

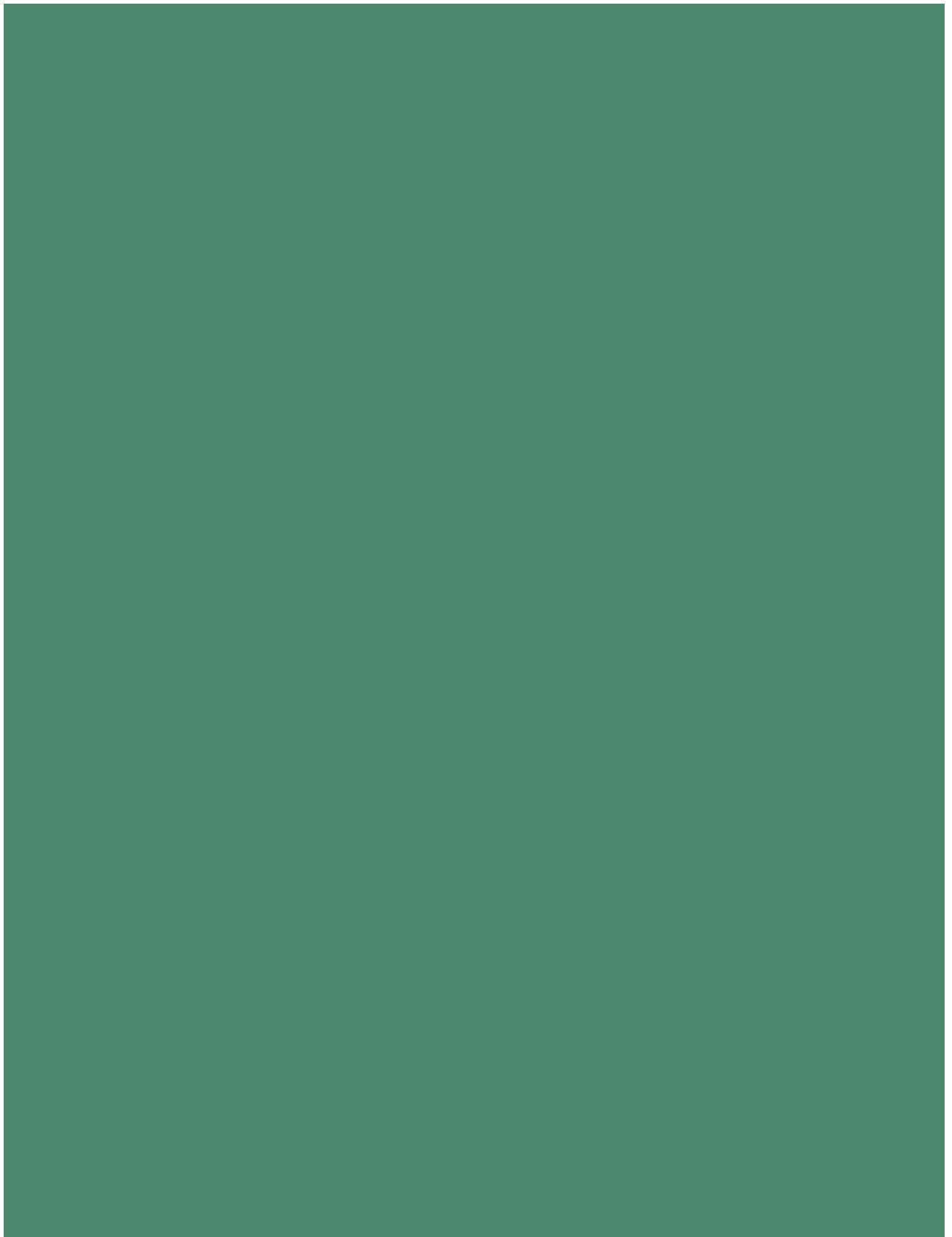
City of El Cajon California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ending June 30, 2022





City of El Cajon, California

Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022



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

Prepared by the Finance Department

CITY OF EL CAJON

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	3
Certificate of Achievement for Excellence in Financial Reporting.....	7
List of Principal Officials	8
Organizational Chart.....	9
Map of the City.....	10

FINANCIAL SECTION

Independent Auditor’s Report.....	13
Management’s Discussion and Analysis (Unaudited)	17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	33
Statement of Activities	34
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	38
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position.....	41
Statement of Revenues, Expenditures and Changes in Fund Balances.....	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	44
Proprietary Funds	
Statement of Net Position	46
Statement of Revenues, Expenses and Changes in Fund Net Position	47
Statement of Cash Flows	48
Fiduciary Funds	
Statement of Fiduciary Net Position.....	50
Statement of Changes in Fiduciary Net Position	51
Notes to the Basic Financial Statements	52
Required Supplementary Information (Unaudited)	
Budgetary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual	
(Budgetary Basis)	
General Fund	98
Low and Moderate Income Housing Major Special Revenue Fund.....	101
Reconciliation of Schedule of Revenues, Expenditures, and Changes in Fund Balances	
Budgetary To GAAP Basis – Major Governmental Funds.....	102
Notes to the Budgetary Information.....	103
Net Pension Liability	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	104
Schedule of Plan Contributions	108
Notes to Required Supplementary Information – Net Pension Liability	109

CITY OF EL CAJON

TABLE OF CONTENTS

FINANCIAL SECTION (continued)

Other Post-Employment Benefits (OPEB)	
Schedule of Changes in the OPEB Liability and Related Ratios	110
Schedule of Plan Contributions - OPEB	111
Notes to Required Supplementary Information - OPEB	112
Supplementary Information	
General Fund	
Balance Sheet (GAAP Basis)	114
Schedule of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis)	115
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
General Fund - Recreation Special Programs	116
General Fund - Magnolia Performing Arts.....	117
Nonmajor Governmental Funds	
Combined Balance Sheet.....	118
Combined Statement of Revenues, Expenditures and Changes in Fund Balances.....	119
Nonmajor Special Revenue Funds	
Combining Balance Sheet.....	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	124
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Gas Tax.....	126
Transit	127
Federal/County Asset Forfeiture	128
Local Public Safety.....	129
Housing In-Lieu Fees	130
State Certified Access Specialist Program	131
Community Development Block Grant.....	132
HOME	133
Nonmajor Debt Service Fund	
Balance Sheet	136
Schedule of Revenues, Expenditures and Changes in Fund Balances.....	137
Nonmajor Capital Projects Fund	
Combining Balance Sheet.....	140
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	142
Internal Service Funds	
Combining Statement of Net Position.....	146
Combining Statement of Revenues, Expenses and Changes in Net Position.....	148
Combining Statement of Cash Flows	150
Fiduciary Funds	
Combining Statement of Fiduciary Net Position.....	154
Combining Statement of Changes in Fiduciary Net Position	155

STATISTICAL SECTION, Unaudited

Financial Trends	
Net Position by Component	159
Changes in Net Position.....	160
Fund Balance of Governmental Funds	162
Changes in Fund Balance of Governmental Funds	163

CITY OF EL CAJON

TABLE OF CONTENTS

STATISTICAL SECTION, Unaudited (continued)

Revenue Capacity	
Tax Revenues by Source, Governmental Funds	164
Principal Sales Tax Producers	165
Taxable Sales by Category	166
Assessed Value of Taxable Property	167
Direct and Overlapping Property Tax Rates	168
Property Tax Levies and Collections	169
Principal Property Tax Payers	170
Debt Capacity	
Ratios of Outstanding Debt by Type	171
Direct and Overlapping Governmental Activities Debt.....	172
Legal Debt Margin Information.....	173
Pledged-Revenue Coverage.....	174
Demographic and Economic Information	
Demographic and Economic Statistics	175
Top Ten Employers.....	176
Operating Information	
Full-time Equivalent City Government Employees by Function/Program	177
Operating Indicators by Function/Program	178
Capital Asset Statistics by Function/Program	179

ACKNOWLEDGEMENTS

This page intentionally left blank



• Incorporated 1912 •

INTRODUCTORY SECTION



INTRODUCTORY SECTION





CITY OF EL CAJON

200 Civic Center Way

• El Cajon, California 92020

March 9, 2023

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 report of the City of El Cajon (“the City”) for the fiscal year ended June 30, 2022.

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, 2022, 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, 2022, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City, incorporated on November 12, 1912, is located in the southern part of the state, just 15 miles due east of San Diego. The City currently occupies a land area of 14.4 square miles and serves a population of 105,638. The City has experienced population growth of approximately 5.2% 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), 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 funds, this comparison is presented in the supplementary section of the accompanying financial statements.

Local Economy

After two tumultuous years affected by the impacts of the Covid-19 pandemic, fiscal year 2021-22 was steady in comparison. After a slow start, economic indicators ended mixed for the year. State Gross Domestic Product (GDP) increased at a 3.8% annual rate for the third quarter 2022, while national GDP grew at 3.2% for the same period. While state-level data has not been released, national GDP ended up 2.1% for the year. Unemployment rates have improved over the year, with the State unemployment rate for December 2022 at 4.1%, compared to 5.8% at the same point last year. For the same period, national unemployment was 3.5%, down from 3.9%.

The Consumer Price Index (CPI) for the San Diego region, measuring from January 2023 to January 2022 was up 6.4%, and similarly up 6.4% nationally. The Federal Open Market Committee has increased the federal funds rate throughout the year to mitigate inflation recently stating, “The Committee anticipates that ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2 percent over time.”

Housing indicators are disappointing, led by privately-owned housing units authorized nationally, which decreased 27.3% from January 2022 to January 2023. Additionally, housing starts decreased 21.4 for the same period; however, completions are up 12.8%.

Sales Tax Revenues – Regular sales tax revenue increased \$2.1 million from the prior fiscal year, a 7.0% increase. This change is primarily attributable to general economic growth and increase in internet sales attributable to the City. The City’s additional district sales tax, known as “Prop J” also increased 11.8%, or \$1.4 million from the previous year.

Property Taxes – Property taxes collected in fiscal year 2021-22 increased 4.1% 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 2021-22 was \$11.0 billion; this represents a 4.1% increase from the prior year. For fiscal year 2022-23, total assessed values grew to \$11.9 billion, an increase of 8.2% from fiscal year 2021-22.

Economic indicators are mixed, with positive employment news and a stabilized, if not slowing, Gross Domestic Product. Inflation and Housing number are discouraging. 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 budgeted expenditures, \$15.9 million at June 30, 2022. Additionally, the general fund had reserves of \$13.0 million for unfunded retirement obligations and \$15.9 million for economic uncertainty. The \$15.9 million unassigned fund balance at June 30, 2022, provides resources for future needs. The city council periodically rebalances these assignments based on anticipated needs, which was done on June 28, 2022. Based on recent analysis and information received to date, general fund revenue and expenditure projections for fiscal year 2022-23 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 \$13.2 million was collected in fiscal year 2021-22 as a result of Proposition J and was vital in maintaining essential services.

Transportation related maintenance and capital projects were primarily funded by Gas Tax, TransNet, and the General Fund. A combined total of \$9.8 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.

The City implemented 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 liability 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, 2021. 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF EL CAJON
List of Principal Officials
Fiscal Year Ended June 30, 2022

MAYOR

Bill Wells

COUNCILMEMBERS

Steve Goble, Deputy Mayor
Gary Kendrick
Michelle Metschel
Phil Ortiz

CITY MANAGER

Graham Mitchell

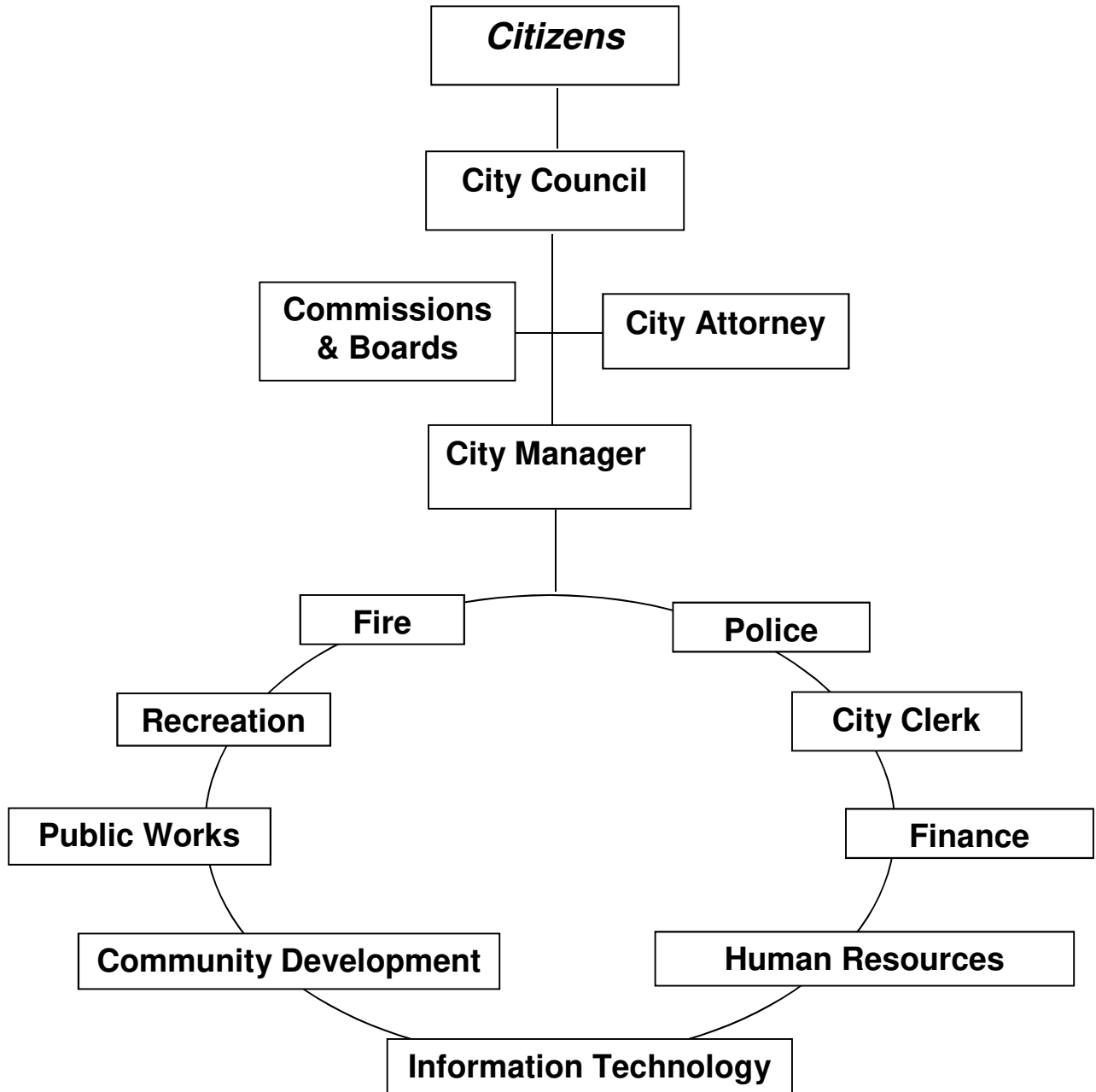
CITY ATTORNEY

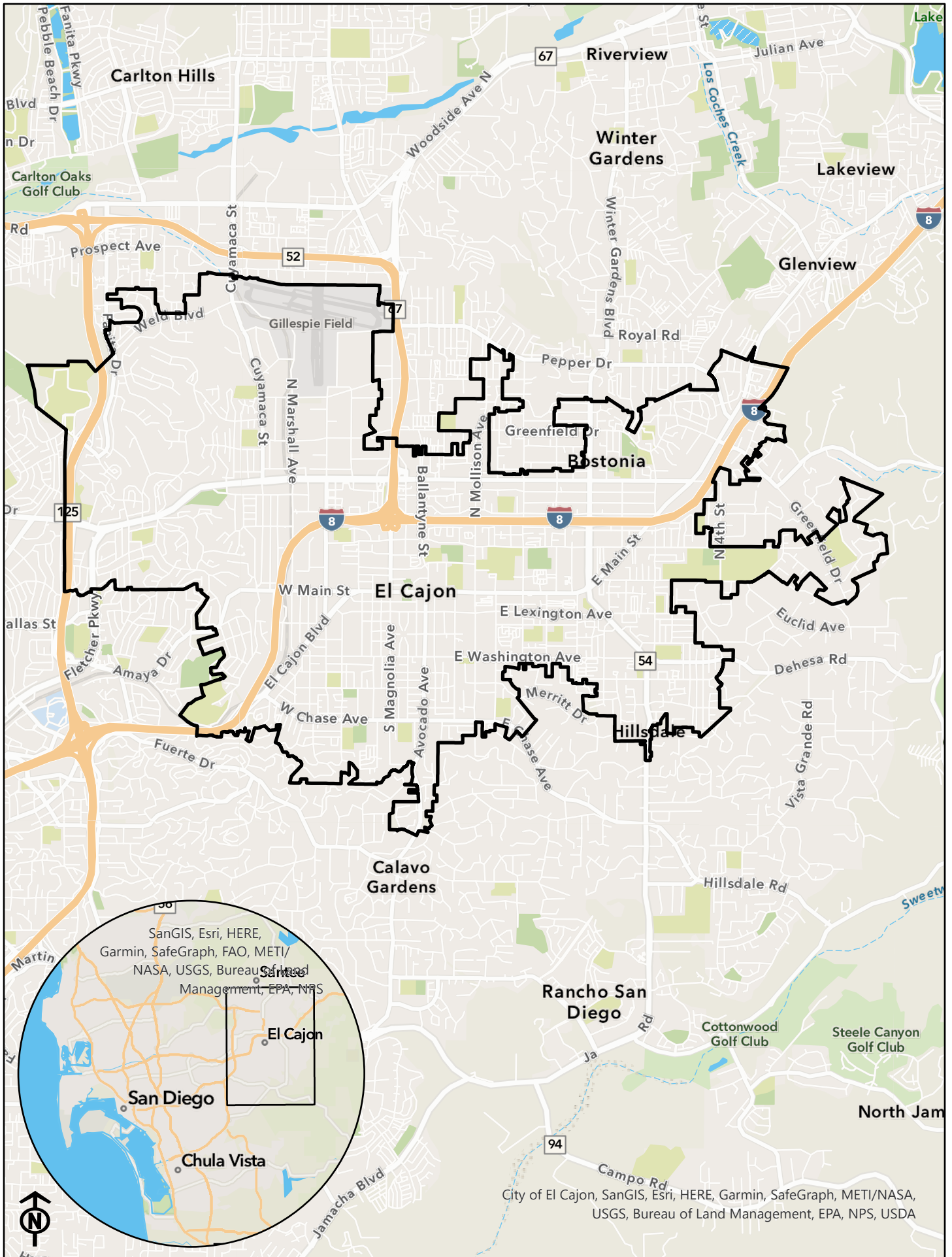
Morgan Foley

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, 2022





FINANCIAL SECTION



FINANCIAL SECTION





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

Independent Auditor's Report

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

PARTNERS

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
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

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, 2022, 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, as of June 30, 2022, 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 March 9, 2023 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
March 9, 2023

This page intentionally left blank



The Valley of Opportunity

•  Incorporated 1912 •

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2022

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, 2022. 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, 2022, the City's total net position was \$242.9 million. Of this amount, governmental activities net position accounts for \$167.7 million and business-type activities total \$75.2 million. The City's overall net position increased by \$23.0 million or 10.5 percent, from the previous fiscal year.
- The increase in the City's total net position corresponds to the changes in the following financial statement elements: (1) total assets of the City increased by \$48.9 million or 10.8 percent primarily due to cash received from the American Rescue Plan Act (ARPA), recognition of leases receivable, and recognition of a net pension asset. The increase was partially offset by a decrease in capital assets of \$3.0 million that is a result of depreciation outpacing replacements; (2) total liabilities of the City decreased by \$196.7 million or 48.7 percent primarily due to the recognition of pension payments from the prior year's pension obligation bond issuance, this increase was partially offset by an increase in unearned revenue from the ARPA; (3) deferred outflows of resources decreased by \$150.3 million and deferred inflows of resources increased by \$72.3 million from the prior fiscal year. Pension and OPEB related items account for the majority of the changes in deferred outflows and inflows of resources with the pension obligation bond proceeds used to pay for pension benefits recognized in the current fiscal year, which resulted in the net pension asset. The deferred inflows of resources related to leases contributed to the increase in the current fiscal year.
- Total government-wide revenues were \$135.3 million, which increased by \$9.4 million or 7.5 percent from the prior fiscal year, mostly due to increased charges for services and unrestricted intergovernmental revenues. Total expenses were \$112.3 million, a decrease of \$16.4 million, or 12.7 percent, from last fiscal year. The expense decreases were incurred in public safety, public works, community development, and wastewater, but were offset by increases in general government, recreation and interest on long-term debt.
- At June 30, 2022, the City's governmental funds reported combined fund balances of \$117.4 million, a \$7.5 million increase from the prior fiscal year. This was primarily due to higher than anticipated sales tax revenue and budgetary savings primarily in Public Works.

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, 2022

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, 2022

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, and Federal, State, and Local Grants Special Revenue Fund. Data from the other 15 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 97 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 113 of this report.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2022

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, 2022, the City's net position totaled \$242.9 million, which represents an overall increase of \$23.0 million from the previous fiscal year. This increase was primarily due to changes related to pensions as related to the prior year issuance of pension obligation bonds. The increase in net position for the Business-type activities resulting from excess revenues over expenses also contributed to the increase in the City's total net position.

The following is the condensed statement of net position for the fiscal years ended June 30, 2022 and 2021.

Condensed Statement of Net Position June 30, 2022 and 2021 (in millions)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current & other assets	\$ 188.2	\$ 148.2	\$ 36.5	\$ 30.4	\$ 224.7	\$ 178.6
Net pension asset	5.8	-	0.1	-	5.9	-
Capital assets, net	212.8	217.4	59.0	57.5	271.8	274.9
Total assets	<u>406.8</u>	<u>365.6</u>	<u>95.6</u>	<u>87.9</u>	<u>502.4</u>	<u>453.5</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>20.3</u>	<u>164.7</u>	<u>1.0</u>	<u>6.9</u>	<u>21.3</u>	<u>171.6</u>
LIABILITIES						
Long-term liabilities	151.1	154.5	15.2	15.7	166.3	170.2
Net pension liability	-	195.7	-	9.2	-	204.9
Net OPEB liability	4.6	4.5	0.4	0.4	5.0	4.9
Other liabilities	32.4	22.7	3.1	0.8	35.5	23.5
Total liabilities	<u>188.1</u>	<u>377.4</u>	<u>18.7</u>	<u>26.1</u>	<u>206.8</u>	<u>403.5</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>71.3</u>	<u>1.6</u>	<u>2.7</u>	<u>0.1</u>	<u>74.0</u>	<u>1.7</u>
NET POSITION						
Net investment in capital assets	211.2	216.3	49.9	47.9	261.1	264.2
Restricted	42.5	42.8	0.6	0.6	43.1	43.4
Unrestricted	(86.0)	(107.8)	24.7	20.1	(61.3)	(87.7)
Total net position	<u>\$ 167.7</u>	<u>\$ 151.3</u>	<u>\$ 75.2</u>	<u>\$ 68.6</u>	<u>\$ 242.9</u>	<u>\$ 219.9</u>

At June 30, 2022, the largest portion of the City's total net position (\$261.1 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, 2022

An additional portion of the City's net position (\$43.1 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, 2022, was a deficit of (\$61.3 million), primarily due to the recognition of long-term liabilities (pension obligation bonds, compensated absences), unearned revenue, and net OPEB liabilities.

The following is the condensed statement of activities for the fiscal years ended June 30, 2022 and 2021.

