b>		<b>10.98%</b>
<b>Total City Labor Force</b>	<b>44,700</b>			<b>53,700</b>		

**Source:** MuniServices, LLC /an Avenu Insights & Analytics Company (Results based on direct correspondence with City's local businesses) 2011-12 previously published City of El Cajon Annual Comprehensive Financial Report  
City Labor Force: California Employment Development Department Labor Force Data.

**Notes:** (a) Includes full-time classified and certificated employees in El Cajon only and the district office.  
(b) Includes full-time and part-time classified employees, full-time and part-time certificated employees, certificated administrators, management and supervisory.

**CITY OF EL CAJON**  
**Full-time Equivalent City Government Employees**  
**By Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018 (a)	2019 (b)	2020	2021
<b>General Government</b>										
City Manager	4.50	9.35	9.35	14.20	14.75	3.05	3.85	6.35	6.75	5.50
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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	9.45	11.45	14.00	11.30	11.50	12.40	13.00	15.50	15.09	13.55
Human Resources (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.50	5.00	4.00
Information Technology (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.00	8.00	7.00
Administrative Services (b)	4.40	4.00	4.00	4.00	3.80	16.50	17.00	0.00	0.00	0.00
<b>Police</b>										
Officers	120.00	122.00	122.00	122.00	122.00	122.00	124.00	126.00	126.00	126.00
Civilians	68.70	69.20	69.20	70.20	66.20	66.20	65.20	63.20	64.00	63.00
Animal Control	5.00	5.00	5.00	5.00	5.00	5.00	7.00	7.00	6.00	7.00
<b>Fire</b>										
Firefighters and Officers	73.00	72.00	72.00	72.00	73.00	59.00	56.00	57.00	57.00	58.00
Civilians	2.20	2.20	2.20	2.20	2.20	2.20	2.70	2.70	3.00	3.00
<b>Public Works</b>										
Administration and Engineering	14.63	19.05	14.10	13.80	14.70	14.30	14.40	14.00	13.40	10.70
Traffic and Streets Maintenance	22.65	23.05	24.85	25.05	26.90	22.90	27.95	27.20	26.65	23.45
Parks, Facilities, and Vehicle Maintenance	41.55	44.25	43.10	42.65	40.40	26.65	25.80	25.05	26.20	24.65
Wastewater	31.35	30.25	29.75	30.30	29.70	33.05	33.35	28.25	28.25	30.65
<b>Recreation</b>	14.45	15.00	15.00	16.00	16.00	16.00	41.55	41.55	43.50	43.50
<b>Community Development</b>	20.25	20.5	20.5	18.8	18.9	18.9	21.50	22.00	23.00	19.00
<b>Total</b>	<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>	<u>456.84</u>	<u>444.00</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Community Development</b>										
Building permits issued	1,238	1,376	1,534	1,971	2,016	2,063	2,208	2,501	2,520	1,976
Building inspections conducted	4,337	5,340	2,522	9,529	9,608	5,631	6,919	11,142	9,580	4,500
<b>Police</b>										
Physical arrests	4,513	5,015	5,088	6,589	5,121	4,861	4,754	6,385	6,432	4,208
Traffic violations	9,968	10,915	3,653	3,100	2,953	2,434	2,244	2,003	1,907	1,593
Parking violations	4,049	3,085	2,764	3,191	2,498	2,411	2,443	2,797	2,266	1,955
<b>Animal Control (c)</b>										
Licenses issued	2,290	2,254	2,025	1,985	1,978	1,819	1,679	1,340	1,471	510
Adoptions	1,106	1,112	951	971	816	1,071	1,064	1,054	1,530	491
<b>Fire</b>										
Emergency responses	13,177	11,549	12,087	12,833	13,616	14,462	15,562	15,802	14,993	15,753
Fires extinguished (a)(b)	752	410	368	348	409	279	157	125	360	496
Fires investigated (b)	318	410	368	96	165	38	10	125	360	2
Inspections	3,684	3,921	535	813	632	1,827	1,849	609	106	864
Abatement compliance	580	407	418	2,770	88	146	73	230	228	49
<b>Public works</b>										
Street resurfacing (miles)	3	11	6	5	9	4	5	8	27	19
<b>Recreation</b>										
Facility rentals	346	362	367	334	348	362	378	386	182	8
Classes and other bookings	2,156	1,799	1,704	1,596	1,134	1,218	1,281	1,433	811	3,487
Attendance	195,677	85,574	88,875	113,924	92,871	96,455	100,677	105,226	113,552	117,600
<b>Wastewater</b>										
Average daily sewage transportation (thousands of gallons)	7,809	7,780	7,941	7,728	6,980	7,421	6,458	7,321	7,630	6,420

**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.

(c) As of October 2020, San Diego Humane Society was contracted to provide animal shelter and care services at the El Cajon Animal Shelter.

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<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
Animal shelter	1	1	1	1	1	1	1	1	1	1
Patrol vehicle	56	56	56	56	56	59	59	59	59	59
Undercover vehicles	30	30	30	34	34	31	31	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)	7	7	7	7	4	1	1	1	0	0
<b>Public works</b>										
Streets (miles)	194	194	194	194	194	194	194	194	194	194
Streetlights	2,331	2,352	2,356	2,360	2,360	2,688	2,732	2,732	2,732	2,732
Traffic signals	112	112	112	112	112	112	113	113	113	113

(Continued)

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Parks and recreation</b>										
Acreage	120	120	120	120	120	120	120	120	120	120
Community/recreation centers	6	6	6	6	6	7	7	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	6	6	6	6	6	7	7	7	7	8
Outdoor gym	0	0	0	0	0	2	2	2	2	2
Tennis courts	1	1	1	1	1	1	1	1	1	1
Baseball/Softball diamonds	5	5	5	5	5	5	5	5	5	5
Soccer/Football/Fields	5	5	5	5	5	5	5	5	5	5
Outdoor basketball courts	3	3	3	3	3	3	3	3	3	4
Gymnasiums	4	4	4	4	4	4	4	4	4	4
Swimming pool	1	1	1	1	1	1	1	1	1	1
Skate park/Skate plaza	1	1	1	1	1	2	2	2	2	2
Outdoor multi-use sports area	0	0	0	0	0	0	0	0	0	1
Dog park	1	1	1	1	1	3	3	3	3	4
Amphitheaters	3	3	3	3	3	3	3	3	3	3
Performing arts center	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Sanitary sewers (miles)	195	195	195	195	195	195	195	195	195	195
Storm sewers (miles)	72	72	72	72	72	82	82	82	82	82

(Concluded)

**Source:** City of El Cajon 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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