Condensed Statement of Activities
For the fiscal years ended June 30, 2022 and 2021
(in millions)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 14.0	\$ 15.2	\$ 29.0	\$ 24.1	\$ 43.0	\$ 39.3
Operating grants & contributions	7.4	8.9	-	-	7.4	8.9
Capital grants & contributions	4.5	4.6	-	-	4.5	4.6
General revenues:						
Property taxes	23.5	22.1	-	-	23.5	22.1
Sales taxes	45.5	42.0	-	-	45.5	42.0
Other taxes	10.3	9.3	-	-	10.3	9.3
Intergovernmental	4.6	0.1	-	-	4.6	0.1
Investment earnings	(2.8)	0.1	(0.8)	(0.1)	(3.6)	-
Other	-	-	0.1	(0.2)	0.1	(0.2)
Transfers	0.5	-	(0.5)	(0.2)	-	(0.2)
Total revenues	<u>107.5</u>	<u>102.3</u>	<u>27.8</u>	<u>23.6</u>	<u>135.3</u>	<u>125.9</u>
EXPENSES						
General government	10.1	8.4	-	-	10.1	8.4
Public safety	50.1	63.8	-	-	50.1	63.8
Public works	15.7	18.9	-	-	15.7	18.9
Recreation	8.0	4.9	-	-	8.0	4.9
Community development	3.9	9.3	-	-	3.9	9.3
Interest on long-term debt	3.3	1.5	-	-	3.3	1.5
Wastewater	-	-	21.2	21.9	21.2	21.9
Total expenses	<u>91.1</u>	<u>106.8</u>	<u>21.2</u>	<u>21.9</u>	<u>112.3</u>	<u>128.7</u>
Change in net position	16.4	(4.5)	6.6	1.7	23.0	(2.8)
Net position, beginning	151.3	155.8	68.4	66.9	219.7	222.7
Net position, ending	<u>\$ 167.7</u>	<u>\$ 151.3</u>	<u>\$ 75.0</u>	<u>\$ 68.6</u>	<u>\$ 242.7</u>	<u>\$ 219.9</u>

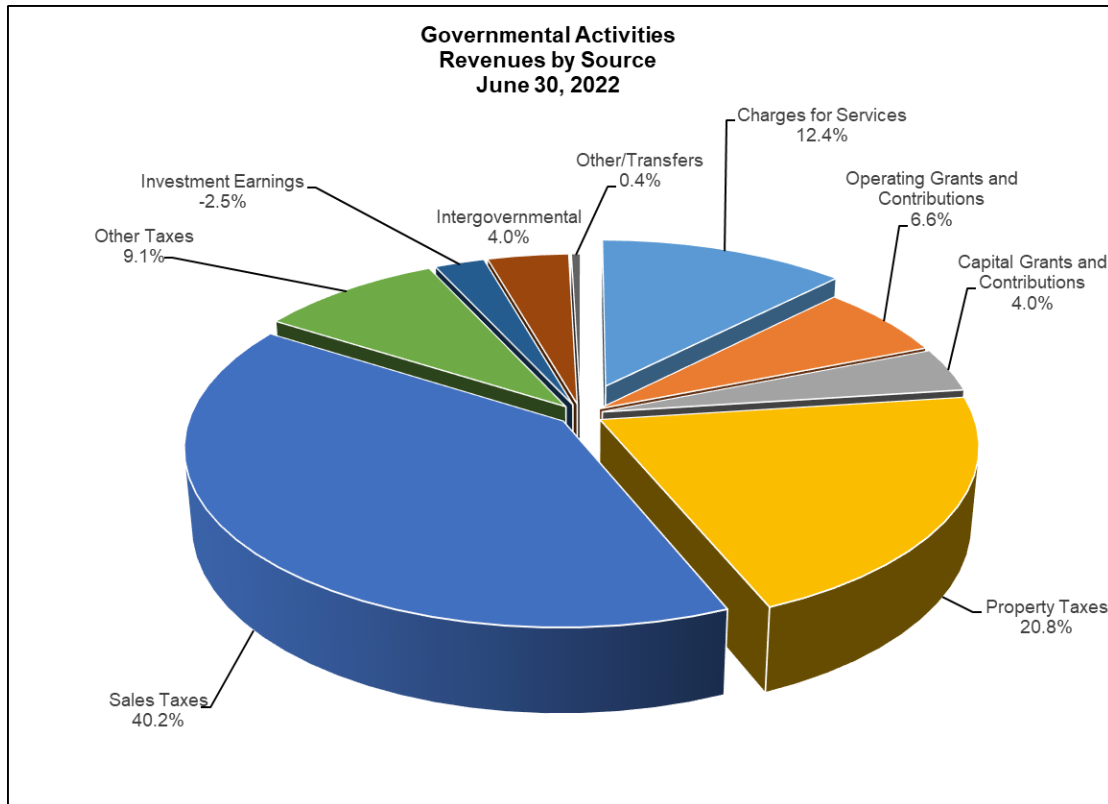
CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2022

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 \$5.2 million, or 5.1 percent from the previous fiscal year. Key elements of this change are as follows:

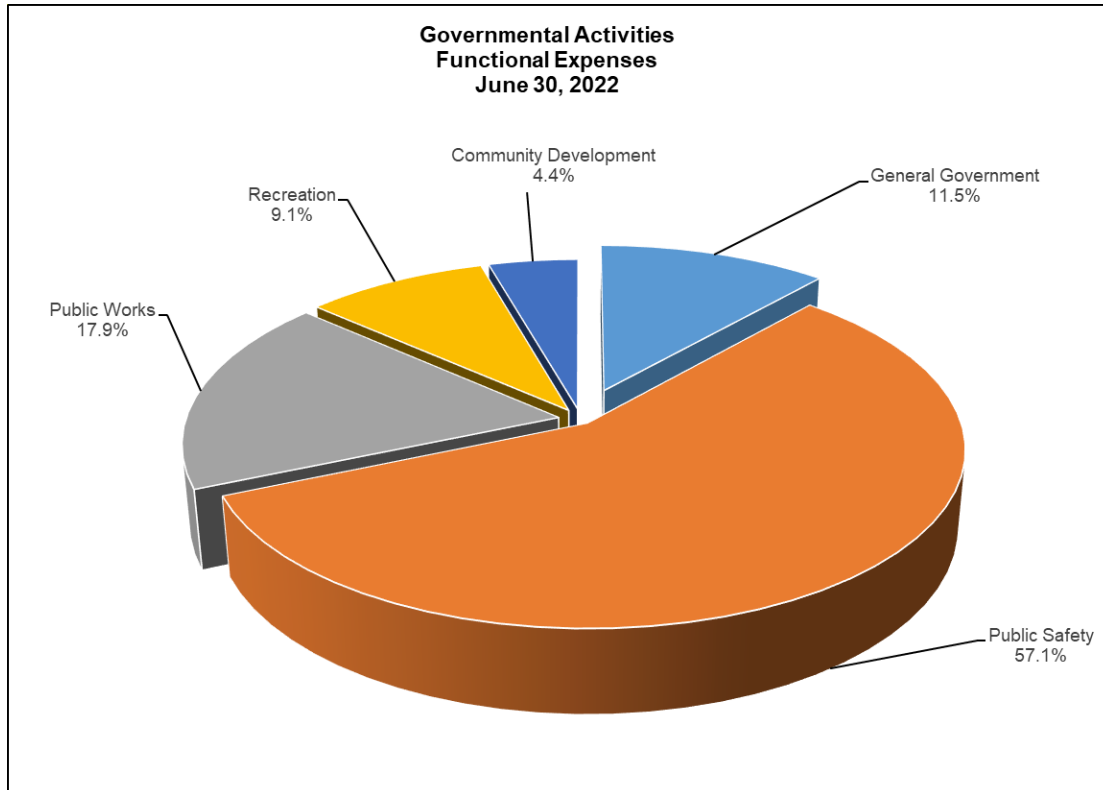
- Sales taxes were \$3.5 million or 8.3 percent higher compared to the prior fiscal year, which is primarily attributable to an increase in sales volume post-pandemic and the cost of items purchased, such as vehicles and construction materials.
- Intergovernmental revenues were higher by \$4.5 million, or 28.8 percent, primarily from the recognition and reclassification of American Rescue Plan Act (ARPA) federal funding.
- Property taxes were \$1.4 million or 6.3 percent higher compared to the prior fiscal year primarily because of a 4.5 percent increase in the assessed values of residential, commercial, and industrial properties.
- Investment earnings decreased by \$2.9 million due to unrealized losses on the City’s investments resulting from fair market value adjustments at June 30, 2022.
- Charges for services decreased by \$1.2 million. This decrease is primarily due to the prior year’s inclusion of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, and to the reclassification of ARPA funds received in the current year compared to the prior year.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2022

Expenses – Over 55 percent of expenses for governmental activities are related to public safety. The chart below shows governmental expenses by function.



Overall governmental expenses decreased by \$15.7 million from the prior fiscal year primarily due to increases in public safety, public works, and community development, partially offset by increases in recreation and interest on long-term debt.

- The primary reason for the decrease is due to a decrease in recognized pension expense as a result of the pension obligation bond proceeds utilized in the prior year for pension contributions.
- Recreation expenses increased primarily resulting from operating expenses from the Magnolia Performing Arts Center that had limited activity during the prior fiscal year due to the pandemic.

Business-type Activities

The City's business-type activity consists solely of the wastewater enterprise fund, which reported a net position of \$75.2 million at June 30, 2022. Wastewater total revenues exceeded total expenses resulting in an increase in the overall net position by \$6.6 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 (\$49.9 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, 2022, the wastewater fund's unrestricted net position was \$24.7 million.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2022

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, 2022, the City's governmental funds reported combined fund balances of \$117.4 million, an increase of \$7.6 million from the prior year. Approximately 14.7 percent of this amount (\$17.2 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 (\$41.7 million), b) committed for economic uncertainty and cash flow reserves (\$16.5 million), and c) assigned for particular purposes (\$42.0 million).

General Fund

The General Fund is the chief operating fund of the City. At the end of the fiscal year, total fund balance was \$62.0 million; of which \$17.3 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 \$76.5 million. Unassigned fund balance represented 22.6 percent of total General Fund expenditures for the year.

The General Fund's fund balance increased by \$8.4 million from the previous fiscal year. Excess of revenues over expenditures was \$15.6 million.

Revenues of the General Fund were \$92.1, which was \$8.4 million higher than the prior year. As mentioned in the preceding section about the government-wide analysis of revenue sources, revenues from sales taxes and property taxes were the primary drivers of this increase. Additionally, an increase in revenue from the Magnolia Performing Arts Center contributed to the increase due to more activity in the current fiscal year compared to the prior year due to the pandemic.

Total General Fund expenditures were \$76.5 million, an increase of \$0.1 million compared to previous fiscal year. Recreation expenditures increased by \$3.2 million primarily due to increased operating expenditures for the Magnolia Performing Arts Center, which was closed for the majority of the prior fiscal year due to Covid-19 restrictions. This increase was offset by reduced expenditures in public safety and public works, which 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, 2022, the LMIHAF had total assets of \$19.2 million, \$11.7 million of which were loans receivable.

The LMIHAF had total revenues of \$0.1 million from investment earnings and interest on loans. Total expenditures were \$0.7 million, which were primarily costs for the rent subsidy at the Lexington Senior Apartments. During the fiscal year, loan repayments of \$0.4 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, 2022

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, 2022, total fund balance was \$1.2 million, and unearned revenues totaled \$25.5 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 \$0.4 million as most of these grants were expenditure driven to be eligible for reimbursement. This fund received \$15.2 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.

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 \$36.6 million at June 30, 2022, a negligible increase from the prior fiscal year. The pension obligation bonds debt service fund was reclassified as a nonmajor fund in fiscal year 2022. There was a significant increase in debt service payments of \$8.5 million due to the principal and interest payments for the pension obligation bonds. This increase in expenditures was offset by other financing sources resulting from funding transfers for the debt service payments.

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 \$4.9 million to \$29.0 million during the fiscal year. Operating expenses totaled \$21.2 million, a \$0.7 million decrease from previous year, primarily due to a decrease in pension expenses recognized in the current year. Nonoperating expenses totaled (\$0.7 million), primarily due to unrealized losses on investments. As of June 30, 2022, the fund's net position increased by \$6.6 million to \$75.2 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 expenses exceeded operating revenues by (\$0.1 million) and total nonoperating revenues were \$0.6 million. The majority of nonoperating revenues were from insurance reimbursements. The total net position of the internal service funds increased to \$12.5 million at June 30, 2022.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

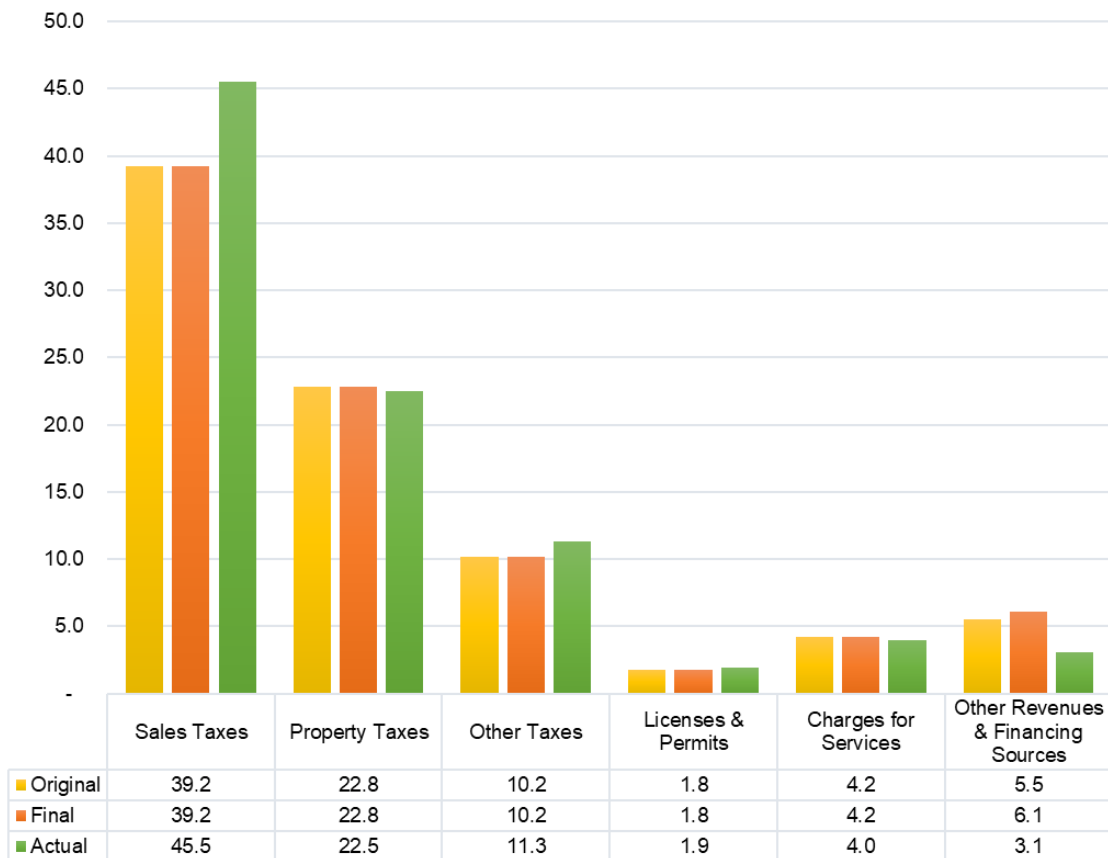
For the fiscal year ended June 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budget for revenues and other financing sources was \$84.2 million and the final budget for expenditures and other financing uses was \$83.8 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 \$4.0 million. Actual sales taxes received exceeded the budgeted amounts by \$6.3 million.

**Comparison of General Fund Revenues
Budget vs. Actual
For the fiscal year ended June 30, 2022
(in millions)**



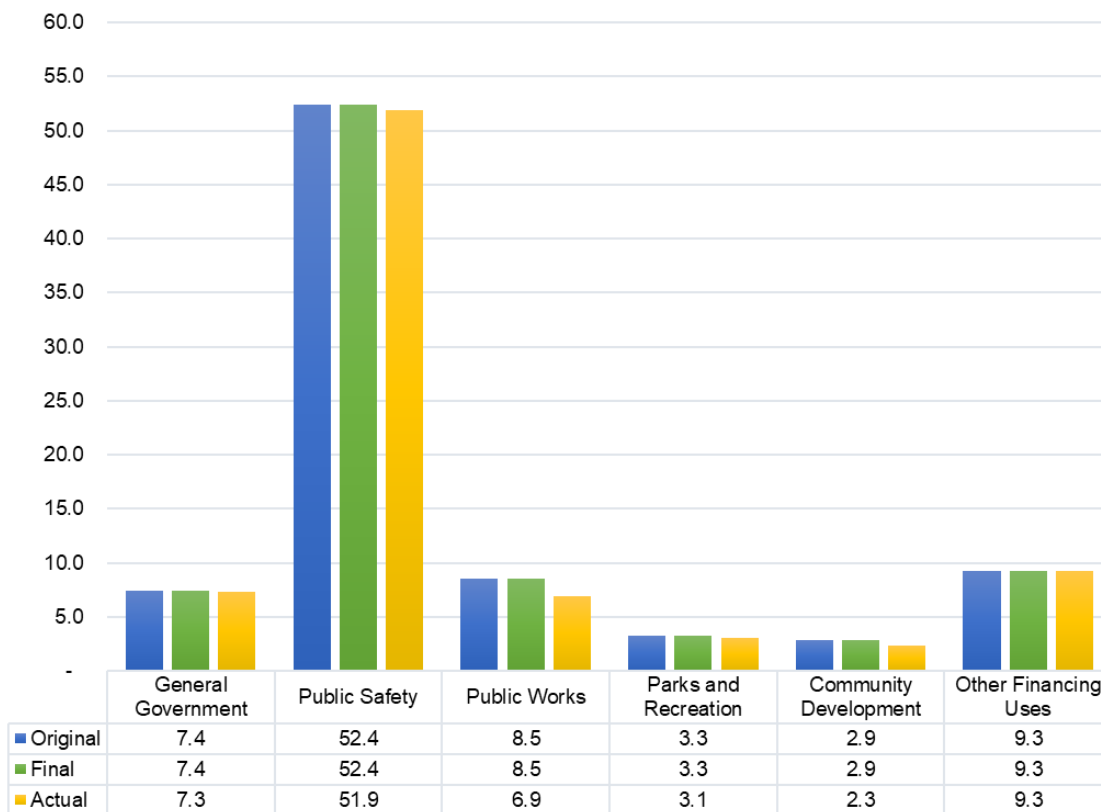
CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2022

Actual expenditures and other financing uses were under the final budget by \$3.0 million. This savings is primarily due to Public Works (\$1.6 million under budget) with all other functions ending the fiscal year under budget. The majority of the Public Works savings is attributable to reduced salary savings due to vacant positions during the year and lower than expected repairs and maintenance costs.

**Comparison of General Fund Expenditures
Budget vs. Actual
For the fiscal year ended June 30, 2022
(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 97.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the City reported capital assets with a carrying value of \$271.8 million, a decrease of \$3.1 million from the prior year. The following table provides a summary of the City's capital assets as of June 30, 2022 and 2021.

City of El Cajon
Capital Assets (net of depreciation)
Comparative Data as of June 30, 2022 and 2021
(in millions)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 21.7	\$ 21.7	\$ 0.1	\$ 0.1	\$ 21.8	\$ 21.8
Rights of way	31.2	31.2	-	-	31.2	31.2
Construction in progress	4.5	1.8	3.9	0.8	8.4	2.6
Use rights	1.6	1.1	-	-	1.6	1.1
Land improvements	1.3	1.9	-	-	1.3	1.9
Buildings & improvements	75.1	78.4	0.1	0.1	75.2	78.5
Machinery, equipment & vehicles	4.8	5.2	1.1	1.0	5.9	6.2
Interest in Mission Gorge Mains	-	-	4.7	4.8	4.7	4.8
Infrastructure	72.6	76.1	49.1	50.7	121.7	126.8
Total	\$ 212.8	\$ 217.4	\$ 59.0	\$ 57.5	\$ 271.8	\$ 274.9

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

- Replacement of wooden mulch with rubber tiles at Bill Beck playground
- Installation of bollards in downtown on Main Street
- Installation of streetlights in various locations throughout the City
- Replacement and upgrades of traffic signals and street lights in various locations throughout the City
- Purchase of an armored vehicle for police, and three new vehicles for wastewater
- Lease of cardiac equipment for fire department use

A number of capital projects were still in progress at fiscal year ended June 30, 2022. Major capital projects in progress that were significant included improvements to City streets, channel drains, sewer pipeline rehabilitation, and the public safety center solar battery storage. These projects added approximately \$5.9 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, 2022

Long-Term Debt

The City's outstanding long-term debt at the end of fiscal years 2022 and 2021 are presented in the schedule below.

City of El Cajon
Long-Term Debt
Comparative Data as of June 30, 2022 and 2021
(in millions)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Pension Obligation Bonds	\$ 136.8	\$ 141.5	\$ 5.5	\$ 5.7	\$ 142.3	\$ 147.2
Leases Payable	1.6	1.1	-	-	1.6	1.1
CA State Water Resources Loan	-	-	9.1	9.6	9.1	9.6
Total	<u>\$ 138.4</u>	<u>\$ 142.6</u>	<u>\$ 14.6</u>	<u>\$ 15.3</u>	<u>\$ 153.0</u>	<u>\$ 157.9</u>

The City entered into a lease agreement as a lessee with Stryker Sales, LLC for cardiac equipment. This lease agreement, as a result of Governmental Accounting Standards Board (GASB) pronouncement 87, resulted in long-term debt as a lease payable.

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 2022-23:

- The FY 2022-23 budget includes \$1.1 million for economic development activities from the General Fund. A significant amount of this allocation is for development agreements entered into over the past few years to facilitate vital development (Courtyard Marriott and new car dealerships—BMW, Honda, and Mercedes Benz). Other monies have been allocated for business development activities related to the City's Opportunity Zones, business attraction effort, redevelopment opportunities, and economic development assessment study. The budget also reflects over \$5.0 million in business assistance programs through the American Rescue Plan funds.
- General Fund revenues and other financing sources are anticipated to increase by \$6.4 million in FY 2022-23 over FY 2021-22. This represents an overall increase of 6.9 percent. The majority of this increase is due to the sales tax growth as a result of the recovering economy.
- General Fund expenditures and other financing uses are anticipated to increase by \$8.4 million, or 10.0 percent, in FY 2022-23 compared to the revised FY 2021-22 budget. The majority of this increase is the expansion of government services provided as a result of the anticipated increase in sales tax performance as well as the planned use of reserves.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2022

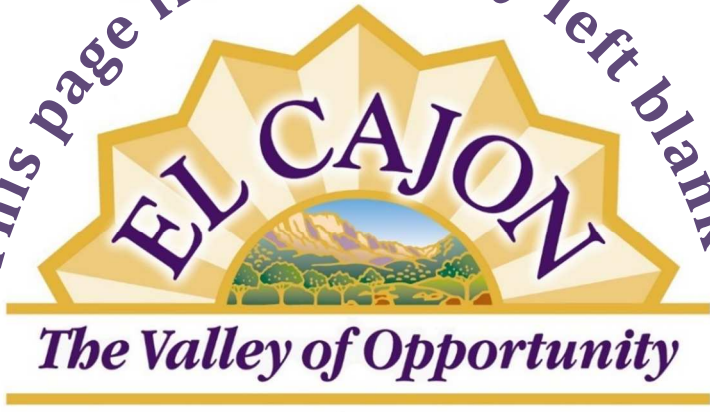
- In March 2021, the American Rescue Plan Act (ARPA) was signed into law. ARPA made significant funding available to municipalities to mitigate the impacts of the public health crisis related to the Covid-19 pandemic. The City of El Cajon was allocated \$30.4 million for this purpose. This funding, first appropriated in Fiscal Year 2021, continues as a significant component of the FY 2022-23 budget.
- The recruitment of Police Officers has been a challenge for many municipalities over the past several years, including the City of El Cajon. Recognizing the problem, and the City Council's strong commitment to public safety, the City implemented a program of employing up to ten additional police officers above standard staffing levels as hiring opportunities emerge. This effort to keep the El Cajon Police Department fully staffed is funded by General Fund reserves, and is anticipated to cost up to \$1.6 million in FY 2022-23.
- The FY 2022-23 budget includes the use of General Fund reserves for display marquees at the City's seven recreation centers. The marquees will promote both center-specific and citywide events via the use of rotating communications. Additional benefits include a centralized system for emergency messaging and promoting City employment opportunities. The anticipated cost for the marquees is up to \$0.4 million in FY 2022-23
- 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 proposed Fiscal Year 2022-23 Annual 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 General Fund ended FY 2021-22 with a fund balance of \$62.0. This reserve balance represents approximately 67.3 percent of the City's FY 2022-23 budgeted General Fund expenditures. The FY 2022-23 budget maintains a strong General Fund reserve. 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.elcajon.gov.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank



• Incorporated 1912 •

CITY OF EL CAJON

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments (note 2)			
Cash and investments	\$ 126,704,022	\$ 34,586,237	\$ 161,290,259
Cash and investments, restricted	1,893,903	592,205	2,486,108
Receivables:			
Accounts, net	285,697	1,258,805	1,544,502
Interest	369,111	107,455	476,566
Intergovernmental	3,375,260	43,311	3,418,571
Leases (note 6)	21,993,767		21,993,767
Taxes	10,117,687	-	10,117,687
Loans (note 3)	23,369,662	-	23,369,662
Prepaid items	40,171	-	40,171
Net pension asset	5,814,574	47,166	5,861,740
Capital assets (note 4):			
Non-depreciable	57,394,182	4,005,840	61,400,022
Amortizable or depreciable	155,400,697	55,005,113	210,405,810
Total assets	406,758,733	95,646,132	502,404,865
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension (note 7)	18,302,753	778,843	19,081,596
Deferred outflows - OPEB (note 9)	1,968,684	184,809	2,153,493
Total deferred outflows of resources	20,271,437	963,652	21,235,089
Combined assets and deferred outflows of resources	427,030,170	96,609,784	523,639,954
LIABILITIES			
Accounts payable	2,516,997	2,536,462	5,053,459
Accrued interest payable	866,764	138,009	1,004,773
Accrued liabilities	2,325,747	152,155	2,477,902
Deposits payable	987,263	331,347	1,318,610
Unearned revenue	25,679,126	29,489	25,708,615
Noncurrent liabilities:			
Due within one year (note 5)	10,281,463	908,140	11,189,603
Due in more than one year:			
Long-term obligations (note 5)	139,537,869	14,284,232	153,822,101
Leases payable	1,286,900	-	1,286,900
Net OPEB liability (note 9)	4,582,362	390,065	4,972,427
Total liabilities	188,064,491	18,769,899	206,834,390
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension (note 7)	47,926,275	2,509,323	50,435,598
Deferred inflows - OPEB (note 9)	1,531,984	143,813	1,675,797
Deferred inflows - related to leases	21,844,925	-	21,844,925
Total deferred inflows of resources	71,303,184	2,653,136	73,956,320
Combined liabilities and deferred inflows of resources	259,367,675	21,423,035	280,790,710
NET POSITION			
Net investment in capital assets	211,216,164	49,891,775	261,107,939
Restricted for:			
Public safety	364,080	-	364,080
Public works	7,537,797	-	7,537,797
Community development	32,747,707	-	32,747,707
Debt service	2	592,205	592,207
Other	1,810,152	-	1,810,152
Unrestricted (deficit)	(86,013,407)	24,702,769	(61,310,638)
Total net position	\$ 167,662,495	\$ 75,186,749	\$ 242,849,244

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 10,112,686	\$ 3,469,892	\$ 1,230	\$ -
Public safety	50,104,115	2,331,565	2,332,780	-
Public works	15,717,977	1,393,173	3,495,562	4,486,931
Recreation	7,957,462	4,127,303	138,734	-
Community development	3,892,396	2,693,437	1,461,590	-
Interest on long-term debt	3,352,189	-	-	-
Total government activities	<u>91,136,825</u>	<u>14,015,370</u>	<u>7,429,896</u>	<u>4,486,931</u>
Business-type activity:				
Wastewater	21,208,600	28,970,040	-	-
Total business-type activity	<u>21,208,600</u>	<u>28,970,040</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 112,345,425</u>	<u>\$ 42,985,410</u>	<u>\$ 7,429,896</u>	<u>\$ 4,486,931</u>

General revenues:
Taxes
 Property taxes
 Sales taxes
 Franchise taxes
 Transient lodging taxes
 Business license taxes
 Intergovernmental (unrestricted)
 Investment earnings
 Gain (loss) on sale of capital assets
 Other
Transfers
Total general revenues

Change in net position

Net position, beginning
Prior period adjustment (note 16)
Net position, beginning restated

Net position, ending

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

**Net (Expenses) Revenues and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (6,641,564)	\$ -	\$ (6,641,564)
(45,439,770)	-	(45,439,770)
(6,342,311)	-	(6,342,311)
(3,691,425)	-	(3,691,425)
262,631	-	262,631
(3,352,189)	-	(3,352,189)
<u>(65,204,628)</u>	<u>-</u>	<u>(65,204,628)</u>
-	7,761,440	7,761,440
-	<u>7,761,440</u>	<u>7,761,440</u>
<u>(65,204,628)</u>	<u>7,761,440</u>	<u>(57,443,188)</u>
23,485,978	-	23,485,978
45,502,199	-	45,502,199
6,772,687	-	6,772,687
2,797,308	-	2,797,308
735,274	-	735,274
4,540,708	-	4,540,708
(2,793,477)	(804,769)	(3,598,246)
(48,623)	3,240	(45,383)
67,608	133,627	201,235
484,433	(484,433)	-
<u>81,544,095</u>	<u>(1,152,335)</u>	<u>80,391,760</u>
16,339,467	6,609,105	22,948,572
151,336,943	68,577,644	219,914,587
<u>(13,915)</u>	<u>-</u>	<u>(13,915)</u>
<u>151,323,028</u>	<u>68,577,644</u>	<u>219,900,672</u>
<u>\$ 167,662,495</u>	<u>\$ 75,186,749</u>	<u>\$ 242,849,244</u>

This page intentionally left blank



The Valley of Opportunity

• Incorporated 1912 •



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.

CITY OF EL CAJON

Balance Sheet Governmental Funds June 30, 2022

	<u>General</u>	<u>Special Revenue</u>	
		<u>Low and Moderate Income Housing Asset</u>	<u>Federal, State, and Local Grants</u>
ASSETS			
Cash and investments (note 2)	\$ 53,549,848	\$ 7,464,779	\$ 24,921,095
Cash and investments with fiscal agent	1,810,152	-	-
Receivables:			
Accounts	280,796	4,901	-
Interest	278,958	22,145	1,336
Intergovernmental	264,162	-	1,232,109
Leases	21,452,665	-	-
Taxes	10,071,177	-	-
Loans (note 3)	-	11,670,347	648,536
Due from other funds (note 12)	260,048	-	-
Total assets	<u>\$ 87,967,806</u>	<u>\$ 19,162,172</u>	<u>\$ 26,803,076</u>
LIABILITIES			
Accounts payable	\$ 1,193,376	\$ 99,812	\$ 183,008
Accrued liabilities	2,219,032	-	-
Deposits payable	987,263	-	-
Due to other funds (note 12)	-	-	-
Unearned revenue	213,822	-	25,465,304
Total liabilities	<u>4,613,493</u>	<u>99,812</u>	<u>25,648,312</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	1,467,819	-
Related to leases	21,306,239	-	-
Total deferred inflows of resources	<u>21,306,239</u>	<u>1,467,819</u>	<u>-</u>
FUND BALANCES (DEFICITS) (note 13)			
Restricted	1,810,152	17,594,541	1,232,222
Committed	15,883,202	-	-
Assigned	27,073,050	-	-
Unassigned	17,281,670	-	(77,458)
Total fund balances	<u>62,048,074</u>	<u>17,594,541</u>	<u>1,154,764</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 87,967,806</u>	<u>\$ 19,162,172</u>	<u>\$ 26,803,076</u>

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

<u>Total Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 24,806,406	\$ 110,742,128
2	1,810,154
-	285,697
41,544	343,983
1,878,989	3,375,260
541,102	21,993,767
46,510	10,117,687
11,050,779	23,369,662
-	260,048
<u>\$ 38,365,332</u>	<u>\$ 172,298,386</u>
\$ 785,892	\$ 2,262,088
49,509	2,268,541
-	987,263
260,048	260,048
-	25,679,126
<u>1,095,449</u>	<u>31,457,066</u>
174,588	1,642,407
<u>538,686</u>	<u>21,844,925</u>
<u>713,274</u>	<u>23,487,332</u>
21,024,532	41,661,447
596,043	16,479,245
14,942,382	42,015,432
(6,348)	17,197,864
<u>36,556,609</u>	<u>117,353,988</u>
<u>\$ 38,365,332</u>	<u>\$ 172,298,386</u>

This page intentionally left blank



The Valley of Opportunity

• Incorporated 1912 •



CITY OF EL CAJON
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Governmental Funds
June 30, 2022

Fund balances of governmental funds (page 39) \$ 117,353,988

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	393,329,591
Accumulated amortization or depreciation	(184,011,484)

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

Deferred outflows of resources	1,898,206
Deferred inflows of resources	(1,477,139)
Net OPEB liability	(4,402,908)

Accrued interest on leases receivable that is not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds

25,128

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 bonds payable and leases payable	(844,116)
--	-----------

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	(8,275,956)
Leases payable	(1,578,715)
Pension obligation bonds payable	(133,153,000)

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

Deferred outflows of resources	17,783,525
Deferred inflows of resources	(46,253,393)
Net pension asset	3,140,132

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	1,642,407
-------------------------------	-----------

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 position of the internal service funds is reported with governmental activities.

12,486,229

Net position of governmental activities (page 33)

\$ 167,662,495

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, 2022

	General	Special Revenue	
		Low and Moderate Income Housing Asset	Federal, State, and Local Grants
REVENUES			
Taxes	\$ 79,293,449	\$ -	\$ -
Intergovernmental	1,976,166	-	6,054,760
Licenses and permits	1,939,791	-	-
Fines and forfeitures	471,784	-	-
Special assessments	369,284	-	-
Charges for services	4,593,763	29,805	-
Use of money and property	3,003,644	47,476	(11,262)
Other	456,155	1,165	27,899
Total revenues	92,104,036	78,446	6,071,397
EXPENDITURES			
Current			
General government	7,270,991	-	2,658,679
Public safety	52,662,865	-	445,193
Public works	6,883,312	-	58,270
Recreation	7,274,532	-	676,158
Community development	2,283,171	713,688	81,906
Capital outlay	-	-	1,738,250
Debt service			
Interest	774	-	-
Principal	82,858	-	-
Total expenditures	76,458,503	713,688	5,658,456
Excess (deficiency) of revenues over (under) expenditures	15,645,533	(635,242)	412,941
OTHER FINANCING SOURCES (USES):			
Lease acquisition	793,338	-	-
Transfers in (note 12)	209,841	-	-
Transfers out (note 12)	(8,264,499)	-	(670,503)
Total other financing sources (uses)	(7,261,320)	-	(670,503)
Net change in fund balances	8,384,213	(635,242)	(257,562)
Fund balances, beginning	53,677,776	18,229,783	1,412,326
Prior period adjustment (note 16)	(13,915)	-	-
Fund balance, beginning restated	53,663,861	18,229,783	1,412,326
Fund balances, ending	\$ 62,048,074	\$ 17,594,541	\$ 1,154,764

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

<u>Total Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 1,932,401	\$ 81,225,850
6,926,197	14,957,123
-	1,939,791
32,236	504,020
-	369,284
74,312	4,697,880
(228,637)	2,811,221
216,484	701,703
<u>8,952,993</u>	<u>107,206,872</u>

3,500	9,933,170
49,230	53,157,288
3,090,509	10,032,091
27,373	7,978,063
956,422	4,035,187
5,455,091	7,193,341
3,990,911	3,991,685
4,772,533	4,855,391
<u>18,345,569</u>	<u>101,176,216</u>

<u>(9,392,576)</u>	<u>6,030,656</u>
--------------------	------------------

-	793,338
10,382,172	10,592,013
<u>(955,702)</u>	<u>(9,890,704)</u>
<u>9,426,470</u>	<u>1,494,647</u>

33,894	7,525,303
--------	-----------

36,522,715	109,842,600
-	(13,915)
<u>36,522,715</u>	<u>109,828,685</u>

<u>\$ 36,556,609</u>	<u>\$ 117,353,988</u>
----------------------	-----------------------

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, 2022

Net changes in fund balances - total governmental funds (page 43) \$ 7,525,303

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, were exceeded by depreciation in the current period.

Capital outlay	4,159,606
Sales of capital assets	(48,623)
Amortization or depreciation expense	(8,929,444)

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.

Pension obligation bond principal payments	4,772,533
Payments on lease obligations	82,858
Lease acquisition	(793,338)

Net difference in the accrued interest payable on long term debt. 639,496

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. (153,434)

Net difference in current year pension plan contribution and pension plan expense as of the measurement date. 8,454,321

Net difference in current year OPEB contribution and OPEB expense as of the measurement date. 164,297

Interest accrued on leases, long-term loans receivable and retention held that is not available in the current period and, therefore, is not included in the governmental funds. 238,627

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.

227,265

Changes in net position of governmental activities (page 35) \$ 16,339,467

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, 2022

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments (note 2)		
Cash and investments	\$ 34,586,237	\$ 15,961,894
Cash and investments, restricted	592,205	83,749
Receivables:		
Accounts, net of allowance for bad debt	1,258,805	-
Interest	107,455	-
Intergovernmental	43,311	-
Prepaid items	-	40,171
Total current assets	36,588,013	16,085,814
Noncurrent assets:		
Net pension asset (note 7)	47,166	2,674,442
Capital assets, not being depreciated (note 4):		
Land	82,300	-
Construction in progress	3,923,540	714,946
Capital assets, being depreciated, net (note 4):		
Buildings and improvements	130,018	-
Machinery and equipment	30,642	360,472
Vehicles	1,057,850	2,401,354
Interest in Mission Gorge Mains	4,648,701	-
Infrastructure	49,137,902	-
Total noncurrent assets	59,058,119	6,151,214
Total assets	95,646,132	22,237,028
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions (note 7)	778,843	519,228
Deferred outflows of resources related to OPEB (note 9)	184,809	70,478
Total deferred outflows of resources	963,652	589,706
LIABILITIES		
Current liabilities:		
Accounts payable	2,536,462	254,909
Accrued interest payable	138,009	22,648
Accrued liabilities	152,155	57,206
Claims payable (note 10)	-	800,000
Compensated absences (note 5)	250,638	108,670
Deposits payable	331,347	-
California State Water Resources Control Board (note 5)	442,702	-
Bonds payable - current (note 5)	214,800	143,200
Unearned revenues	29,489	-
Total current liabilities	4,095,602	1,386,633
Noncurrent liabilities:		
Claims payable (note 10)	-	3,475,000
Compensated absences (note 5)	319,356	46,091
California State Water Resources Control Board (note 5)	8,676,476	-
Bonds payable (note 5)	5,288,400	3,525,600
Net pension liability (note 7)	-	-
Net OPEB liability (note 9)	390,065	179,454
Total noncurrent liabilities	14,674,297	7,226,145
Total liabilities	18,769,899	8,612,778
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions (note 7)	2,509,323	1,672,882
Deferred inflows of resources related to OPEB (note 9)	143,813	54,845
Total deferred inflows of resources	2,653,136	1,727,727
NET POSITION		
Net investment in capital assets	49,891,775	3,476,772
Restricted for debt service	592,205	-
Unrestricted	24,702,769	9,009,457
Total net position	\$ 75,186,749	\$ 12,486,229

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, 2022

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
Operating revenues		
Charges for services	\$ 28,845,517	\$ 10,473,413
Fines	124,523	-
Licenses and permits	-	-
Total operating revenues	28,970,040	10,473,413
Operating expenses		
Salaries and benefits	3,377,477	2,129,919
Materials, services and supplies	15,974,773	4,678,022
Insurance claims/premiums	-	3,224,796
Depreciation	1,856,350	559,767
Total operating expenses	21,208,600	10,592,504
Operating income (loss)	7,761,440	(119,091)
Nonoperating revenues (expenses):		
Investment earnings	(804,769)	-
State grants	419,772	-
Gain on disposal of assets	3,240	44,370
Other revenues	3,165	610,223
Interest expense and fiscal charges	(289,310)	(91,360)
Total nonoperating revenues (expenses)	(667,902)	563,233
Income (loss) before operating transfers	7,093,538	444,142
Operating transfers:		
Transfers out	(484,433)	(216,877)
Total operating transfers	(484,433)	(216,877)
Change in net position	6,609,105	227,265
Net position, beginning	68,577,644	12,258,964
Net position, ending	\$ 75,186,749	\$ 12,486,229

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, 2022

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and charges to other funds	\$ 29,805,472	\$ 11,083,637
Payments to suppliers	(11,990,037)	(7,852,152)
Payments to employees	(3,908,253)	(1,889,514)
Net cash provided by operating activities	<u>13,907,182</u>	<u>1,341,971</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Capital grants and contributions	419,772	
Repayment of long term borrowing (principal)	(189,000)	(126,000)
Repayment of long term borrowing (interest)	(163,707)	(109,138)
Transfers to other funds	(484,433)	(216,877)
Net cash (used for) noncapital financing activities	<u>(417,368)</u>	<u>(452,015)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of vehicles and equipment	3,240	44,370
Acquisitions of infrastructure, vehicles and equipment	(5,055,447)	(755,826)
Repayment of long term borrowing (principal)	(433,596)	-
Repayment of long term borrowing (interest)	(158,608)	-
Net cash (used for) capital and related financing activities	<u>(5,644,411)</u>	<u>(711,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment income	(830,173)	-
Net cash (used for) investing activities	<u>(830,173)</u>	<u>-</u>
Net increase in cash and cash equivalents	7,015,230	178,500
Cash and cash equivalents, beginning	28,163,212	15,867,143
Cash and cash equivalents, ending	<u>\$ 35,178,442</u>	<u>\$ 16,045,643</u>
Reconciliation of cash and cash equivalents at end of year to the Statement of Net Position:		
Cash and investments	\$ 34,586,237	\$ 15,961,894
Cash and investments, restricted	592,205	83,749
Total cash and cash equivalents at end of year	<u>\$ 35,178,442</u>	<u>\$ 16,045,643</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	<u>\$ 7,761,440</u>	<u>\$ (119,091)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	1,856,350	559,767
Other nonoperating revenue	3,165	610,223
Pension related adjustments	(727,895)	(485,263)
OPEB related adjustments	(15,996)	(6,100)
Changes in assets and liabilities:		
Decrease in accounts receivable, net of allowance for bad debt	879,455	-
(Increase) in intergovernmental receivable	(27,727)	-
(Increase) in prepaid expenses	-	(40,171)
Increase in accounts payable	3,984,736	84,638
Increase in accrued liabilities	132,208	46,511
(Decrease) in deposits payable	(19,461)	-
Increase in claims payable	-	819,000
Increase (decrease) in compensated absences payable	80,907	(127,543)
Total adjustments	<u>6,145,742</u>	<u>1,461,062</u>
Net cash provided by operating activities	<u>\$ 13,907,182</u>	<u>\$ 1,341,971</u>
Noncash investing, capital, and financing activities:		
Change in fair value of investments	\$ (1,149,746)	\$ -
Capital asset (infrastructure) included in accounts payable	\$ 1,666,869	\$ -

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, 2022

	<u>Custodial Funds</u>	<u>Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency</u>
ASSETS		
Cash and investments	\$ 5,917,012	\$ 3,537,511
Cash and investments with fiscal agent	-	1,306,303
Receivables:		
Accounts	60,717	-
Intergovernmental	412,373	-
Interest	18,788	4,426
Loans	-	1,585,949
Prepays	-	196,275
Total assets	<u>6,408,890</u>	<u>6,630,464</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on refunding	-	732,380
Total deferred outflow of resources	<u>-</u>	<u>732,380</u>
LIABILITIES		
Accounts payable and other liabilities	160,365	6,444
Interest payable	-	619,189
Due to other agencies	17,315	-
Long-term debt	-	48,982,337
Total liabilities	<u>177,680</u>	<u>49,607,970</u>
NET POSITION (DEFICIT)		
Restricted for:		
Other agencies	6,231,210	-
Unrestricted (deficit)	-	(42,245,126)
Total net position	<u>\$ 6,231,210</u>	<u>\$ (42,245,126)</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, 2022

	Custodial Funds	Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency
	Funds	Agency
ADDITIONS		
Contributions		
Other agencies	\$ 4,605,980	\$ 64,386
Participants	120,506	-
Property taxes	-	4,323,353
Investment earnings	(143,993)	(33,325)
Assessment collections for other agencies	504,057	-
Interest on loan	-	51,774
Miscellaneous	55,521	5,000
Total additions	5,142,071	4,411,188
DEDUCTIONS		
Administrative expenses	-	32,334
Payments of assessments to other agencies	445,545	-
Program/project expenses	4,574,062	258,236
Interest and fiscal agent expenses	-	2,409,179
Total deductions	5,019,607	2,699,749
Net change in fiduciary net position	122,464	1,711,439
Net position (deficit), beginning	6,108,746	(43,956,565)
Net position (deficit), ending	\$ 6,231,210	\$ (42,245,126)

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, 2022

Notes	Page
Note 1. Summary of Significant Accounting Policies	53
Reporting entity.....	53
Basic financial statements and presentation	54
Measurement focus and basis of accounting	55
Budgetary information.....	56
Revenues and expenditures/expenses.....	57
Cash, cash equivalents and investments.....	58
Receivables.....	58
Prepaid items	59
Capital assets.....	59
Deferred outflows or inflows of resources.....	59
Pension.....	60
Other post-employment benefits (OPEB)	60
Fund balance policies and flow assumption	60
Net position flow assumption	61
Use of estimates	61
Effect of new accounting standards	62
 Note 2. Cash and Investments.....	 62
 Note 3. Loans Receivable	 68
 Note 4. Capital Assets	 69
 Note 5. Long-Term Liabilities	 70
 Note 6. Leases Receivable.....	 74
 Note 7. Defined Benefit Pension Plans	 75
 Note 8. Defined Contribution Pension Plan.....	 82
 Note 9. Other Post-Employment Benefits	 83
 Note 10. Risk Management	 88
 Note 11. Commitments and Contingencies	 90
 Note 12. Interfund Balances and Transfers.....	 91
 Note 13. Fund Balances and Deficits.....	 92
 Note 14. Joint Ventures.....	 93
 Note 15. Tax Abatements	 94
 Note 16. Prior Period Adjustments	 95

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2022

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), in 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, 2022

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. Beginning in fiscal year 2021, the fund was reported as a major fund with the City receiving the American Rescue Plan Act grant funding.

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.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic financial statements and presentation (continued)

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.

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.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting (continued)

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.

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.

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

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary information (continued)

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 97.

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 rate 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, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and expenditures/expenses (continued)

Proprietary funds operating and nonoperating 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, leases, 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, 2022

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 assets 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 assets 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, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension

For purposes of measuring the net pension liability/asset, 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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, 2022

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 Section 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 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, 2022

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, 2022:

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes the model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. Following the requirement of this pronouncement, the City, as a lessor, has recognized a lease receivable and deferred inflow of resources. The City, as a lessee, has recognized an intangible right-to-use lease asset and a lease liability for the City's equipment leases.

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2022, totaled \$174,537,193, 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	\$ 126,704,022	\$ 83,749	\$ 1,810,154	\$ 128,597,925
Business-type activities	34,586,237	592,205	-	35,178,442
Total Statement of Net Position	<u>161,290,259</u>	<u>675,954</u>	<u>1,810,154</u>	<u>163,776,367</u>
Fiduciary Funds Statement of Net Position	<u>9,454,523</u>	<u>-</u>	<u>1,306,303</u>	<u>10,760,826</u>
Total cash and investments	<u>\$ 170,744,782</u>	<u>\$ 675,954</u>	<u>\$ 3,116,457</u>	<u>\$ 174,537,193</u>

Cash and investments at June 30, 2022, consisted of the following:

Cash on hand	\$ 4,105
Deposits with financial institutions	15,652,786
Investments	<u>158,880,302</u>
Total cash and investments	<u>\$ 174,537,193</u>

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2022

NOTE 2. CASH AND INVESTMENTS (continued)

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

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, 2022, the fair value of the City's LAIF investments was \$40,186,132. The fair value was determined by multiplying the City's LAIF balance by the fair value factor of 0.987125414 as determined by LAIF.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2022

NOTE 2. CASH AND INVESTMENTS (continued)

Investment in JPA Pool/CAMP

The City is a voluntary participant in the CAMP Trust (Trust), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. 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).

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:

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 2. CASH AND INVESTMENTS (continued)

Interest Rate Risk and Interest Rate Fluctuations (continued)

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in months)</u>			
		<u>12 or less</u>	<u>13 to 24</u>	<u>25 to 60</u>	<u>> 60</u>
US Agency securities	\$ 29,644,094	\$ 6,286,736	\$ 9,004,159	\$ 14,353,199	\$ -
US Treasuries	70,168,606	17,956,178	20,766,548	31,445,880	-
Commercial paper	5,976,005	5,976,005	-	-	-
Corporate notes	9,669,314	3,311,384	2,442,818	3,915,112	-
Certificates of deposit	604,788	604,788	-	-	-
Foreign issues	1,086,773	-	-	1,086,773	-
Municipal debt	156,998	-	156,998	-	-
CAMP cash pool	81,289	81,289	-	-	-
LAIF	40,186,132	40,186,132	-	-	-
Held by fiscal agent:					
Invesco STIT Treasury Private	1,306,303	1,306,303	-	-	-
Total	\$ 158,880,302	\$ 75,708,815	\$ 32,370,523	\$ 50,800,964	\$ -

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</u>			<u>Not Rated</u>
		<u>Legal Rating</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	
US Agency securities	\$ 29,644,094	N/A	AA+	Aaa	\$ -
US Treasuries	70,168,606	N/A	N/A	Aaa	-
Commercial paper	5,976,005	N/A	N/A	N/A	5,976,005
Corporate notes	9,669,314	"A category"	A-/A+/AA-/AA+/AAA	A2/A1/Aa3/Aa2/Aaa	-
Certificates of deposit	604,788	N/A	N/A	N/A	604,788
Foreign issues	1,086,773	AA	AAA	Aaa	-
Municipal debt	156,998	N/A	N/A	N/A	156,998
CAMP cash pool	81,289	N/A	Not Rated	Not Rated	81,289
LAIF	40,186,132	N/A	Not Rated	Not Rated	40,186,132
Held by fiscal agent:					
Invesco STIT Treasury Private	1,306,303	N/A	N/A	N/A	1,306,303
Total	\$ 158,880,302				

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 2. CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Type</u>	<u>Amount</u>
Federal National Mortgage Association	US Agency securities	\$ 13,915,337
Federal Home Loan Mortgage Corporation	US Agency securities	13,085,635
	Total	\$ 27,000,972

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022, 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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 2. CASH AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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, Commercial paper, Corporate notes, Certificates of deposit, Foreign issues, 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 no investments classified in Level 3 of the fair value hierarchy.

The City has the following hierarchy levels for investments as of June 30, 2022:

	Total	Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
US Agency securities	\$ 29,644,094	\$ -	\$ 29,644,094	\$ -
US Treasuries	70,168,606	70,168,606	-	-
Commercial paper	5,976,005	-	5,976,005	-
Corporate notes	9,669,314	-	9,669,314	-
Certificates of deposit	604,788	-	604,788	-
Foreign issues	1,086,773	-	1,086,773	-
Municipal debt	156,998	-	156,998	-
Total investments by fair value level	117,306,578	\$ 70,168,606	\$ 47,137,972	\$ -
<u>Investments not subject to GASB Statement No. 72</u>				
CAMP cash pool	81,289			
Invesco STIT Treasury Private	1,306,303			
LAIF	40,186,132			
Total investments not subject to GASB Statement No. 72	41,573,724			
Total investments	\$ 158,880,302			

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 3. LOANS RECEIVABLE

Governmental Activities:

	Low & Moderate Income Housing Asset (LMIHAF)	HOME	CDBG	Federal, State and Local Grants	Total
First Time Homebuyer	\$ 4,120,144	\$ 7,750,074	\$ -	\$ 648,536	\$ 12,518,754
Mobile Home Rehabilitation	-	54,410	174,484	-	228,894
Single Family Rehabilitation	76,134	1,687,449	93,622	-	1,857,205
Multi-Family Projects					
Chambers Senior Residences	5,800,326	-	-	-	5,800,326
Lexington Avenue Senior Apartment	215,794	-	-	-	215,794
South Sunshine Associates LP	1,457,949	1,290,740	-	-	2,748,689
	<u>\$ 11,670,347</u>	<u>\$ 10,782,673</u>	<u>\$ 268,106</u>	<u>\$ 648,536</u>	<u>\$ 23,369,662</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, 2022, the balance outstanding includes \$4,500,000 of principal and \$1,300,326 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, 2022, the outstanding balance includes \$206,250 of principal and \$9,544 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, 2022, the outstanding balance of the HOME loan includes total principal of \$1,200,000 and \$90,740 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, 2022, the balance outstanding includes a loan disbursement of \$1,300,000 and accrued interest of \$157,949.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 21,731,601	\$ -	\$ -	\$ 21,731,601
Rights of way	31,190,652	-	-	31,190,652
Construction in progress	1,836,413	2,752,342	(116,826)	4,471,929
Total assets, not being depreciated:	<u>54,758,666</u>	<u>2,752,342</u>	<u>(116,826)</u>	<u>57,394,182</u>
Capital assets being amortized or depreciated:				
Use rights	2,003,895	793,338	-	2,797,233
Land improvements	9,174,685	93,056	-	9,267,741
Buildings and improvements	114,375,357	-	-	114,375,357
Vehicles and equipment	20,856,327	483,011	(1,163,184)	20,176,154
Infrastructure	200,774,836	910,511	-	201,685,347
Total assets being amortized or depreciated	<u>347,185,100</u>	<u>2,279,916</u>	<u>(1,163,184)</u>	<u>348,301,832</u>
Less accumulated amortization or depreciation for:				
Use rights	(894,596)	(292,599)	-	(1,187,195)
Land improvements	(7,313,914)	(620,458)	-	(7,934,372)
Buildings and improvements	(35,974,377)	(3,352,052)	-	(39,326,429)
Vehicles and equipment	(15,631,718)	(859,741)	1,114,561	(15,376,898)
Infrastructure	(124,711,879)	(4,364,362)	-	(129,076,241)
Total accumulated amortization or depreciation	<u>(184,526,484)</u>	<u>(9,489,212)</u>	<u>1,114,561</u>	<u>(192,901,135)</u>
Total capital assets being amortized or depreciated, net	<u>162,658,616</u>	<u>(7,209,296)</u>	<u>(48,623)</u>	<u>155,400,697</u>
Governmental activity capital assets, net	<u>\$ 217,417,282</u>	<u>\$ (4,456,954)</u>	<u>\$ (165,449)</u>	<u>\$ 212,794,879</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 82,300	\$ -	\$ -	\$ 82,300
Construction in progress	795,365	3,128,175	-	3,923,540
Total assets, not being depreciated:	<u>877,665</u>	<u>3,128,175</u>	<u>-</u>	<u>4,005,840</u>
Capital assets being depreciated:				
Buildings and improvements	427,527	-	-	427,527
Vehicles and equipment	2,177,638	260,403	(10,516)	2,427,525
Interest in Mission Gorge Mains	8,805,762	-	-	8,805,762
Infrastructure	102,401,540	-	-	102,401,540
Total assets being depreciated	<u>113,812,467</u>	<u>260,403</u>	<u>(10,516)</u>	<u>114,062,354</u>
Less accumulated depreciation for:				
Buildings and improvements	(290,286)	(7,223)	-	(297,509)
Vehicles and equipment	(1,216,651)	(132,898)	10,516	(1,339,033)
Interest in Mission Gorge Mains	(4,010,298)	(146,763)	-	(4,157,061)
Infrastructure	(51,694,172)	(1,569,466)	-	(53,263,638)
Total accumulated depreciation	<u>(57,211,407)</u>	<u>(1,856,350)</u>	<u>10,516</u>	<u>(59,057,241)</u>
Total capital assets being depreciated, net	<u>56,601,060</u>	<u>(1,595,947)</u>	<u>-</u>	<u>55,005,113</u>
Business-type activity capital assets, net	<u>\$ 57,478,725</u>	<u>\$ 1,532,228</u>	<u>\$ -</u>	<u>\$ 59,010,953</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

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	\$ 922,635
Public safety	3,009,221
Public works	4,538,275
Recreation	629,771
Community development	<u>389,310</u>

Total depreciation expense - governmental activities	<u>\$ 9,489,212</u>
--	---------------------

Business-type activities:

Wastewater	<u>\$ 1,856,350</u>
------------	---------------------

Total depreciation expense - business-type activities	<u>\$ 1,856,350</u>
---	---------------------

NOTE 5. LONG-TERM LIABILITIES

Summary of the changes in long-term liabilities for the fiscal year ended June 30, 2022, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 8,404,829	\$ 3,924,143	\$ (3,898,255)	\$ 8,430,717	\$ 3,854,448
Claims payable (note 10)	3,456,000	1,449,511	(630,511)	4,275,000	800,000
Leases payable	1,070,768	793,338	(285,391)	1,578,715	291,815
Pension obligation bonds	<u>141,517,800</u>	<u>-</u>	<u>(4,696,000)</u>	<u>136,821,800</u>	<u>5,335,200</u>
Total governmental activities	<u>\$ 154,449,397</u>	<u>\$ 6,166,992</u>	<u>\$ (9,510,157)</u>	<u>\$ 151,106,232</u>	<u>\$ 10,281,463</u>
Business-type Activities:					
<u>Notes from direct borrowings</u>					
CA State Water Resources	\$ 9,552,774	\$ -	\$ (433,596)	\$ 9,119,178	\$ 442,702
<u>Other long-term liabilities</u>					
Compensated absences	489,087	382,092	(301,185)	569,994	250,638
Pension obligation bonds	<u>5,692,200</u>	<u>-</u>	<u>(189,000)</u>	<u>5,503,200</u>	<u>214,800</u>
Total business-type activities	<u>\$ 15,734,061</u>	<u>\$ 382,092</u>	<u>\$ (923,781)</u>	<u>\$ 15,192,372</u>	<u>\$ 908,140</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 5. LONG-TERM LIABILITIES (continued)

Pension obligation bonds **\$ 142,325,000**

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, 2022 is provided below.

Year ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	5,561,200	3,208,154	223,800	129,038	5,785,000	3,337,192
2028-2032	29,445,600	14,384,362	1,184,400	578,553	30,630,000	14,962,915
2033-2037	33,166,200	10,674,454	1,333,800	429,360	34,500,000	11,103,814
2038-2042	38,559,000	5,274,590	1,551,000	212,153	40,110,000	5,486,743
2043	8,488,600	278,766	341,400	11,212	8,830,000	289,977
Totals	<u>\$ 136,821,800</u>	<u>\$ 47,291,938</u>	<u>\$ 5,503,200</u>	<u>\$ 1,902,157</u>	<u>\$ 142,325,000</u>	<u>\$ 49,194,094</u>

Leases payable

County of San Diego **\$ 868,236**

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, 2022

NOTE 5. LONG-TERM LIABILITIES (continued)

Leases payable (continued)

The leased asset, Use Right (Note 4), is amortized on a straight-line basis over 10 years. At June 30, 2022, the net book value of the asset is \$887,439, which consists of \$2,003,895 initial cost, less accumulated amortization of \$1,116,456.

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>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 208,183	\$ 24,224	\$ 232,407
2024	213,992	18,415	232,407
2025	219,962	12,445	232,407
2026	226,099	6,308	232,407
Total	<u>\$ 868,236</u>	<u>\$ 61,392</u>	<u>\$ 929,628</u>

Stryker Sales, LLC

\$ 710,479

On August 10, 2021, the City entered into a 120 month lease as a lessee for the use of cardiac equipment with an interest rate of 1.17%. An initial lease liability was recorded in the amount of \$793,338. The City is required to make annual fixed payments of \$83,632.

The leased asset, Use Right (Note 4), is amortized on a straight-line basis over 10 years. At June 30, 2022, the net book value of the asset is \$722,599, which consists of \$793,338 initial cost, less accumulated amortization of \$70,739.

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>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 75,319	\$ 8,313	\$ 83,632
2024	76,201	7,431	83,632
2025	77,092	6,540	83,632
2026	77,994	5,638	83,632
2027	78,907	4,725	83,632
2028-2032	324,966	9,561	334,527
Total	<u>\$ 710,479</u>	<u>\$ 42,208</u>	<u>\$ 752,687</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 5. LONG-TERM LIABILITIES (continued)

Direct borrowing

California State Water Resources Control Board **\$ 9,119,178**

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.

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, 2022, pledged net revenues and debt service are \$10,727,185 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, 2022, the City has restricted cash and investments in the amount of \$592,205 for this purpose.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 5. LONG-TERM LIABILITIES (continued)

Direct borrowing (continued)

Debt service requirement - The debt service requirement provided by CSWRCB, and presented below, is based on the \$7,119,178 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.

Year ending June 30,	Principal	Interest	Total
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	481,077	111,128	592,205
2028-2032	2,561,234	399,790	2,961,024
2033-2036	2,249,493	119,325	2,368,819
Totals	<u>\$ 7,119,178</u>	<u>\$ 1,171,689</u>	<u>\$ 8,290,866</u>

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, 2022, are as follows:

Governmental Activities:	
Major Governmental Fund	
General Fund	\$ 8,156,156
Nonmajor Governmental Funds	
Gas Tax Special Revenue Fund	119,615
Transit Special Revenue Fund	185
Internal Service Funds	<u>154,761</u>
Total governmental activities	<u>\$ 8,430,717</u>
Business-type Activities:	
Wastewater Enterprise Fund	<u>\$ 569,994</u>
Total business-type activities	<u>\$ 569,994</u>

NOTE 6. LEASES RECEIVABLE

The City is a lessor in various noncancellable leases of land, buildings, and office space. As of June 30, 2022, the City's leases receivable balance was \$21,993,767 and the deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases was \$21,845,838. As of June 30, 2022, the City's leases receivable balance for Governmental Activities was comprised of the following:

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 6. LEASES RECEIVABLE (continued)

Governmental Activities

Land leases with rents received totaling \$1,186,303 during fiscal year 2022, at interest rates ranging from 0.967% - 2.452%, with remaining lease terms ranging from 8 to 18 years. \$ 20,033,212

Building and office space leases with rents received totaling \$504,585 during fiscal year 2022, at interest rates ranging from 0.315% - 1.170%, with remaining lease terms ranging from 3 to 10 years. 1,960,555

Total Governmental Activities \$ 21,993,767

The leases receivable are expected to be received in subsequent years as follows:

Year ending June 30,	Governmental Activities		
	Principal	Interest	Interest
2023	\$ 1,570,438	\$ 303,465	\$ 1,873,903
2024	1,605,781	284,759	1,890,540
2025	1,478,925	265,802	1,744,727
2026	1,272,605	247,495	1,520,100
2027	1,282,795	229,232	1,512,027
2028 - 2032	6,113,051	870,054	6,983,105
2033 - 2037	5,672,249	439,291	6,111,540
2038 - 2040	<u>2,997,923</u>	<u>57,848</u>	<u>3,055,771</u>
Totals	<u>\$ 21,993,767</u>	<u>\$ 2,697,946</u>	<u>\$ 24,691,713</u>

NOTE 7. DEFINED BENEFIT PENSION PLANS

Pension Plan Description

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

The Plan consists of individual rate plans (benefit tiers) within a safety risk pool and a miscellaneous risk pool (all other). Rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. The City sponsors five rate plans (three safety and two miscellaneous). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. CalPERS' 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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Pension Plan Description (continued)

The rate plan provisions and benefits in effect at June 30, 2022, 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 Tier 1	SAFETY Tier 2	MISCELLANEOUS	SAFETY
Benefit formula	3.0% @ 60	3.0% @ 50	3.0% @ 55	2.0% @ 62	2.7% @ 57
Retirement age	50 - 60+	50+	50 - 55+	52 - 67+	50 - 57+
Monthly benefits, percentage eligible compensation	2.0% to 3.0%	3.0%	2.4% to 3.0%	1.0% to 2.5%	2.0% to 2.7%
Member Paid Contribution Rate	8.000%	9.000%	9.000%	6.250%	13.000%
Employer Contribution Rate - Normal Cost	11.99%	20.19%	20.19%	11.99%	20.19%

Employees Covered

During the 2020-21 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	546	325
Inactive employees entitled to but not yet receiving benefits	325	127
Active employees	202	172
Totals	<u>1,073</u>	<u>624</u>

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, 2022 is \$12,563,379, which consisted of \$5,994,636 and \$6,568,743 for the Miscellaneous and Safety Plans, respectively.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liability (Asset) 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, 2021 (measurement date) using an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The June 30, 2021 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, 2020 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 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, 2022 the City reported the account balance of \$1,810,152 as cash and investments held by fiscal agent in the City's General Fund.

Change of Assumptions

There were no changes of assumptions in measurement period 2021. Demographic assumptions and inflation rate used for the June 30, 2020 valuation were based on the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2022

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

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.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Expected Rate of Return (continued)

<u>ASSET CLASS</u>	<u>ASSUMED ASSET ALLOCATION</u>	<u>REAL RETURN YEARS 1-10^(a)</u>	<u>REAL RETURN YEARS 11+^(b)</u>
Public entity	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)%

^(a) An expected inflation of 2.00% used for this period

^(b) An expected inflation of 2.92% used for this period

Schedule of Changes in Net Pension Liability (Asset)

	<u>Total Pension Liability</u>	<u>Increase (Decrease) in Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	(a)	(b)	(c) = (a) - (b)
MISCELLANEOUS			
Balance at 06/30/2020 (valuation date)	\$ 241,314,847	\$ 164,369,754	\$ 76,945,093
Changes recognized for the measurement period:			
Service cost	2,777,695	-	2,777,695
Interest on total pension liability	16,884,141	-	16,884,141
Differences between expected and actual experience	937,913	-	937,913
Contributions from the employer	-	55,499,867	(55,499,867)
Contributions from the employees	-	1,101,687	(1,101,687)
Net investment income	-	41,616,905	(41,616,905)
Benefit payments, including refunds of employee contributions	(14,999,589)	(14,999,589)	-
Administrative expense	-	(164,195)	164,195
Net changes during 2020-21	5,600,160	83,054,675	(77,454,515)
Balance at 06/30/2021 (measurement date)	<u>\$ 246,915,007</u>	<u>\$ 247,424,429</u>	<u>\$ (509,422)</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Schedule of Changes in Net Pension Liability (Asset) (continued)

SAFETY

Balance at 06/30/2020 (valuation date)	\$ 343,179,293	\$ 215,187,136	\$ 127,992,157
Changes recognized for the measurement period:			
Service cost	5,236,365	-	5,236,365
Interest on total pension liability	24,631,101	-	24,631,101
Differences between expected and actual experience	8,209,825	-	8,209,825
Contributions from the employer	-	111,393,591	(111,393,591)
Contributions from the employees	-	1,882,796	(1,882,796)
Net investment income	-	58,360,338	(58,360,338)
Benefit payments, including refunds of employee contributions	(19,032,740)	(19,032,740)	-
Administrative expense	-	(214,959)	214,959
Net changes during 2020-21	<u>19,044,551</u>	<u>152,389,026</u>	<u>(133,344,475)</u>
Balance at 06/30/2021 (measurement date)	<u>\$ 362,223,844</u>	<u>\$ 367,576,162</u>	<u>\$ (5,352,318)</u>

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, 2021:

Miscellaneous	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>	<u>Impact on Liability (Asset)</u>
	6.15%	\$ 28,315,987	\$ 28,825,409
	7.15%	(509,422)	-
	8.15%	(24,654,389)	(24,144,967)

Safety	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>	<u>Impact on Liability (Asset)</u>
	6.15%	\$ 42,896,347	\$ 48,248,665
	7.15%	(5,352,318)	-
	8.15%	(45,007,483)	(39,655,165)

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, 2021 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, 2022

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Pension Expense (Income)

For the measurement period ending June 30, 2021, the total pension expense recognized is \$2,967,057 for the Safety plan, and the total pension income recognized is \$71,158 for the Miscellaneous plan.

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized as pension expense (income) systematically over time. The first amortized amounts are recognized in pension expense (income) 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 (income).

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	2.0 years	3.6 years
Changes in assumptions	N/A	0.5 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, 2021, the EARSL used for the Plans is as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Total future service years (a)	2,156	2,203
Total number of participants (active, inactive and retired)	1,068	615
EARSL for the 2020-21 measurement period	2.0 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, 2022

NOTE 7. 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, 2021.

Deferred Outflows of Resources	<u>Miscellaneous</u>	<u>Safety</u>
Pension contributions subsequent to the measurement date	\$ 5,994,636	\$ 6,568,743
Differences between expected and actual experience	495,723	6,022,494
Total Deferred Outflows of Resources - Pension	<u>\$ 6,490,359</u>	<u>\$ 12,591,237</u>

Deferred Inflows of Resources	<u>Miscellaneous</u>	<u>Safety</u>
Differences between expected and actual experience	\$ -	\$ (288,928)
Net difference between projected and actual earnings on plan investments	(20,911,026)	(29,235,644)
Total Deferred Inflows of Resources - Pension	<u>\$ (20,911,026)</u>	<u>\$ (29,524,572)</u>

The \$12,563,379 reported as deferred outflows of resources related to contributions subsequent the June 30, 2021 measurement date will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2023.

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:

Measurement Period <u>Ended June 30</u>	<u>Deferred Outflows / (Inflows) of Resources</u>	
	<u>Miscellaneous</u>	<u>Safety</u>
2022	\$ (4,825,510)	\$ (5,215,059)
2023	(4,882,074)	(4,679,128)
2024	(5,028,222)	(5,684,260)
2025	(5,679,497)	(7,923,631)
2026	-	-
Thereafter	-	-

NOTE 8. 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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 8. DEFINED CONTRIBUTION PENSION PLAN (continued)

Contributions are equal to 7.5% of each participating employee's compensation and are made by the City. Contributions are invested with a third party administrator in a liquid savings account. Earnings are at a variable rate and accrue daily commencing on the date the funds are posted. For the year ended June 30, 2022, the City's total payroll and covered payroll was \$624,392. The City made employer contributions of \$46,864. The assets held in trust by the plan administrator had a fair value of \$677,802 at June 30, 2022.

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 9. 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

There is no separately issued report for the Plan.

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	378
Inactive employees or beneficiaries currently receiving benefits	200
Total	<u>578</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Contributions

The annual contribution is comprised of the pay-as-you go amount. For the fiscal year ended June 30, 2022, the City's cash contributions were \$346,532 of premium payments to CalPERS for PEMHCA health benefits. 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, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was used to determine the June 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal
Asset valuation method	Fair value basis
Amortization method	Over 20 years using level percentage of payroll
Actuarial Assumptions:	
Discount rate	6.75%
Expected rate of return	6.75%
Inflation rate	2.50%
Payroll increases	2.75%
Healthcare cost trend rate	4.00%
Minimum contribution	4% annual increase in CalPERS minimum required contributions

The June 30, 2021 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, 2022

NOTE 9. 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, 2021 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
<i>CERBT</i>		
Global Equity	59.0%	7.545 %
Global Debt Securities	25.0%	4.250 %
Inflation Assets	5.0%	3.000 %
Commodities	3.0%	7.545 %
REITs	8.0%	7.250 %
Total	<u>100.0%</u>	

Long-term expected rate of return is 6.75%

Discount Rate

The discount rate used to measure the City’s total OPEB liability was 6.75%. 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.

Change in Assumptions

The discount rate used to measure the City’s total OPEB liability was decreased from 7.28 percent to 6.75 percent for measurement period 2021.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 9. 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 06/30/2020 (measurement date)	\$ 10,631,671	\$ 5,765,120	\$ 4,866,551
Changes recognized for the measurement period:			
Service cost	247,011	-	247,011
Interest	770,296	-	770,296
Differences between expected and actual experience	949,686	-	949,686
Changes of assumptions	686,927	-	686,927
Contributions - employer	-	962,477	(962,477)
Net investment income	-	1,587,754	(1,587,754)
Benefit payments, including refunds of member contributions	(762,477)	(762,477)	-
Administrative expense	-	(2,187)	2,187
Net changes	1,891,443	1,785,567	105,876
Balance at 06/30/2021 (measurement date)	\$ 12,523,114	\$ 7,550,687	\$ 4,972,427

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, 2021:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
5.75%	\$ 6,235,804	\$ 1,263,377
6.75%	4,972,427	-
7.75%	3,899,094	(1,073,333)

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 9. 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, 2021:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
1% Decrease	\$ 3,716,972	\$ (1,255,455)
Current Rate	4,972,427	-
1% Increase	6,485,051	1,512,624

OPEB Plan Fiduciary Net Position

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

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	9 years

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$584,041. At the end of the fiscal year, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement period	\$ 346,532	\$ -
Differences between expected and actuarial experience	844,165	(747,115)
Changes of assumptions	818,649	-
Differences between projected and actual earnings	144,147	(928,682)
Total	\$ 2,153,493	\$ (1,675,797)

The \$346,532 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023.

The remaining \$131,164 of deferred outflows and deferred inflows of resources will be recognized in the future as OPEB expense as follows:

Measurement period Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ (201,584)
2023	(202,046)
2024	(142,262)
2025	(50,322)
2026	181,847
Thereafter	545,531

NOTE 10. 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, 2022, 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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 10. RISK MANAGEMENT (continued)

General Liability and Worker's Compensation Insurance

The City is self-insured for general liability through Public Risk Innovation, Solutions, and Management (PRISM) 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 workers' compensation 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, 2020	\$ 1,814,000	\$ 1,951,000	\$ 3,765,000
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>
Current fiscal year claims	438,630	702,056	1,140,686
Claims payments	(78,801)	(335,881)	(414,682)
Changes to estimates	(215,829)	308,825	92,996
Liability - June 30, 2022	<u>\$ 1,451,000</u>	<u>\$ 2,824,000</u>	<u>\$ 4,275,000</u>

The City's accrued liability at year-end of \$4,275,000 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, 2022

NOTE 11. COMMITMENTS AND CONTINGENCIES

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:

Fund	Encumbrance	Amount
Governmental Funds:		
Federal, State, and Local Grants		
Major Special Revenue Fund	Network & Datacenter Equipment	\$ 514,209
	Total	\$ 514,209
Enterprise Fund:		
Wastewater Fund	Broadway Creek Restoration	\$ 1,874,224
	Pipeline Lining and Rehabilitation	1,228,744
	Truck Mounted Equipment	513,240
	Total	\$ 3,616,208

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 12. INTERFUND BALANCES AND TRANSFERS

Due To/Due From

The composition of due to/due from other funds for the fiscal year ended June 30, 2022 is as follows:

Due To	Due From	Amount
General Fund	Non-Major Special Revenue Fund	\$ 253,700
	Non-Major Capital Project Fund	6,348
Totals		\$ 260,048

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, 2022 are as follows:

Transfers Out	Transfers In			Total
	Major Funds	Non-Major Funds		
	General Fund	Debt Service	Capital Projects	
<u>Major Funds</u>				
General Fund	\$ -	\$ 8,264,499	\$ -	\$ 8,264,499
Federal, State, and Local Grants Fund	-	-	670,503	670,503
Wastewater Fund	-	484,433	-	484,433
<u>Non-Major Funds</u>				
Internal Service	-	216,877	-	216,877
Special Revenue	209,841	153,307	592,553	955,701
Total	\$ 209,841	\$ 9,119,116	\$ 1,263,056	\$ 10,592,013

The transfers from the General fund, the Wastewater fund, the Internal Service funds, and the non-major special revenue funds to the Debt Service fund are for funding to fund the pension obligation bonds debt service payments.

The transfers from the non-major 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 the major special revenue fund to the non-major capital projects funds were ARPA funding for public safety energy efficiency, and recreation center upgrades.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 12. INTERFUND BALANCES AND TRANSFERS (continued)

Transfers In/Transfers Out (continued)

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

NOTE 13. FUND BALANCES AND DEFICITS

Fund balances for the fiscal year ended June 30, 2022 are as follows:

	General	Special Revenue		Non-Major	Total Governmental Funds
		Low and Moderate Income/Housing Asset	Federal, State, and Local Grants		
Restricted					
Animal shelter operations	\$ -	\$ -	\$ -	\$ 41,549	\$ 41,549
Animal shelter project	-	-	-	266,637	266,637
Community development	-	7,392,013	76,018	1,826,166	9,294,197
Debt service	-	-	-	2	2
Loans receivable	-	10,202,528	648,536	10,960,039	21,811,103
Public safety	-	-	450,445	449,565	900,010
Public works project	-	-	57,223	587,865	645,088
RTCIP impact fee	-	-	-	754,879	754,879
RMRA	-	-	-	2,845,447	2,845,447
Transportation projects	-	-	-	3,292,383	3,292,383
PARS Trust for UAL	1,810,152	-	-	-	1,810,152
Committed	15,883,202	-	-	596,043	16,479,245
Assigned					
Capital projects	-	-	-	14,942,382	14,942,382
Economic uncertainty	15,883,202	-	-	-	15,883,202
Unfunded retirement obligations	11,189,848	-	-	-	11,189,848
Unassigned	17,281,670	-	(77,458)	(6,348)	17,197,864
Totals	<u>\$ 62,048,074</u>	<u>\$ 17,594,541</u>	<u>\$ 1,154,764</u>	<u>\$ 36,556,609</u>	<u>\$ 117,353,988</u>

The General Fund's committed fund balance of \$15,883,202 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 \$77,458 fund deficit reported for the Federal, State, and Local Grants major fund was for Community Development Grants resulting from expenditures incurred before the grant revenue was received.

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, 2022

NOTE 14. JOINT VENTURES

The City represents a significant 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, 2022.

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 \$70,674 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 \$33,334 for the fiscal year ending June 30, 2022.

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 26.92% for the fiscal year ending June 30, 2022.

HCFA leases a portion of the property located at 100 E. Lexington Avenue from the City. Lease payments totaled \$54,518 for the fiscal year ending June 30, 2022. The City also provides clerical and accounting services for HCFA. Charges for services were \$56,011 for the fiscal year ending June 30, 2022.

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, 2022

NOTE 15. 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 2021-22, the total amount rebated to Sunroad under this agreement was \$41,950.

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 2021-22, the total amount rebated to the Hotel under this agreement was \$594,926.

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 2021-22, the City did not rebate any taxes to Honda under this agreement.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2022

NOTE 15. 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 2021-22, the total amount rebated to Mercedes-Benz under this agreement was \$282,621.

NOTE 16. PRIOR PERIOD ADJUSTMENTS

During the previous fiscal year, the City received lease payments from Verizon Wireless for a small cell site. The property where this small cell site is located was sold by the City during fiscal year 2021. The lease payments were recognized as revenue in the prior fiscal year. The amount received should have been placed in a liability account until remitted to the correct owner.

In fiscal year 2022, the City entered a prior period adjustment to reduce beginning fund balance of the City's General fund to correct the overstatement of revenue in the prior year.

	<u>General Fund</u>
Beginning fund balance, July 1, 2021, as reported	\$ 53,014,155
Recognition of liability instead of revenue	<u>(13,915)</u>
Beginning fund balance, July 1, 2021, as restated	<u>\$ 53,000,240</u>

This page intentionally left blank



• Incorporated 1912 •

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL CAJON
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the fiscal year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts¹</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales and use	\$ 39,189,123	\$ 39,189,123	\$ 45,502,200	\$ 6,313,077
Property	22,809,091	22,809,091	22,501,821	(307,270)
Franchise	6,553,000	6,553,000	6,772,687	219,687
Transient lodging	2,353,000	2,353,000	2,797,309	444,309
Business licenses	827,206	827,206	735,274	(91,932)
Property transfer	422,444	422,444	984,158	561,714
Total taxes	<u>72,153,864</u>	<u>72,153,864</u>	<u>79,293,449</u>	<u>7,139,585</u>
Intergovernmental:				
Motor vehicle license fees	66,750	66,750	119,272	52,522
Reimbursements	988,200	1,598,200	1,826,547	228,347
Total intergovernmental	<u>1,054,950</u>	<u>1,664,950</u>	<u>1,945,819</u>	<u>280,869</u>
Licenses and permits	<u>1,819,000</u>	<u>1,819,000</u>	<u>1,939,791</u>	<u>120,791</u>
Fines and forfeitures	<u>684,000</u>	<u>684,000</u>	<u>471,784</u>	<u>(212,216)</u>
Special assessments	<u>360,000</u>	<u>360,000</u>	<u>369,284</u>	<u>9,284</u>
Charges for services:				
Planning and engineering	1,308,460	1,308,460	1,303,490	(4,970)
Public safety	693,500	693,500	662,990	(30,510)
All others	2,202,480	2,202,480	2,018,728	(183,752)
Total charges for services	<u>4,204,440</u>	<u>4,204,440</u>	<u>3,985,208</u>	<u>(219,232)</u>
Use of money and property	<u>2,731,300</u>	<u>2,731,300</u>	<u>(239,949)</u>	<u>(2,971,249)</u>
Other:				
Sale of property	-	-	58,182	58,182
Miscellaneous	421,000	421,000	261,676	(159,324)
Total other	<u>421,000</u>	<u>421,000</u>	<u>319,858</u>	<u>(101,142)</u>
Total revenues	<u>83,428,554</u>	<u>84,038,554</u>	<u>88,085,244</u>	<u>4,046,690</u>

(Continued)

¹ Includes only the General Fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No.54.

See Notes to Required Supplementary Information on page 103.

CITY OF EL CAJON
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the fiscal year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts¹</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
General government:				
City council	\$ 580,230	\$ 565,230	\$ 516,581	\$ 48,649
Council contingency	60,000	60,000	25,000	35,000
City manager	2,375,902	2,661,902	2,661,197	705
Community services and events	125,450	125,450	93,923	31,527
City attorney	776,059	546,059	537,456	8,603
City clerk and elections	564,129	564,129	536,774	27,355
Human resources	937,922	881,922	864,757	17,165
Finance	2,020,542	2,035,542	2,035,303	239
Total general government	<u>7,440,234</u>	<u>7,440,234</u>	<u>7,270,991</u>	<u>169,243</u>
Public safety:				
Police:				
Administration	3,269,186	3,215,186	3,215,007	179
Inspection and training	2,226,461	2,393,741	2,392,880	861
Records	1,306,694	931,694	893,352	38,342
Communications	2,786,519	2,766,519	2,640,826	125,693
Patrol	14,673,609	14,667,809	14,639,295	28,514
Special operations unit	2,629,750	2,815,910	2,814,876	1,034
Traffic enforcement	1,883,866	1,757,346	1,717,603	39,743
Investigation	5,494,943	5,327,823	5,272,266	55,557
Laboratory	986,100	986,100	917,413	68,687
Auxillary	142,367	142,367	126,333	16,034
Animal control	1,059,600	1,079,600	1,077,744	1,856
Total police	<u>36,459,095</u>	<u>36,084,095</u>	<u>35,707,595</u>	<u>376,500</u>
Fire:				
Administration	2,267,109	2,067,109	2,011,325	55,784
Emergency medical services	320,200	320,200	289,515	30,685
Suppression	11,411,624	11,916,624	11,916,200	424
Heartland Fire and Rescue	1,940,722	2,030,722	2,028,524	2,198
Total fire	<u>15,939,655</u>	<u>16,334,655</u>	<u>16,245,564</u>	<u>89,091</u>
Total public safety	<u>52,398,750</u>	<u>52,418,750</u>	<u>51,953,159</u>	<u>465,591</u>

(Continued)

¹ Includes only the General Fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No.54

See Notes to Required Supplementary Information on page 103.

CITY OF EL CAJON
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the fiscal year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts¹</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Administration	\$ 508,315	\$ 538,315	\$ 509,175	\$ 29,140
Facilities maintenance	2,393,738	2,368,738	2,039,385	329,353
Engineering	908,123	933,123	714,630	218,493
Traffic engineering and maintenance	1,757,500	1,817,500	1,658,787	158,713
Parks	2,064,291	2,004,291	1,441,043	563,248
Street maintenance	846,221	846,221	520,292	325,929
Total public works	<u>8,478,188</u>	<u>8,508,188</u>	<u>6,883,312</u>	<u>1,624,876</u>
Recreation	<u>3,305,852</u>	<u>3,305,852</u>	<u>3,162,325</u>	<u>143,527</u>
Community development:				
Housing	405,931	405,931	361,876	44,055
Planning	1,155,997	1,155,997	925,720	230,277
Building and fire safety	1,298,559	1,298,559	995,575	302,984
Total community development	<u>2,860,487</u>	<u>2,860,487</u>	<u>2,283,171</u>	<u>577,316</u>
Total expenditures	<u>74,483,511</u>	<u>74,533,511</u>	<u>71,552,958</u>	<u>2,980,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,945,043</u>	<u>9,505,043</u>	<u>16,532,286</u>	<u>7,027,243</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	210,507	210,507	209,841	666
Transfers out	<u>(9,255,550)</u>	<u>(9,255,550)</u>	<u>(9,255,550)</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,045,043)</u>	<u>(9,045,043)</u>	<u>(9,045,709)</u>	<u>666</u>
Net change in fund balance	<u>(100,000)</u>	<u>460,000</u>	<u>7,486,577</u>	<u>7,027,909</u>
Fund balance, beginning	53,014,155	53,014,155	53,014,155	-
Prior period adjustment (note 16)	(13,915)	(13,915)	(13,915)	-
Fund balance, beginning restated	<u>53,000,240</u>	<u>53,000,240</u>	<u>53,000,240</u>	<u>-</u>
Fund balance, ending	<u>\$ 52,900,240</u>	<u>\$ 53,460,240</u>	<u>\$ 60,486,817</u>	<u>\$ 7,027,909</u>

(Concluded)

¹ Includes only the General Fund as defined by the City's budget. Financial statements prepared on a GAAP basis combine an additional fund pursuant to GASB Statement No.54

See Notes to Required Supplementary Information on page 103.

CITY OF EL CAJON
Required Supplementary Information
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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ 29,805	\$ 29,805
Use of money and property	1	1	47,476	47,475
Other	200,420	200,420	428,046	227,626
Total revenues	<u>200,421</u>	<u>200,421</u>	<u>505,327</u>	<u>304,906</u>
EXPENDITURES				
Current:				
Community development	3,234,821	3,234,821	689,917	2,544,904
Capital outlay	2,000	2,000	-	2,000
Total expenditures	<u>3,236,821</u>	<u>3,236,821</u>	<u>689,917</u>	<u>2,546,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,036,400)</u>	<u>(3,036,400)</u>	<u>(184,590)</u>	<u>2,851,810</u>
OTHER FINANCING SOURCES				
Transfers in	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	(2,733,400)	(2,733,400)	(184,590)	2,548,810
Fund balance, beginning	<u>18,342,189</u>	<u>18,342,189</u>	<u>18,342,189</u>	<u>-</u>
Fund balance, ending	<u>\$ 15,608,789</u>	<u>\$ 15,608,789</u>	<u>\$ 18,157,599</u>	<u>\$ 2,548,810</u>

See Notes to Required Supplementary Information on page 103.

CITY OF EL CAJON
Required Supplementary Information
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, 2022

	<u>General</u>	<u>Low and Moderate Income Housing Asset</u>
Actual revenues from budgetary basis schedules	\$ 88,085,244	\$ 505,327
Differences - Budget to GAAP:		
GAAP reporting entity differences:		
Recreation Special Programs is not budgeted in General Fund	669,746	-
Magnolia Performing Arts is not budgeted in General Fund	3,202,620	-
Long-term lease interest and revenue recognition as required by GASB Statement No. 87	146,426	-
Loan repayments are budgetary resources but are not revenues for financial reporting purpose	-	(426,881)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	<u>92,104,036</u>	<u>78,446</u>
Actual expenditures from budgetary basis schedules	71,552,958	689,917
Differences - Budget to GAAP:		
GAAP reporting entity differences:		
Recreation Special Programs is not budgeted in General Fund	518,419	-
Magnolia Performing Arts is not budgeted in General Fund	3,593,788	-
Long-term lease principal, interest, and expense recognition as required by GASB Statement No. 87	793,338	-
Loans forgiven are not outflows of budgetary resources but are expenditures for financial reporting purpose	-	23,771
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	<u>76,458,503</u>	<u>713,688</u>
Actual other financing sources (uses) from budgetary basis schedules	(9,045,709)	-
Differences - Budget to GAAP:		
GAAP reporting entity differences:		
Recreation Special Programs is not budgeted in General Fund	(8,949)	-
Magnolia Performing Arts is not budgeted in General Fund	1,000,000	-
Lease acquisition from recognition of leased asset as required by GASB Statement No. 87	793,338	-
Total other financing sources (uses) as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	<u>(7,261,320)</u>	<u>-</u>
Net change in fund balances as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	8,384,213	(635,242)
Fund balances, beginning of year (GAAP Basis) (page 42)	53,677,776	18,229,783
Prior period adjustment (note 16)	(13,915)	-
Fund balances, restated beginning of year (GAAP Basis) (page 42)	<u>53,663,861</u>	<u>18,229,783</u>
Fund balances, end of year (GAAP Basis) (page 42)	<u>\$ 62,048,074</u>	<u>\$ 17,594,541</u>

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 103.

CITY OF EL CAJON

Notes to the Required Supplementary Information

Budgetary Information

For the fiscal year ended June 30, 2022

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 102.

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 102. 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 114-117.

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 Eight Years ¹

	Measurement Period		
	2013-14	2014-15	2015-16
Total Miscellaneous Pension Liability			
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
Total Miscellaneous pension liability - ending (a)	\$ 195,989,489	\$ 199,669,714	\$ 204,780,550
Miscellaneous Plan fiduciary net position			
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
Miscellaneous Plan fiduciary net position - ending (b)	\$ 143,443,271	\$ 142,236,690	\$ 138,541,648
Net pension liability (asset) - ending (a)-(b)	\$ 52,546,218	\$ 57,433,024	\$ 66,238,902
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 ²	\$ 14,761,877	\$ 14,329,579	\$ 14,348,523
Net pension liability (asset) as a percentage of Miscellaneous Plan covered payroll	355.96%	400.80%	461.64%

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

² 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 (Asset) on page 109.

Measurement Period				
2016-17	2017-18	2018-19	2019-20	2020-21
\$ 2,765,699	\$ 2,812,784	\$ 2,825,180	\$ 2,977,187	\$ 2,777,695
15,080,991	15,414,119	16,060,380	16,469,083	16,884,141
-	-	-	-	-
(1,052,850)	(217,246)	3,530,348	294,443	937,913
11,547,296	(1,094,357)	-	-	-
(11,469,789)	(12,329,214)	(13,120,445)	(13,959,312)	(14,999,589)
16,871,347	4,586,086	9,295,463	5,781,401	5,600,160
204,780,550	221,651,897	226,237,983	235,533,446	241,314,847
\$ 221,651,897	\$ 226,237,983	\$ 235,533,446	\$ 241,314,847	\$ 246,915,007

\$ 5,729,154	\$ 5,952,503	\$ 7,126,866	\$ 7,760,121	\$ 55,499,867
1,179,611	1,148,838	1,240,802	1,221,300	1,101,687
15,602,402	12,639,219	10,236,329	8,085,826	41,616,905
(11,469,789)	(12,329,214)	(13,120,445)	(13,959,312)	(14,999,589)
-	(364)	2,323	-	-
(204,547)	(232,773)	(111,407)	(227,661)	(164,195)
-	(442,040)	364	-	-
10,836,831	6,736,169	5,374,832	2,880,274	83,054,675
138,541,648	149,378,479	156,114,648	161,489,480	164,369,754
\$ 149,378,479	\$ 156,114,648	\$ 161,489,480	\$ 164,369,754	\$ 247,424,429
\$ 72,273,418	\$ 70,123,335	\$ 74,043,966	\$ 76,945,093	\$ (509,422)

67.39% 69.00% 68.56% 68.11% 100.21%

\$ 13,975,942 \$ 14,120,404 \$ 14,671,685 \$ 15,802,477 \$ 14,846,044

517.13% 496.61% 504.67% 486.92% -3.43%

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 Eight Years ¹

	Measurement Period		
	2013-14	2014-15	2015-16
Total Safety Plan pension liability			
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
Total Safety Plan pension liability - ending (a)	<u>\$ 271,275,894</u>	<u>\$ 277,679,586</u>	<u>\$ 288,427,805</u>
Safety Plan fiduciary net position			
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
Safety Plan fiduciary net position - ending (b)	<u>188,424,326</u>	<u>186,239,108</u>	<u>180,460,407</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 82,851,568</u>	<u>\$ 91,440,478</u>	<u>\$ 107,967,398</u>
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 ²	\$ 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%

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

² 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 (Asset) on page 109.

Measurement Period				
2016-17	2017-18	2018-19	2019-20	2020-21
\$ 4,627,095	\$ 4,665,299	\$ 4,417,341	\$ 4,723,268	\$ 5,236,365
21,187,689	21,939,641	22,690,389	23,341,882	24,631,101
-	-	-	-	-
(4,240,228)	2,153,863	791,993	(650,086)	8,209,825
17,772,474	(1,270,346)	-	-	-
<u>(15,884,588)</u>	<u>(16,516,560)</u>	<u>(17,029,399)</u>	<u>(17,968,239)</u>	<u>(19,032,740)</u>
23,462,442	10,971,897	10,870,324	9,446,825	19,044,551
288,427,805	311,890,247	322,862,144	333,732,468	343,179,293
<u>\$ 311,890,247</u>	<u>\$ 322,862,144</u>	<u>\$ 333,732,468</u>	<u>\$ 343,179,293</u>	<u>\$ 362,223,844</u>
\$ 7,963,467	\$ 8,172,881	\$ 9,762,519	\$ 11,019,557	\$ 111,393,591
1,501,090	1,391,912	1,663,961	1,756,898	1,882,796
20,358,562	16,375,994	13,272,580	10,470,492	58,360,338
(15,884,588)	(16,516,560)	(17,029,399)	(17,968,239)	(19,032,740)
-	(474)	-	-	-
(266,438)	(302,512)	(144,636)	(296,337)	(214,959)
-	(574,475)	474	-	-
<u>13,672,093</u>	<u>8,546,766</u>	<u>7,525,499</u>	<u>4,982,371</u>	<u>152,389,026</u>
<u>180,460,407</u>	<u>194,132,500</u>	<u>202,679,266</u>	<u>210,204,765</u>	<u>215,187,136</u>
<u>194,132,500</u>	<u>202,679,266</u>	<u>210,204,765</u>	<u>215,187,136</u>	<u>367,576,162</u>
<u>\$ 117,757,747</u>	<u>\$ 120,182,878</u>	<u>\$ 123,527,703</u>	<u>\$ 127,992,157</u>	<u>\$ (5,352,318)</u>
62.24%	62.78%	62.99%	62.70%	101.48%
\$ 15,120,732	\$ 15,449,544	\$ 14,818,817	\$ 16,153,448	\$ 18,068,893
778.78%	777.91%	833.59%	792.35%	-29.62%

CITY OF EL CAJON
Required Supplementary Information
Schedule of Plan Contributions - Pension
Last Eight Fiscal Years ¹

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered payroll ²	Contributions as a percentage of covered payroll
Miscellaneous					
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 ³	8,272,207	(55,499,867)	(47,227,660)	14,846,044	373.84%
Safety					
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 ³	12,051,806	(111,393,591)	(99,341,785)	18,068,893	616.49%

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

² Covered payroll represents the payroll on which the contributions to the pension plan are based.

³ 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 109.

CITY OF EL CAJON
Notes to Required Supplementary Information
Net Pension Liability - Miscellaneous and Safety Plans
June 30, 2022

1. Notes to Schedule of Changes in the Net Pension Liability (Asset) 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, 2020 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2020 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 - 2021. 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, 2018-21, 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, 2018 funding valuation report, were used to set the actuarially determined contributions for measurement period 2020-21:

Actuarial cost method	Entry Age Normal
Amortization method/period	Details on Appendix A of the June 30, 2018 Funding Valuation Report.
Asset valuation method	Fair value of assets. Details on the June 30, 2018 Funding Valuation Report.
Inflation	2.500%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% 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 Five Years ¹

	Measurement Period				
	2016-17	2017-18	2018-19	2019-20	2020-21
Total OPEB Liability					
Service cost	\$ 78,533	\$ 78,533	\$ 233,261	\$ 240,400	\$ 247,011
Interest on total OPEB liability	391,440	397,219	795,418	792,235	770,296
Differences between expected and actual experience	-	54,005	(868,788)	(666,003)	949,686
Changes in assumptions	-	718,115	520,123	-	686,927
Changes in benefit terms	-	4,588,311	-	-	-
Benefit payments	(293,421)	(308,359)	(733,949)	(740,805)	(762,477)
Net change in total OPEB liability	176,552	5,527,824	(53,935)	(374,173)	1,891,443
Total OPEB liability - beginning	5,355,403	5,531,955	11,059,779	11,005,844	10,631,671
Total OPEB liability - ending (a)	\$ 5,531,955	\$ 11,059,779	\$ 11,005,844	\$ 10,631,671	\$ 12,523,114
Plan fiduciary net position					
Contributions - employer	\$ 949,193	\$ 958,359	\$ 1,383,949	\$ 940,805	\$ 962,477
Net investment income	321,424	276,640	296,391	192,108	1,587,754
Benefit payments	(293,421)	(308,359)	(733,949)	(740,805)	(762,477)
Administrative expense	(1,685)	(6,613)	(1,063)	(2,631)	(2,187)
Net change in plan fiduciary net position	975,511	920,027	945,328	389,477	1,785,567
Plan fiduciary net position - beginning	2,534,777	3,510,288	4,430,315	5,375,643	5,765,120
Plan fiduciary net position - ending (b)	\$ 3,510,288	\$ 4,430,315	\$ 5,375,643	\$ 5,765,120	\$ 7,550,687
Net OPEB liability - ending (a)-(b)	\$ 2,021,667	\$ 6,629,464	\$ 5,630,201	\$ 4,866,551	\$ 4,972,427
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	63.45%	40.06%	48.84%	54.23%	60.29%
Covered-employee payroll ²	\$ 24,275,515	\$ 24,988,882	\$ 27,922,328	\$ 28,690,192	\$ 26,762,410
Net OPEB liability as percentage of covered-employee payroll	8.33%	26.53%	20.16%	16.96%	18.58%

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

² Contributions to OPEB are not based on measure of pay.

See Notes to Required Supplementary Information - Other Postemployment Benefits on page 112.

CITY OF EL CAJON
Required Supplementary Information
Schedule of Plan Contributions - OPEB
Last Six Fiscal Years ¹

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered- employee payroll ²	Contributions as a percentage of covered- employee payroll
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)	28,690,192	3.28%
2020-21	717,072	(538,575)	178,497	26,762,410	2.01%
2021-22	718,238	(346,532)	371,706	28,768,398	1.20%

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

² Contributions to OPEB are not based on measure of pay.

See Notes to Required Supplementary Information - Other Postemployment Benefits on page 112.

CITY OF EL CAJON
Notes to Required Supplementary Information
Other Post Employment Benefits (OPEB)
June 30, 2022

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, 2021
Measurement date	June 30, 2021
Asset valuation method	Fair 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	6.75%
Discount rate	6.75%. 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%
Change in assumptions	The discount rate used to measure the City's OPEB liability was changed from 7.28% to 6.75%.
Medical trend rates	Medical costs in future years has been updated to 4% for all years.
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, 2022

	General Fund	Recreation Special Programs	Magnolia Performing Arts	Total ¹
ASSETS				
Cash and investments	\$ 51,921,412	\$ 145,991	\$ 1,482,445	\$ 53,549,848
Cash and investments with fiscal agent	1,810,152	-	-	1,810,152
Receivables:				
Accounts	196,469	84,327	-	280,796
Interest	278,584	374	-	278,958
Intergovernmental	264,162	-	-	264,162
Leases	21,452,665	-	-	21,452,665
Taxes	10,071,177	-	-	10,071,177
Due from other funds	260,048	-	-	260,048
Total assets	\$ 86,254,669	\$ 230,692	\$ 1,482,445	\$ 87,967,806
LIABILITIES				
Accounts payable	\$ 1,146,683	\$ 1,903	\$ 44,790	\$ 1,193,376
Accrued liabilities	2,186,661	32,371	-	2,219,032
Deposits payable	980,930	6,333	-	987,263
Unearned revenue	913	212,909	-	213,822
Total liabilities	4,315,187	253,516	44,790	4,613,493
DEFERRED INFLOWS OF RESOURCES				
Related to leases	21,306,239	-	-	21,306,239
Total deferred inflows of resources	21,306,239	-	-	21,306,239
FUND BALANCES				
Restricted	1,810,152	-	-	1,810,152
Committed	15,883,202	-	-	15,883,202
Assigned:				
Economic uncertainty	15,883,202	-	-	15,883,202
Unfunded retirement obligations	11,189,848	-	-	11,189,848
Unassigned	15,866,839	(22,824)	1,437,655	17,281,670
Total fund balances	60,633,243	(22,824)	1,437,655	62,048,074
Total liabilities, deferred inflows of resources and fund balances	\$ 86,254,669	\$ 230,692	\$ 1,482,445	\$ 87,967,806

¹ The total for General Fund (GAAP Basis) includes additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54. This total is reported on the Balance Sheet-Governmental Funds for the General Fund (page 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, 2022

	General Fund	Recreation Special Programs	Magnolia Performing Arts	Reconciliation to Fund Financial Statements	Total ¹
REVENUES					
Taxes	\$ 79,293,449	\$ -	\$ -	\$ -	\$ 79,293,449
Intergovernmental	1,945,819	30,347	-	-	1,976,166
Licenses and permits	1,939,791	-	-	-	1,939,791
Fines and forfeitures	471,784	-	-	-	471,784
Special assessments	369,284	-	-	-	369,284
Charges for services	3,985,208	608,555	-	-	4,593,763
Use of money and property	(93,523)	(2,453)	3,099,620	-	3,003,644
Other	319,858	33,297	103,000	-	456,155
Total revenues	<u>88,231,670</u>	<u>669,746</u>	<u>3,202,620</u>	<u>-</u>	<u>92,104,036</u>
EXPENDITURES					
Current:					
General government	7,270,991	-	-	-	7,270,991
Public safety	52,662,865	-	-	-	52,662,865
Public works	6,883,312	-	-	-	6,883,312
Recreation	3,162,325	518,419	3,593,788	-	7,274,532
Community development	2,283,171	-	-	-	2,283,171
Debt service					
Interest	774	-	-	-	774
Principal	82,858	-	-	-	82,858
Total expenditures	<u>72,346,296</u>	<u>518,419</u>	<u>3,593,788</u>	<u>-</u>	<u>76,458,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,885,374</u>	<u>151,327</u>	<u>(391,168)</u>	<u>-</u>	<u>15,645,533</u>
OTHER FINANCING SOURCES (USES)					
Lease acquisition	793,338	-	-	-	793,338
Transfers in	209,841	-	1,000,000	(1,000,000)	209,841
Transfers out	(9,255,550)	(8,949)	-	1,000,000	(8,264,499)
Total other financing sources (uses)	<u>(8,252,371)</u>	<u>(8,949)</u>	<u>1,000,000</u>	<u>-</u>	<u>(7,261,320)</u>
Net change in fund balances	7,633,003	142,378	608,832	-	8,384,213
Fund balances, beginning	53,014,155	(165,202)	828,823	-	53,677,776
Prior period adjustment (note 16)	(13,915)	-	-	-	(13,915)
Fund balance, beginning restated	<u>53,000,240</u>	<u>(165,202)</u>	<u>828,823</u>	<u>-</u>	<u>53,663,861</u>
Fund balances, ending	<u>\$ 60,633,243</u>	<u>\$ (22,824)</u>	<u>\$ 1,437,655</u>	<u>\$ -</u>	<u>\$ 62,048,074</u>

¹ The total for General Fund (GAAP Basis) includes additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54. This total is reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds for the General Fund (page 42).

CITY OF EL CAJON
Recreation Special Programs¹
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2022

	<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>
REVENUES				
Intergovernmental	\$ 49,000	\$ 49,000	\$ 30,347	\$ (18,653)
Charges for services	595,100	595,100	608,555	13,455
Use of money and property	3,400	3,400	(2,453)	(5,853)
Other	83,000	83,000	33,297	(49,703)
Total revenues	<u>730,500</u>	<u>730,500</u>	<u>669,746</u>	<u>(60,754)</u>
EXPENDITURES				
Current:				
Recreation	635,395	635,395	518,419	116,976
Capital outlay	93,400	93,400	-	93,400
Total expenditures	<u>728,795</u>	<u>728,795</u>	<u>518,419</u>	<u>210,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,705</u>	<u>1,705</u>	<u>151,327</u>	<u>149,622</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,949)	(8,949)	(8,949)	-
Total other financing sources	<u>(8,949)</u>	<u>(8,949)</u>	<u>(8,949)</u>	<u>-</u>
Net change in fund balance	(7,244)	(7,244)	142,378	149,622
Fund balance, beginning	<u>(165,202)</u>	<u>(165,202)</u>	<u>(165,202)</u>	<u>-</u>
Fund balance, ending	<u>\$ (172,446)</u>	<u>\$ (172,446)</u>	<u>\$ (22,824)</u>	<u>\$ 149,622</u>

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

A reconciliation of the budgetary comparison schedule-General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds (GAAP Basis) is included in Required Supplementary Information on page 102.

CITY OF EL CAJON

Magnolia Performing Arts¹

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the fiscal year ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 700,000	\$ 700,000	\$ 232,235	\$ (467,765)
Other	-	-	103,000	103,000
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>335,235</u>	<u>(364,765)</u>
EXPENDITURES				
Current:				
Recreation	1,074,775	1,074,775	726,403	348,372
Capital outlay	50,000	50,000	-	50,000
Total expenditures	<u>1,124,775</u>	<u>1,124,775</u>	<u>726,403</u>	<u>398,372</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(424,775)</u>	<u>(424,775)</u>	<u>(391,168)</u>	<u>33,607</u>
OTHER FINANCING SOURCES				
Transfers in	1,000,000	1,000,000	1,000,000	-
Total other financing sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balance	575,225	575,225	608,832	33,607
Fund balance, beginning	<u>828,823</u>	<u>828,823</u>	<u>828,823</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,404,048</u>	<u>\$ 1,404,048</u>	<u>\$ 1,437,655</u>	<u>\$ 33,607</u>

¹ 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 115.

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 102.

CITY OF EL CAJON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 6,328,288	\$ 596,043	\$ 17,882,075	\$ 24,806,406
Cash and investments, with fiscal agent	-	2	-	2
Receivables:				
Interest	17,608	-	23,936	41,544
Intergovernmental	709,371	-	1,169,618	1,878,989
Leases	-	-	541,102	541,102
Taxes	46,510	-	-	46,510
Loans	11,050,779	-	-	11,050,779
Total assets	<u>\$ 18,152,556</u>	<u>\$ 596,045</u>	<u>\$ 19,616,731</u>	<u>\$ 38,365,332</u>
LIABILITIES				
Accounts payable	\$ 334,403	\$ -	\$ 451,489	\$ 785,892
Accrued liabilities	49,509	-	-	49,509
Unearned revenue	-	-	-	-
Due to other funds	253,700	-	6,348	260,048
Total liabilities	<u>637,612</u>	<u>-</u>	<u>457,837</u>	<u>1,095,449</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	90,740	-	83,848	174,588
Related to leases	-	-	538,686	538,686
Total deferred inflows of resources	<u>90,740</u>	<u>-</u>	<u>622,534</u>	<u>713,274</u>
FUND BALANCES (DEFICITS)				
Restricted:				
Animal shelter operations	41,549	-	-	41,549
Animal shelter project	266,637	-	-	266,637
Community development	1,826,166	-	-	1,826,166
Debt service	-	2	-	2
Loans receivable	10,960,039	-	-	10,960,039
Public safety	449,565	-	-	449,565
Public works projects	587,865	-	-	587,865
RTCIP impact fee	-	-	754,879	754,879
RMRA	-	-	2,845,447	2,845,447
Streets projects	3,292,383	-	-	3,292,383
Committed	-	596,043	-	596,043
Assigned:				
Capital projects	-	-	14,942,382	14,942,382
Unassigned	-	-	(6,348)	(6,348)
Total fund balances	<u>17,424,204</u>	<u>596,045</u>	<u>18,536,360</u>	<u>36,556,609</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,152,556</u>	<u>\$ 596,045</u>	<u>\$ 19,616,731</u>	<u>\$ 38,365,332</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, 2022

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
REVENUES				
Taxes	\$ -	\$ -	\$ 1,932,401	\$ 1,932,401
Intergovernmental	4,571,668	-	2,354,529	6,926,197
Fines and forfeitures	32,236	-	-	32,236
Charges for services	29,664	-	44,648	74,312
Use of money and property	(129,585)	2	(99,054)	(228,637)
Other	10,485	-	205,999	216,484
Total revenues	<u>4,514,468</u>	<u>2</u>	<u>4,438,523</u>	<u>8,952,993</u>
EXPENDITURES				
Current:				
General government	-	3,500	-	3,500
Public safety	46,743	-	2,487	49,230
Public works	2,383,862	-	706,647	3,090,509
Recreation	-	-	27,373	27,373
Community development	956,422	-	-	956,422
Capital outlay	321,182	-	5,133,909	5,455,091
Debt service				
Interest	29,874	3,961,037	-	3,990,911
Principal	202,533	4,570,000	-	4,772,533
Total expenditures	<u>3,940,616</u>	<u>8,534,537</u>	<u>5,870,416</u>	<u>18,345,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>573,852</u>	<u>(8,534,535)</u>	<u>(1,431,893)</u>	<u>(9,392,576)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	9,119,116	1,263,056	10,382,172
Transfers out	(955,702)	-	-	(955,702)
Total other financing sources (uses)	<u>(955,702)</u>	<u>9,119,116</u>	<u>1,263,056</u>	<u>9,426,470</u>
Net change in fund balances	(381,850)	584,581	(168,837)	33,894
Fund balances, beginning	<u>17,806,054</u>	<u>11,464</u>	<u>18,705,197</u>	<u>36,522,715</u>
Fund balances, ending	<u>\$ 17,424,204</u>	<u>\$ 596,045</u>	<u>\$ 18,536,360</u>	<u>\$ 36,556,609</u>

This page intentionally left blank



• Incorporated 1912 •

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, 2022

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
ASSETS				
Cash and investments	\$ 3,184,217	\$ 592,908	\$ 146,810	\$ 256,578
Receivables:				
Interest	9,209	1,807	440	1,083
Intergovernmental	200,593	-	-	-
Taxes	-	-	-	46,510
Loans	-	-	-	-
Total assets	<u>\$ 3,394,019</u>	<u>\$ 594,715</u>	<u>\$ 147,250</u>	<u>\$ 304,171</u>
LIABILITIES				
Accounts payable	\$ 63,581	\$ 6,719	\$ 1,730	\$ 126
Accrued liabilities	38,055	131	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>101,636</u>	<u>6,850</u>	<u>1,730</u>	<u>126</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted:				
Animal shelter operations	-	-	-	-
Animal shelter project	-	-	-	-
Community development	-	-	-	-
Loans receivable	-	-	-	-
Public safety	-	-	145,520	304,045
Public works projects	-	587,865	-	-
Streets projects	3,292,383	-	-	-
Total fund balances	<u>3,292,383</u>	<u>587,865</u>	<u>145,520</u>	<u>304,045</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,394,019</u>	<u>\$ 594,715</u>	<u>\$ 147,250</u>	<u>\$ 304,171</u>

Housing In-Lieu Fees	Budgeted			Unbudgeted	
	State CASP	Community Development Block Grant	HOME	Various Donations	Total Nonmajor Special Revenue Funds
\$ 305,506	\$ 112,109	\$ -	\$ 1,418,725	\$ 311,435	\$ 6,328,288
907	-	-	4,162	-	17,608
-	-	503,650	5,128	-	709,371
-	-	-	-	-	46,510
-	-	268,106	10,782,673	-	11,050,779
<u>\$ 306,413</u>	<u>\$ 112,109</u>	<u>\$ 771,756</u>	<u>\$ 12,210,688</u>	<u>\$ 311,435</u>	<u>\$ 18,152,556</u>
\$ -	\$ -	\$ 241,900	\$ 20,347	\$ -	\$ 334,403
-	-	8,048	3,275	-	49,509
-	-	253,700	-	-	253,700
<u>-</u>	<u>-</u>	<u>503,648</u>	<u>23,622</u>	<u>-</u>	<u>637,612</u>
-	-	-	90,740	-	90,740
<u>-</u>	<u>-</u>	<u>-</u>	<u>90,740</u>	<u>-</u>	<u>90,740</u>
-	-	-	-	41,549	41,549
-	-	-	-	266,637	266,637
306,413	112,109	2	1,404,393	3,249	1,826,166
-	-	268,106	10,691,933	-	10,960,039
-	-	-	-	-	449,565
-	-	-	-	-	587,865
-	-	-	-	-	3,292,383
<u>306,413</u>	<u>112,109</u>	<u>268,108</u>	<u>12,096,326</u>	<u>311,435</u>	<u>17,424,204</u>
<u>\$ 306,413</u>	<u>\$ 112,109</u>	<u>\$ 771,756</u>	<u>\$ 12,210,688</u>	<u>\$ 311,435</u>	<u>\$ 18,152,556</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, 2022

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
REVENUES				
Intergovernmental	\$ 2,461,568	\$ 80,560	\$ -	\$ 570,440
Fines and forfeitures	-	-	32,236	-
Charges for services	-	-	-	-
Use of money and property	(72,432)	(13,881)	(3,344)	(8,894)
Other	9,450	-	-	-
Total revenues	2,398,586	66,679	28,892	561,546
EXPENDITURES				
Current:				
Public safety	-	-	42,410	4,333
Public works	2,300,660	83,202	-	-
Community development	-	-	-	-
Capital outlay	24,952	-	-	296,230
Debt service				
Interest	-	-	-	29,874
Principal	-	-	-	202,533
Total expenditures	2,325,612	83,202	42,410	532,970
Excess (deficiency) of revenues over (under) expenditures	72,974	(16,523)	(13,518)	28,576
OTHER FINANCING SOURCES (USES)				
Transfers out	(251,217)	(350)	-	(160,000)
Total other financing (uses)	(251,217)	(350)	-	(160,000)
Net change in fund balances	(178,243)	(16,873)	(13,518)	(131,424)
Fund balances, beginning	3,470,626	604,738	159,038	435,469
Fund balances, ending	\$ 3,292,383	\$ 587,865	\$ 145,520	\$ 304,045

Housing In-Lieu Fees	Budgeted			Unbudgeted	
	State CASP	Community Development Block Grant	HOME	Various Donations	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 1,398,695	\$ 60,405	\$ -	\$ 4,571,668
-	-	-	-	-	32,236
-	29,664	-	-	-	29,664
(6,971)	-	4,607	(28,670)	-	(129,585)
-	-	45	990	-	10,485
<u>(6,971)</u>	<u>29,664</u>	<u>1,403,347</u>	<u>32,725</u>	<u>-</u>	<u>4,514,468</u>
-	-	-	-	-	46,743
-	-	-	-	-	2,383,862
-	3,346	879,502	73,574	-	956,422
-	-	-	-	-	321,182
-	-	-	-	-	29,874
-	-	-	-	-	202,533
<u>-</u>	<u>3,346</u>	<u>879,502</u>	<u>73,574</u>	<u>-</u>	<u>3,940,616</u>
<u>(6,971)</u>	<u>26,318</u>	<u>523,845</u>	<u>(40,849)</u>	<u>-</u>	<u>573,852</u>
<u>-</u>	<u>(734)</u>	<u>(541,223)</u>	<u>(2,178)</u>	<u>-</u>	<u>(955,702)</u>
<u>-</u>	<u>(734)</u>	<u>(541,223)</u>	<u>(2,178)</u>	<u>-</u>	<u>(955,702)</u>
(6,971)	25,584	(17,378)	(43,027)	-	(381,850)
<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>\$ 306,413</u>	<u>\$ 112,109</u>	<u>\$ 268,108</u>	<u>\$ 12,096,326</u>	<u>\$ 311,435</u>	<u>\$ 17,424,204</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 2,708,477	\$ 2,708,477	\$ 2,461,568	\$ (246,909)
Use of money and property	-	-	(72,432)	(72,432)
Other	-	-	9,450	9,450
Total revenues	<u>2,708,477</u>	<u>2,708,477</u>	<u>2,398,586</u>	<u>(309,891)</u>
EXPENDITURES				
Current:				
Public works	2,687,029	2,688,728	2,300,660	388,068
Capital outlay	<u>27,000</u>	<u>27,000</u>	<u>24,952</u>	<u>2,048</u>
Total expenditures	<u>2,714,029</u>	<u>2,715,728</u>	<u>2,325,612</u>	<u>390,116</u>
Deficiency of revenues (under) expenditures	<u>(5,552)</u>	<u>(7,251)</u>	<u>72,974</u>	<u>80,225</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(132,971)</u>	<u>(132,971)</u>	<u>(251,217)</u>	<u>(118,246)</u>
Total other financing sources (uses)	<u>(132,971)</u>	<u>(132,971)</u>	<u>(251,217)</u>	<u>(118,246)</u>
Net change in fund balance	(138,523)	(140,222)	(178,243)	(38,021)
Fund balance, beginning	<u>3,470,626</u>	<u>3,470,626</u>	<u>3,470,626</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,332,103</u>	<u>\$ 3,330,404</u>	<u>\$ 3,292,383</u>	<u>\$ (38,021)</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 103,323	\$ 103,323	\$ 80,560	\$ (22,763)
Use of money and property	-	-	(13,881)	(13,881)
Total revenues	<u>103,323</u>	<u>103,323</u>	<u>66,679</u>	<u>(36,644)</u>
EXPENDITURES				
Current:				
Public works	104,624	104,624	83,202	21,422
Total expenditures	<u>104,624</u>	<u>104,624</u>	<u>83,202</u>	<u>21,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,301)</u>	<u>(1,301)</u>	<u>(16,523)</u>	<u>(15,222)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(350)	(350)	(350)	-
Total other financing sources (uses)	<u>(350)</u>	<u>(350)</u>	<u>(350)</u>	<u>-</u>
Net change in fund balance	(1,651)	(1,651)	(16,873)	(15,222)
Fund balance, beginning	604,738	604,738	604,738	-
Fund balance, ending	<u>\$ 603,087</u>	<u>\$ 603,087</u>	<u>\$ 587,865</u>	<u>\$ (15,222)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 32,236	\$ 12,236
Use of money and property	1,860	1,860	(3,344)	(5,204)
Total revenues	<u>21,860</u>	<u>21,860</u>	<u>28,892</u>	<u>7,032</u>
EXPENDITURES				
Current:				
Public safety	67,850	67,850	42,410	25,440
Total expenditures	<u>67,850</u>	<u>67,850</u>	<u>42,410</u>	<u>25,440</u>
Deficiency of revenues (under) expenditures	<u>(45,990)</u>	<u>(45,990)</u>	<u>(13,518)</u>	<u>32,472</u>
Net change in fund balance	(45,990)	(45,990)	(13,518)	32,472
Fund balance, beginning	<u>159,038</u>	<u>159,038</u>	<u>159,038</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 113,048</u></u>	<u><u>\$ 113,048</u></u>	<u><u>\$ 145,520</u></u>	<u><u>\$ 32,472</u></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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 468,900	\$ 468,900	\$ 570,440	\$ 101,540
Use of money and property	6,000	6,000	(8,894)	(14,894)
Total revenues	<u>474,900</u>	<u>474,900</u>	<u>561,546</u>	<u>86,646</u>
EXPENDITURES				
Current:				
Public safety	20,000	20,000	4,333	15,667
Capital outlay	340,000	340,000	296,230	43,770
Debt service				
Interest	29,874	29,874	29,874	-
Principal	202,533	202,533	202,533	-
Total expenditures	<u>592,407</u>	<u>592,407</u>	<u>532,970</u>	<u>59,437</u>
Excess of revenues over expenditures	<u>(117,507)</u>	<u>(117,507)</u>	<u>28,576</u>	<u>146,083</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net change in fund balance	(277,507)	(277,507)	(131,424)	146,083
Fund balance, beginning	<u>435,469</u>	<u>435,469</u>	<u>435,469</u>	<u>-</u>
Fund balance, ending	<u>\$ 157,962</u>	<u>\$ 157,962</u>	<u>\$ 304,045</u>	<u>\$ 146,083</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ (6,971)	\$ (6,971)
Total revenues	<u>-</u>	<u>-</u>	<u>(6,971)</u>	<u>(6,971)</u>
OTHER FINANCING SOURCES (USES)				
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)	(6,971)	296,029
Fund balance, beginning	<u>313,384</u>	<u>313,384</u>	<u>313,384</u>	<u>-</u>
Fund balance, ending	<u>\$ 10,384</u>	<u>\$ 10,384</u>	<u>\$ 306,413</u>	<u>\$ 296,029</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 28,000	\$ 28,000	\$ 29,664	\$ 1,664
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>29,664</u>	<u>1,664</u>
EXPENDITURES				
Current:				
Community development	25,940	25,940	3,346	22,594
Total expenditures	<u>25,940</u>	<u>25,940</u>	<u>3,346</u>	<u>22,594</u>
Excess of revenues over expenditures	<u>2,060</u>	<u>2,060</u>	<u>26,318</u>	<u>24,258</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,400)	(1,400)	(734)	666
Total other financing sources (uses)	<u>(1,400)</u>	<u>(1,400)</u>	<u>(734)</u>	<u>666</u>
Net change in fund balance	660	660	25,584	24,924
Fund balance, beginning	<u>86,525</u>	<u>86,525</u>	<u>86,525</u>	<u>-</u>
Fund balance, ending	<u>\$ 87,185</u>	<u>\$ 87,185</u>	<u>\$ 112,109</u>	<u>\$ 24,924</u>

CITY OF EL CAJON

Community Development Block Grant (CDBG) Special Revenue Fund ¹ Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the fiscal year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,294,037	\$ 4,839,670	\$ 1,398,695	\$ (3,440,975)
Use of money and property	-	-	4,607	4,607
Other	-	-	19,746	19,746
Total revenues	<u>1,294,037</u>	<u>4,839,670</u>	<u>1,423,048</u>	<u>(3,416,622)</u>
EXPENDITURES				
Current:				
Community development	416,279	1,699,430	879,502	819,928
Total expenditures	<u>416,279</u>	<u>1,699,430</u>	<u>879,502</u>	<u>819,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>877,758</u>	<u>3,140,240</u>	<u>543,546</u>	<u>(2,596,694)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(868,040)	(3,140,073)	(541,223)	2,598,850
Total other financing sources	<u>(868,040)</u>	<u>(3,140,073)</u>	<u>(541,223)</u>	<u>2,598,850</u>
Net change in fund balance	9,718	167	2,323	2,156
Fund balance, beginning	<u>285,486</u>	<u>285,486</u>	<u>285,486</u>	<u>-</u>
Fund balance, ending	<u>\$ 295,204</u>	<u>\$ 285,653</u>	<u>\$ 287,809</u>	<u>\$ 2,156</u>

¹ 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 124 and 125.

CITY OF EL CAJON

HOME Special Revenue Fund ¹

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the fiscal year ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 604,049	\$ 611,412	\$ 60,405	\$ (551,007)
Use of money and property	-	-	(28,669)	(28,669)
Other	-	-	205,518	205,518
Total revenues	604,049	611,412	237,254	(374,158)
EXPENDITURES				
Current:				
Community development	594,508	3,454,024	73,574	3,380,450
Total expenditures	594,508	3,454,024	73,574	3,380,450
Excess (deficiency) of revenues over (under) expenditures	9,541	(2,842,612)	163,680	3,006,292
OTHER FINANCING SOURCES				
Transfers out	(2,178)	(2,178)	(2,178)	-
Total other financing sources	(2,178)	(2,178)	(2,178)	-
Net change in fund balance	7,363	(2,844,790)	161,502	3,006,292
Fund balance, beginning	12,139,353	12,139,353	12,139,353	-
Fund balance, ending	\$ 12,146,716	\$ 9,294,563	\$ 12,300,855	\$ 3,006,292

¹ 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 124 and 125.

This page intentionally left blank



• Incorporated 1912 •



CITY OF EL CAJON

NONMAJOR DEBT SERVICE FUND

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 nonmajor 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
Pension Obligation Bonds Debt Service Fund
Balance Sheet
June 30, 2022

	Pension Obligation Bonds
ASSETS	
Cash and investments	\$ 596,043
Cash and investments, with fiscal agent	2
Total assets	\$ 596,045
 FUND BALANCES	
Restricted:	
Debt service	2
Committed	596,043
Total fund balances	596,045
 Total liabilities and fund balances	 \$ 596,045

CITY OF EL CAJON
Pension Obligation Bonds Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
Total revenues	-	-	2	2
EXPENDITURES				
Current:				
General government	-	-	3,500	(3,500)
Debt service:				
Interest	4,233,884	4,233,884	3,961,037	272,847
Principal	4,885,232	4,885,232	4,570,000	315,232
Total expenditures	9,119,116	9,119,116	8,534,537	584,579
Deficiency of revenues (under) expenditures	(9,119,116)	(9,119,116)	(8,534,535)	584,581
OTHER FINANCING SOURCES (USES):				
Transfers in	9,119,116	9,119,116	9,119,116	-
Total other financing sources (uses)	9,119,116	9,119,116	9,119,116	-
Net change in fund balance	-	-	584,581	584,581
Fund balance, beginning	11,464	11,464	11,464	11,464
Fund balance, ending	\$ 11,464	\$ 11,464	\$ 596,045	\$ 596,045

This page intentionally left blank



The Valley of Opportunity

• *Incorporated 1912* •



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, 2022

	City Capital Improvement Program	Parks and Recreation Improvement Grants	Parks Impact Fees	Public Works Transportation Projects
ASSETS				
Cash and investments	\$ 10,459,226	\$ -	\$ 138,529	\$ 3,633,389
Receivables:				
Interest	-	-	410	12,684
Intergovernmental	-	-	-	1,169,618
Leases	541,102	-	-	-
Total assets	<u>\$ 11,000,328</u>	<u>\$ -</u>	<u>\$ 138,939</u>	<u>\$ 4,815,691</u>
LIABILITIES				
Accounts payable	\$ 30,005	\$ -	\$ -	\$ 421,484
Unearned revenue	-	-	-	-
Due to other funds	-	6,348	-	-
Total liabilities	<u>30,005</u>	<u>6,348</u>	<u>-</u>	<u>421,484</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	83,848
Related to leases	538,686	-	-	-
Total deferred inflows of resources	<u>538,686</u>	<u>-</u>	<u>-</u>	<u>83,848</u>
FUND BALANCES (DEFICITS)				
Restricted:				
RTCIP impact fee	-	-	-	754,879
RMRA	-	-	-	2,845,447
Assigned:				
Capital projects	10,431,637	-	138,939	710,033
Unassigned				
Total fund balances	<u>10,431,637</u>	<u>(6,348)</u>	<u>138,939</u>	<u>4,310,359</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,000,328</u>	<u>\$ -</u>	<u>\$ 138,939</u>	<u>\$ 4,815,691</u>

Public Safety Facilities Projects	Total Nonmajor Capital Projects Funds
\$ 3,650,931	\$ 17,882,075
10,842	23,936
-	1,169,618
-	541,102
<u>\$ 3,661,773</u>	<u>\$ 19,616,731</u>
\$ -	\$ 451,489
-	-
-	6,348
<u>-</u>	<u>457,837</u>
-	83,848
-	538,686
<u>-</u>	<u>622,534</u>
-	754,879
-	2,845,447
3,661,773	14,942,382
-	(6,348)
<u>3,661,773</u>	<u>18,536,360</u>
<u>\$ 3,661,773</u>	<u>\$ 19,616,731</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, 2022

	City Capital Improvement Program	Parks and Recreation Improvement Grants	Parks Impact Fees	Public Works Transportation Projects
REVENUES				
Taxes	\$ -	\$ -	\$ 3,751	\$ 1,928,650
Intergovernmental	-	-	-	2,354,529
Charges for services	-	-	-	44,648
Use of money and property	73,091	-	(3,133)	(85,694)
Other	100,000	-	-	105,999
Total revenues	<u>173,091</u>	<u>-</u>	<u>618</u>	<u>4,348,132</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Public works	72,436	-	-	634,211
Recreation	-	27,373	-	-
Capital outlay	762,716	-	-	4,356,874
Total expenditures	<u>835,152</u>	<u>27,373</u>	<u>-</u>	<u>4,991,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(662,061)</u>	<u>(27,373)</u>	<u>618</u>	<u>(642,953)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	670,503	27,373	-	565,180
Total other financing sources (uses)	<u>670,503</u>	<u>27,373</u>	<u>-</u>	<u>565,180</u>
Net change in fund balances	8,442	-	618	(77,773)
Fund balances (deficits), beginning	<u>10,423,195</u>	<u>(6,348)</u>	<u>138,321</u>	<u>4,388,132</u>
Fund balances (deficits), ending	<u>\$ 10,431,637</u>	<u>\$ (6,348)</u>	<u>\$ 138,939</u>	<u>\$ 4,310,359</u>

Public Safety Facilities Projects	Total Nonmajor Capital Projects Funds
\$ -	\$ 1,932,401
-	2,354,529
-	44,648
(83,318)	(99,054)
-	205,999
<u>(83,318)</u>	<u>4,438,523</u>
2,487	2,487
-	706,647
-	27,373
14,319	5,133,909
<u>16,806</u>	<u>5,870,416</u>
<u>(100,124)</u>	<u>(1,431,893)</u>
-	1,263,056
<u>-</u>	<u>1,263,056</u>
(100,124)	(168,837)
<u>3,761,897</u>	<u>18,705,197</u>
<u>\$ 3,661,773</u>	<u>\$ 18,536,360</u>

This page intentionally left blank



• Incorporated 1912 •

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, 2022

	<u>Vehicle Maintenance</u>	<u>Vehicle and Equipment Replacement</u>	<u>Self Insurance</u>
ASSETS			
Current assets:			
Cash and investments	\$ 1,281,061	\$ 3,654,083	\$ 7,830,891
Cash and investments, restricted	-	-	83,749
Prepaid items	-	36,171	-
Total current assets	<u>1,281,061</u>	<u>3,690,254</u>	<u>7,914,640</u>
Noncurrent assets:			
Net pension asset	101,255	-	186,684
Capital assets, not being depreciated:			
Construction in progress	-	714,946	-
Capital assets, being depreciated net:			
Machinery and equipment	-	10,032	-
Vehicles	16,280	2,385,074	-
Total noncurrent assets	<u>117,535</u>	<u>3,110,052</u>	<u>186,684</u>
Total assets	<u>1,398,596</u>	<u>6,800,306</u>	<u>8,101,324</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	194,711	-	64,903
Deferred outflows related OPEB	26,624	-	7,309
Total deferred outflows of resources	<u>221,335</u>	<u>-</u>	<u>72,212</u>
LIABILITIES			
Current liabilities:			
Accounts payable	112,728	54,755	27,824
Accrued interest payable	8,493	-	2,831
Accrued liabilities	16,272	-	8,705
Claims payable - Due within one year	-	-	800,000
Compensated absences - Due within one year	40,680	-	-
Bonds payable - Due within one year	53,700	-	17,900
Total current liabilities	<u>231,873</u>	<u>54,755</u>	<u>857,260</u>
Noncurrent liabilities:			
Claims payable - Due in more than one year	-	-	3,475,000
Compensated absences - Due in more than one year	27,967	-	-
Bonds payable	1,322,100	-	440,700
Net OPEB liability	85,918	-	18,120
Total noncurrent liabilities	<u>1,435,985</u>	<u>-</u>	<u>3,933,820</u>
Total liabilities	<u>1,667,858</u>	<u>54,755</u>	<u>4,791,080</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	627,331	-	209,110
Deferred inflows related OPEB	20,719	-	5,688
Total deferred inflows of resources	<u>648,050</u>	<u>-</u>	<u>214,798</u>
NET POSITION			
Net investment in capital assets	16,280	3,110,052	-
Unrestricted (deficit)	(712,257)	3,635,499	3,167,658
Total net position	<u>\$ (695,977)</u>	<u>\$ 6,745,551</u>	<u>\$ 3,167,658</u>

Information Technology Services	Other Post Employment Benefits	Total
\$ 2,461,750	\$ 734,109	\$ 15,961,894
-	-	83,749
4,000	-	40,171
<u>2,465,750</u>	<u>734,109</u>	<u>16,085,814</u>
2,386,503	-	2,674,442
-	-	714,946
350,440	-	360,472
-	-	2,401,354
<u>2,736,943</u>	<u>-</u>	<u>6,151,214</u>
<u>5,202,693</u>	<u>734,109</u>	<u>22,237,028</u>
259,614	-	519,228
36,545	-	70,478
<u>296,159</u>	<u>-</u>	<u>589,706</u>
59,602	-	254,909
11,324	-	22,648
32,229	-	57,206
-	-	800,000
67,990	-	108,670
71,600	-	143,200
<u>242,745</u>	<u>-</u>	<u>1,386,633</u>
-	-	3,475,000
18,124	-	46,091
1,762,800	-	3,525,600
75,416	-	179,454
<u>1,856,340</u>	<u>-</u>	<u>7,226,145</u>
<u>2,099,085</u>	<u>-</u>	<u>8,612,778</u>
836,441	-	1,672,882
28,438	-	54,845
<u>864,879</u>	<u>-</u>	<u>1,727,727</u>
350,440	-	3,476,772
2,184,448	734,109	9,009,457
<u>\$ 2,534,888</u>	<u>\$ 734,109</u>	<u>\$ 12,486,229</u>

CITY OF EL CAJON

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the fiscal year ended June 30, 2022

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance
Operating revenues:			
Charges for services	\$ 2,200,000	\$ -	\$ 3,502,933
Total operating revenues	2,200,000	-	3,502,933
Operating expenses:			
Salaries and benefits	430,535	-	147,294
Materials, services and supplies	1,240,594	26,751	691,204
Insurance claims/premiums	8,168	-	3,216,628
Depreciation	10,636	530,918	-
Total operating expenses	1,689,933	557,669	4,055,126
Operating income (loss)	510,067	(557,669)	(552,193)
Nonoperating revenues (expenses):			
Gain on disposal of assets	-	44,370	-
Other revenues	590	-	605,369
Interest expense and fiscal charges	(34,260)	-	(11,420)
Total nonoperating revenues (expenses)	(33,670)	44,370	593,949
Income (loss) before operating transfers	476,397	(513,299)	41,756
Operating transfers:			
Transfers out	(71,876)	-	(21,486)
Total operating transfers	(71,876)	-	(21,486)
Change in net position	404,521	(513,299)	20,270
Net position (deficit), beginning	(1,100,498)	7,258,850	3,147,388
Net position (deficit), ending	\$ (695,977)	\$ 6,745,551	\$ 3,167,658

Information Technology Services	Other Post Employment Benefits	Total
\$ 3,814,479	\$ 956,001	\$ 10,473,413
<u>3,814,479</u>	<u>956,001</u>	<u>10,473,413</u>
630,852	921,238	2,129,919
2,714,433	5,040	4,678,022
-	-	3,224,796
18,213	-	559,767
<u>3,363,498</u>	<u>926,278</u>	<u>10,592,504</u>
<u>450,981</u>	<u>29,723</u>	<u>(119,091)</u>
-	-	44,370
3,309	955	610,223
(45,680)	-	(91,360)
<u>(42,371)</u>	<u>955</u>	<u>563,233</u>
<u>408,610</u>	<u>30,678</u>	<u>444,142</u>
(123,515)	-	(216,877)
<u>(123,515)</u>	<u>-</u>	<u>(216,877)</u>
285,095	30,678	227,265
<u>2,249,793</u>	<u>703,431</u>	<u>12,258,964</u>
<u>\$ 2,534,888</u>	<u>\$ 734,109</u>	<u>\$ 12,486,229</u>

CITY OF EL CAJON
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2022

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from interfund charges	\$ 2,200,590	\$ -	\$ 4,108,302
Payments to suppliers	(1,217,786)	(8,167)	(3,888,973)
Payments to employees	(610,589)	-	611,653
Net cash provided by (used for) operating activities	<u>372,215</u>	<u>(8,167)</u>	<u>830,982</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(71,876)	-	(21,486)
Repayment of long term borrowing (principal)	(47,250)	-	(15,750)
Repayment of long term borrowing (interest)	(40,927)	-	(13,642)
Net cash (used for) noncapital financing activities	<u>(160,053)</u>	<u>-</u>	<u>(50,878)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of vehicles and equipment	-	44,370	-
Acquisitions of vehicles and equipment	-	(755,826)	-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(711,456)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	212,162	(719,623)	780,104
Cash and cash equivalents, beginning	<u>1,068,899</u>	<u>4,373,706</u>	<u>7,134,536</u>
Cash and cash equivalents, ending	<u>\$ 1,281,061</u>	<u>\$ 3,654,083</u>	<u>\$ 7,914,640</u>
Reconciliation of cash and cash equivalents at end of year to the Statement of Net Position:			
Cash and investments	\$ 1,281,061	\$ 3,654,083	\$ 7,830,891
Cash and investments, restricted	-	-	83,749
Total cash and cash equivalents at end of year	<u>\$ 1,281,061</u>	<u>\$ 3,654,083</u>	<u>\$ 7,914,640</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 510,067	\$ (557,669)	\$ (552,193)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	10,636	530,918	-
Other nonoperating revenue	590	-	605,369
Pension related adjustments	(181,974)	-	(60,658)
OPEB related adjustments	(2,304)	-	(633)
(Increase) in prepaid expenses	-	(36,171)	-
Increase (decrease) in accounts payable	30,976	54,755	12,660
Increase in accrued liabilities	12,452	-	7,437
Increase in claims payable	-	-	819,000
(Decrease) in compensated absences payable	(8,228)	-	-
Total adjustments	<u>(137,852)</u>	<u>549,502</u>	<u>1,383,175</u>
Net cash provided by (used for) operating activities	<u>\$ 372,215</u>	<u>\$ (8,167)</u>	<u>\$ 830,982</u>

Information Technology Services	Other Post Employment Benefits	Total
\$ 3,817,789	\$ 956,956	\$ 11,083,637
(2,730,086)	(7,140)	(7,852,152)
(969,340)	(921,238)	(1,889,514)
<u>118,363</u>	<u>28,578</u>	<u>1,341,971</u>
(123,515)		(216,877)
(63,000)	-	(126,000)
(54,569)	-	(109,138)
<u>(241,084)</u>	<u>-</u>	<u>(452,015)</u>
-	-	44,370
-	-	(755,826)
-	-	(711,456)
(122,721)	28,578	178,500
<u>2,584,471</u>	<u>705,531</u>	<u>15,867,143</u>
<u>\$ 2,461,750</u>	<u>\$ 734,109</u>	<u>\$ 16,045,643</u>
\$ 2,461,750	\$ 734,109	\$ 15,961,894
-	-	83,749
<u>\$ 2,461,750</u>	<u>\$ 734,109</u>	<u>\$ 16,045,643</u>
\$ 450,981	\$ 29,723	\$ (119,091)
18,213	-	559,767
3,309	955	610,223
(242,631)	-	(485,263)
(3,163)	-	(6,100)
(4,000)	-	(40,171)
(11,653)	(2,100)	84,638
26,622	-	46,511
-	-	819,000
(119,315)	-	(127,543)
<u>(332,618)</u>	<u>(1,145)</u>	<u>1,461,062</u>
<u>\$ 118,363</u>	<u>\$ 28,578</u>	<u>\$ 1,341,971</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 lienied, 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, 2022

	Special Assessments	Heartland Communications Facility Authority	Heartland Fire Training Authority	Total
ASSETS				
Cash and investments	\$ 67,463	\$ 4,675,208	\$ 1,174,341	\$ 5,917,012
Receivables:				
Accounts	8,364	33,379	18,974	60,717
Intergovernmental	-	412,373	-	412,373
Interest	-	15,184	3,604	18,788
Total assets	<u>75,827</u>	<u>5,136,144</u>	<u>1,196,919</u>	<u>6,408,890</u>
LIABILITIES				
Accounts payable and other liabilities	-	140,898	19,467	160,365
Due to other agencies	17,315	-	-	17,315
Total liabilities	<u>17,315</u>	<u>140,898</u>	<u>19,467</u>	<u>177,680</u>
NET POSITION				
Restricted for:				
Organizations and other agencies	58,512	4,995,246	1,177,452	6,231,210
Total net position	<u>\$ 58,512</u>	<u>\$ 4,995,246</u>	<u>\$ 1,177,452</u>	<u>\$ 6,231,210</u>

CITY OF EL CAJON
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the fiscal year ended June 30, 2022

	<u>Special Assessments</u>	<u>Heartland Communications Facility Authority</u>	<u>Heartland Fire Training Authority</u>	<u>Total</u>
ADDITIONS				
Contributions				
Other agencies	\$ -	\$ 4,260,838	\$ 345,142	\$ 4,605,980
Participants	-	-	120,506	120,506
Investment earnings	-	(116,568)	(27,425)	(143,993)
Assessment collections for other agencies	504,057	-	-	504,057
Miscellaneous	-	55,052	469	55,521
Total additions	<u>504,057</u>	<u>4,199,322</u>	<u>438,692</u>	<u>5,142,071</u>
DEDUCTIONS				
Payments of assessments to other agencies	445,545	-	-	445,545
Program/project expenses	-	4,091,983	482,079	4,574,062
Total deductions	<u>445,545</u>	<u>4,091,983</u>	<u>482,079</u>	<u>5,019,607</u>
Net change in fiduciary net position	58,512	107,339	(43,387)	122,464
Net position, beginning	-	4,887,907	1,220,839	6,108,746
Net position, ending	<u>\$ 58,512</u>	<u>\$ 4,995,246</u>	<u>\$ 1,177,452</u>	<u>\$ 6,231,210</u>

This page intentionally left blank



• Incorporated 1912 •

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 159-163)

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 164-170)

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

Debt Capacity

(Pages 171-174)

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 175-176)

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 177-180)

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									
	2013	2014	2015 (a)	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 193,537,908	\$ 210,077,278	\$ 214,159,409	\$ 218,963,063	\$ 217,482,744	\$ 224,144,319	\$ 229,501,003	\$ 225,818,278	\$ 216,346,514	\$ 211,216,164
Restricted	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	42,459,738
Unrestricted	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)	(86,013,407)
Total governmental activities net position	\$ 280,837,490	\$ 302,446,785	\$ 175,695,856	\$ 182,641,517	\$ 183,651,135	\$ 176,728,336	\$ 170,152,515	\$ 155,785,380	\$ 151,336,943	\$ 167,662,495
Business-type activities										
Net investment in capital assets	\$ 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	\$ 49,891,775
Restricted	-	-	261,645	231,764	264,273	357,552	592,205	592,205	592,205	592,205
Unrestricted	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	24,702,769
Total business-type activities net position	\$ 55,117,046	\$ 53,002,258	\$ 53,509,260	\$ 57,989,167	\$ 58,668,205	\$ 62,290,139	\$ 64,256,907	\$ 66,747,407	\$ 68,577,644	\$ 75,186,749
Primary government										
Net investment in capital assets	\$ 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	\$ 261,107,939
Restricted	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	43,051,943
Unrestricted	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)	(61,310,638)
Total primary government net position	\$ 335,954,536	\$ 355,449,043	\$ 229,205,116	\$ 240,610,684	\$ 242,319,340	\$ 239,018,475	\$ 234,409,422	\$ 222,532,787	\$ 219,914,587	\$ 242,849,244

City of El Cajon - Finance Department

(a) 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									
	2013	2014	2015(e)	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 9,148,684	\$ 11,388,403	\$ 9,344,953	\$ 8,606,868	\$ 9,205,742	\$ 8,375,462	\$ 8,118,423	\$ 8,360,591	\$ 8,411,073	\$ 10,112,686
Public safety	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	50,104,115
Public works	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	15,717,977
Recreation	4,622,822	4,958,144	5,526,542	5,526,542	3,242,986	4,916,098	4,602,764	7,294,395	4,900,145	7,957,462
Community development	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	3,892,396
Interest on long-term debt	987,165	792,604	483,777	174,542	55,909	50,652	43,072	37,833	1,499,559	3,352,189
Total governmental activities expenses	72,287,810	73,519,993	74,303,284	76,086,557	81,511,857	90,673,370	98,825,906	105,141,864	106,882,204	91,136,825
Business-type activities:										
Wastewater	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	21,208,600
Total business-type activities expenses	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	21,208,600
Total primary government expenses	\$ 89,998,266	\$ 90,898,113	\$ 90,170,708	\$ 92,786,913	\$ 100,941,220	\$ 108,062,698	\$ 118,843,123	\$ 128,932,052	\$ 128,830,628	\$ 112,345,425
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 3,469,892
Public safety	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	2,331,565
Public works	1,184,869	1,270,454	1,067,571	1,198,740	1,145,382	1,728,558	1,541,113	1,411,722	1,473,685	1,393,173
Recreation	696,275	1,153,051	992,221	843,635	823,711	679,813	667,450	2,683,986	265,879	4,127,303
Community development	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	2,693,437
Operating grants and contributions	6,811,610	6,717,307	6,970,968	6,049,885	6,478,047	7,581,512	6,878,948	6,353,384	8,890,194	7,429,896
Capital grants and contributions	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	4,486,931
Total governmental activities revenues	33,397,166	40,298,805	31,522,552	23,176,958	18,858,724	20,012,485	23,860,637	22,134,778	28,807,036	25,932,197
Business-type activities:										
Wastewater	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	28,970,040
Charges for services	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	28,970,040
Total business-type activities revenues	\$ 48,766,525	\$ 55,661,883	\$ 51,864,119	\$ 42,754,114	\$ 38,761,741	\$ 40,408,015	\$ 44,921,345	\$ 43,486,166	\$ 52,894,631	\$ 54,902,237

(Continued)

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

	Fiscal Year									
	2013	2014	2015(e)	2016	2017	2018	2019	2020	2021	2022
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (65,204,628)
Business-type activities	(2,341,097)	(2,015,042)	4,474,143	2,876,800	473,654	3,006,202	1,043,491	(2,436,800)	2,139,171	7,761,440
Total primary government net expense	\$ (41,231,741)	\$ (35,236,230)	\$ (38,306,589)	\$ (50,032,799)	\$ (62,179,479)	\$ (67,654,683)	\$ (73,921,778)	\$ (85,445,886)	\$ (75,935,997)	\$ (57,443,188)
General Revenues and Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 23,485,978
Sales taxes	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	45,502,199
Franchise taxes	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	6,772,687
Transient lodging taxes	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	2,797,308
Business license taxes	768,726	766,515	788,397	775,603	833,371	837,895	843,422	818,288	832,383	735,274
Intergovernmental, unrestricted	51,550	87,385	828,833	40,931	45,845	54,999	50,668	83,545	76,565	4,540,708
Investment earnings	179,961	39,032	54,446	599,306	241,282	402,994	2,645,785	3,159,443	92,406	(2,793,477)
Other	1,352,057	801,775	676,603	703,000	821,817	(356,651)	18,233	(64,158)	2,786	18,985
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	-	-	-	-	-	-	-	-	-	-
Transfer in(out)	69,751	145,863	54,944	271,412	28,495	-	-	-	-	484,433
Total governmental activities	52,446,632	54,830,483	54,960,104	59,855,260	63,662,751	63,738,086	68,389,448	68,639,951	73,626,731	81,544,095
Business-type activities:										
Investment earnings	24,511	42,103	69,455	187,377	146,614	144,106	879,492	1,093,630	(70,097)	(804,769)
Other	15,015	4,014	5,413,909	1,667,142	107,265	471,626	43,785	3,835,670	(238,837)	136,867
Special item - net loss on sale of properties	(2,225)	-	-	-	-	-	-	-	-	-
Transfer in(out)	(69,751)	(145,863)	(54,944)	(271,412)	(28,495)	-	-	-	-	(484,433)
Total business-type activities	(32,450)	(99,746)	5,428,420	1,583,107	225,384	615,732	923,277	4,929,300	(308,934)	(1,152,335)
Total primary government	\$ 52,414,182	\$ 54,730,737	\$ 60,388,524	\$ 61,438,367	\$ 63,888,135	\$ 64,353,818	\$ 69,312,725	\$ 73,569,251	\$ 73,317,797	\$ 80,391,760
Changes in Net Position										
Governmental activities	\$ 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)	\$ 16,339,467
Business-type activities	(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	6,609,105
Total primary government	\$ 11,182,441	\$ 19,494,507	\$ 22,081,935	\$ 11,405,568	\$ 1,708,656	\$ (3,300,865)	\$ (4,609,053)	\$ (11,876,635)	\$ (2,618,200)	\$ 22,948,572

(Concluded)

City of El Cajon - Finance Department

(a) 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 2,331	\$ 2,616	\$ 1,769	\$ 8,379	\$ 15,598	\$ 7,071	\$ 2,507	\$ -	\$ 4,330	\$ -
Restricted	-	-	-	-	-	-	-	-	2,038,034	1,810,152
Committed	10,614,730	11,415,896	12,101,021	13,052,990	13,052,990	13,052,990	15,939,481	15,619,455	15,531,197	15,883,202
Assigned	4,947,648	3,520,000	6,020,000	6,020,000	14,500,000	14,500,000	14,500,000	13,612,686	12,461,966	27,073,050
Unassigned	10,969,345	12,987,788	12,430,127	16,573,355	14,613,935	21,239,581	18,617,202	20,120,759	23,642,249	17,281,670
Total general fund	\$ 26,534,054	\$ 27,926,300	\$ 30,552,917	\$ 35,654,724	\$ 42,182,523	\$ 48,799,642	\$ 49,059,190	\$ 49,352,900	\$ 53,677,776	\$ 62,048,074
All other governmental funds										
Nonspendable	\$ 4,219	\$ 3,117	\$ 1,234,000	\$ -	\$ 568,839	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	39,851,295
Committed	-	-	-	-	-	-	-	-	-	596,043
Assigned	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	14,942,382
Unassigned	(16,521)	(42,390)	-	(2,250)	(13,157)	(8,343)	(6,348)	(38,210)	(6,348)	(83,806)
Total all other governmental funds	\$ 58,330,918	\$ 61,211,806	\$ 64,884,724	\$ 57,979,607	\$ 57,835,599	\$ 50,034,760	\$ 49,226,066	\$ 48,484,349	\$ 56,164,824	\$ 55,305,914
Total fund balance	\$ 84,864,972	\$ 89,138,106	\$ 95,437,641	\$ 93,634,331	\$ 100,018,122	\$ 98,834,402	\$ 98,285,256	\$ 97,837,249	\$ 109,842,600	\$ 117,353,988

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 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	\$ 81,225,850
Intergovernmental	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	14,957,123
Licenses and permits	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	1,939,791
Fines and forfeitures	948,898	730,257	707,147	614,923	634,882	685,061	573,407	543,091	370,272	504,020
Special assessments	378,829	385,163	379,048	377,388	368,315	367,458	366,589	366,681	367,954	369,284
Charges for services	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	4,697,880
Use of money and property	984,581	897,274	1,700,784	1,515,971	1,336,554	1,309,683	3,758,860	6,849,675	2,252,063	2,811,221
Other	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	701,703
Total revenues	83,812,822	84,282,287	88,322,200	83,142,177	82,860,751	84,890,726	91,977,022	91,347,754	97,243,327	107,206,872
Expenditures										
General government	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	9,933,170
Public safety	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	53,157,288
Public works	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	10,032,091
Recreation	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	7,978,063
Community development	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	4,035,187
Capital outlay	9,064,501	6,443,922	6,269,915	8,907,171	6,982,930	13,555,195	13,551,753	6,173,793	3,684,679	7,193,341
Debt service: principal	2,997,000	7,187,000	7,472,000	7,990,000	176,498	181,423	186,484	191,687	197,035	4,855,391
Debt service: interest & fiscal charges	987,165	792,604	483,777	174,542	55,909	76,147	43,072	18,408	35,372	3,991,685
Total expenditures	76,098,684	80,142,938	80,829,698	85,216,899	76,505,455	86,074,446	92,526,168	91,795,761	228,770,976	101,176,216
Excess (deficiency) of revenues over (under) expenditures	7,714,138	4,139,349	7,492,502	(2,074,722)	6,355,296	(1,183,720)	(549,146)	(448,007)	(131,527,649)	6,030,656
Other financing sources (uses)										
Sale of capital assets	-	-	-	-	-	-	-	-	5,810,000	-
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	137,723,000	793,338
Transfers in	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	10,592,013
Transfers out	(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)	(9,890,704)
Total other financing sources (uses)	3,518	133,785	41,033	271,412	28,495	-	-	-	143,533,000	1,494,647
Special item - payment to affected taxing entities	-	-	(1,234,000)	-	-	-	-	-	-	-
Net change in fund balances	\$ 7,717,656	\$ 4,273,134	\$ 7,533,535	\$ (1,803,310)	\$ 6,383,791	\$ (1,183,720)	\$ (549,146)	\$ (448,007)	\$ 12,005,351	\$ 7,525,303
Debt service as percentage of noncapital expenditures	5.94%	10.83%	10.67%	10.70%	0.33%	0.36%	0.29%	0.25%	0.10%	9.41%

Source: City of El Cajon - Finance Department

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

Fiscal Year	Property	Sales and Use (a) (b)	Franchise	Transient Occupancy	Business License	Property Transfer	Other	Total
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	6,388,777	2,126,234	832,383	478,805	1,737,445	75,192,420
2022	22,501,821	45,502,200	6,772,687	2,797,309	735,274	984,158	1,932,401	81,225,850

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.

CITY OF EL CAJON

Principal Sales Tax Producers (Listed Alphabetically) Current Fiscal Year and Nine Years Ago

Fiscal Year 2022		Fiscal Year 2013	
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
G&M Oil	Plumbing/Electrical Supplies	Ferguson Enterprises	Plumbing/Electrical Supplies
HD Supply	Service Stations	G&M Oil	Service Stations
Home Depot	Medical/Biotech	Home Depot	Building Materials
Hyundai of El Cajon	Building Materials	JC Penney	Department Stores
J & B Materials	New Motor Vehicle Dealers	Lexus	New Motor Vehicle Dealers
Lexus	New Motor Vehicle Dealers	Macys	Department Stores
Mercedes Benz	Building Materials	Mossy Nissan	New Motor Vehicle Dealers
Mossy Nissan	New Motor Vehicle Dealers	Mossy Volkswagen	New Motor Vehicle Dealers
Motoworld	New Motor Vehicle Dealers	Sears	Department Stores
Russell Sigler	New Motor Vehicle Dealers	Soco Group	Service Stations
Speedway	Contractors	Subaru of El Cajon	New Motor Vehicle Dealers
Subaru of El Cajon	New Motor Vehicle Dealers	Target	Discount Department Stores
Target	Discount Department Stores	Team Kia of El Cajon	New Motor Vehicle Dealers
Team Kia of El Cajon	New Motor Vehicle Dealers	Tesoro Refining & Marketing Co	Service Stations
Team Mazda 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	United Oil	Service Stations
United Oil	Service Stations	Vons	Grocery Stores
Walmart	Discount Department Stores	Walmart	Discount Department Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 45.12%

Percent of Fiscal Year Total Paid By Top 25 Accounts = 46.97%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Apparel Stores	\$ 80,630	\$ 83,364	\$ 82,324	\$ 84,241	\$ 86,123	\$ 85,294	\$ 87,675	\$ 86,541	\$ 58,955	\$ 95,714
General Merchandise	145,964	147,430	151,929	155,714	154,451	147,400	134,383	119,974	107,241	113,740
Food Stores	45,473	47,891	47,291	45,809	45,374	47,041	47,961	46,271	51,726	50,827
Eating and Drinking Places	133,326	137,793	143,339	150,819	159,558	164,357	173,666	186,546	169,593	216,080
Building Materials	192,786	209,128	230,531	247,753	261,868	272,995	280,374	323,993	296,446	328,972
Auto Dealers and Supplies	500,822	569,150	610,892	696,517	752,207	780,013	751,463	742,782	727,653	914,137
Service Stations	378,912	353,581	339,384	275,627	243,765	267,201	287,686	212,079	140,676	200,459
Other Retail Stores	251,955	264,852	267,323	280,789	286,048	280,452	291,415	295,436	280,236	347,815
All Other Outlets	401,943	431,732	451,971	479,017	508,471	612,843	626,266	667,280	831,376	900,227
Total	\$ 2,131,811	\$ 2,244,921	\$ 2,324,984	\$ 2,416,286	\$ 2,497,865	\$ 2,657,596	\$ 2,680,889	\$ 2,680,902	\$ 2,663,902	\$ 3,167,971

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>
2013	\$ 4,607,898	\$ 1,310,579	\$ 444,734	\$ 334,147	\$ 439,823	\$ 7,137,181	-1.01%	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
2022	7,759,913	1,768,748	617,143	420,538	451,844	11,018,186	3.69%	0.11008

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										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Basic City and County Levy	(a)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Tax Rates											
Cajon Valley School - General Bond		0.06274	0.08634	0.08294	0.08145	0.07801	0.08761	0.08477	0.07882	0.07637	0.07310
Grossmont Healthcare District Bond		0.02005	0.02005	0.02005	0.02352	0.02352	0.02352	0.02352	0.02490	0.02490	0.02459
Grossmont Union High Bond		0.06103	0.06167	0.06118	0.06053	0.05717	0.06613	0.06482	0.06704	0.06326	0.06448
Grossmont-Cuyamaca Community College		0.03173	0.04752	0.04650	0.04539	0.04005	0.04671	0.04225	0.04038	0.03797	0.04115
La Mesa Spring Valley - General Bond		0.02591	0.02532	0.02446	0.02363	0.02289	0.02247	0.02194	0.02155	0.02144	0.04779
Metropolitan Water District		0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Santee - General Bond		0.03390	0.03405	0.03321	0.03277	0.03964	0.03705	0.03473	0.03411	0.05992	0.05854
Total Direct & Overlapping Tax Rates	(b)	1.23886	1.27845	1.27184	1.27079	1.26478	1.28699	1.27553	1.27030	1.28736	1.31315
City's Share of 1% Levy per Proposition 13	(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 (TRA-03001). 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
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	82,742	9,620,150	98.34
2022	10,314,745	9,911,689	96.09	-	9,911,689	96.09

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 2022			Fiscal Year 2013		
	Taxable Value	Rank	Percent of City Total Taxable Value	Taxable Value	Rank	Percent of City Total Taxable Value
Star-West Parkway Mall L P	\$ 253,833,909	1	2.25%	257,957,057	1	3.52%
G K N Aerospace Chem-Tronics Inc	102,175,331	2	0.90%	56,492,760	3	0.77%
Bmf V California Forest Park Fletcher	87,568,844	3	0.78%			
Mf Panda Nr Owner California Lp	73,115,354	4	0.65%			
Lysinger 1999 Trust	48,324,497	5	0.43%	48,634,270	4	0.66%
Kaiser	47,739,356	6	0.42%	25,162,047	10	0.34%
Cox Communications California	37,113,045	7	0.33%			
Terraza T I C I Lic	35,722,387	8	0.32%			
Hoban Holdings Inc	33,904,074	9	0.30%			
General Atomics	33,267,900	10	0.29%			
Conrad Prebys Trust				108,878,127	2	1.49%
El Cajon Energy Center Lic				37,170,034	5	0.51%
San Diego Forest Park Lic				32,048,191	6	0.44%
Pacific Gillespie Partners				28,873,081	7	0.39%
Sears Roebuck And Company				26,455,569	8	0.36%
Heif Properties Inc				26,303,624	9	0.36%
Total Top 10 Taxpayers	752,764,697		6.67%	647,974,760		8.84%
City Total Taxable Value (a)	\$ 11,290,408,768		100.00%	\$ 7,328,080,972		100%

Sources: San Diego County Assessor 2012/13 and 2021/22 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			
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	5,692,200	157,833,542	6.09%	1,529
2022	-	1,578,715	-	136,821,800	-	9,119,178	5,503,200	5,503,200	153,022,893	5.71%	1,449

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, 2022

	Total Debt 06/30/2022	Percent Applicable to City of El Cajon (a)	City's Share of Debt 06/30/2022
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$ 20,175,000	0.321%	\$ 64,762
Grossmont-Cuyamaca Community College District	381,640,377	18.472%	70,496,610
Grossmont Union High School District	618,237,843	19.008%	117,514,649
Cajon Valley Union School District	160,707,393	47.046%	75,606,400
La Mesa-Spring Valley School District	58,518,377	8.648%	5,060,669
Santee School District	59,631,438	3.221%	1,920,729
Grossmont Healthcare District	243,787,076	17.445%	42,528,655
			\$ 313,192,474 (b)
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			
TOTAL OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	\$ 245,340,000	1.801%	\$ 4,418,573
San Diego County Pension Obligation Bonds	340,825,000	1.801%	6,138,258
San Diego County Superintendent of Schools Certificates of Participation	7,780,000	1.801%	140,118
Grossmont-Cuyamaca Community College District General Fund Obligations	32,420,000	19.008%	6,162,394
Cajon Valley Union School District Certificates of Participation	15,339,000	47.046%	7,216,386
La Mesa-Spring Valley School District Certificates of Participation	9,257,793	8.648%	800,614
Santee School District Certificates of Participation	22,394,849	3.221%	721,338
			\$ 25,597,681 (b)
TOTAL OVERLAPPING GENERAL FUND DEBT			
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):			
	\$ 53,665,000	90.413-100%	\$ 49,205,194 (b)
TOTAL DIRECT DEBT - City of El Cajon			
Pension Obligation Bonds	\$ 136,821,800	100.000%	\$ 136,821,800
Capital Lease Obligations	1,578,715	100.000%	1,578,715
			\$ 138,400,515
TOTAL DIRECT DEBT - City of El Cajon			
COMBINED TOTAL DEBT			\$ 526,395,864

Ratios to 2021-22 Assessed Valuation (in thousands of dollars):

Total Overlapping Tax and Assessment Debt	\$ 11,018,186
Total Overlapping General Fund Debt	2.84%
Overlapping Tax Increment Debt (Successor Agencies)	0.23%
Total Direct Debt	0.45%
Combined Total Debt	1.26%
	4.78%

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net assessed valuation	\$ 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	\$ 11,018,185
State legal debt limit (a)	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	1,652,728
Less amount of debt applicable to the limit (b):										
Sales Tax Revenue Bonds	22,255	15,125	7,710	-	-	-	-	-	-	-
Notes Payable	394	337	2,890	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	1,827	1,646	1,459	1,268	1,071	1,579
Pension Obligation Bonds										
Total net debt applicable to limit	22,649	15,462	10,600	-	1,827	1,646	1,459	1,268	141,518	136,822
Legal debt margin	\$ 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	\$ 1,514,327
Total net debt applicable to the limit as a percentage of debt limit	2.12%	1.41%	0.92%	0.00%	0.14%	0.12%	0.10%	0.08%	8.95%	8.37%

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

Notes: (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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NOTE PAYABLE - STATE WATER RESOURCES CONTROL BOARD										
Wastewater Revenues	\$ -	\$ -	\$ -	\$ 21,431,675	\$ 19,985,038	\$ 20,910,132	\$ 21,848,143	\$ 22,350,809	\$ 24,087,595	\$ 28,845,517
Less: Operations and Maintenance	-	-	-	(12,260,836)	(14,563,908)	(13,833,983)	(14,128,459)	(20,830,199)	(21,948,424)	(21,208,600)
Net revenues	-	-	-	9,170,839	5,421,130	7,076,149	7,719,684	1,520,610	2,139,171	7,636,917
Debt Service										
Principal	-	-	-	-	184,664	270,557	467,098	415,943	424,678	433,596
Interest	-	-	-	-	64,545	86,995	125,107	176,261	167,527	158,608
Coverage	-	-	-	-	21.75	19.79	13.04	2.57	3.61	12.90
REVENUE BONDS (a)										
Sales Tax Revenues	\$ 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	964,300	772,600	466,700	-	-	-	-	-	-	-
Coverage	2.13	1.07	0.96	-	-	-	-	-	-	-
TAX ALLOCATION BONDS (b)										
Property Tax Incremental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Pass-through payments	-	-	-	-	-	-	-	-	-	-
Coverage	-	-	-	-	-	-	-	-	-	-

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)
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%
2021	105,638	2,678,290	25,353	9.0%	35.0	85.1%	22.1%

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 2022			Fiscal Year 2013		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Cajon Valley Union School District (1)	1,884	1	4.23%	970	1	1.79%
Grossmont-Cuyamaca Community College District (2)	1,169	2	2.63%	642	2	1.18%
GKN Aerospace Chem-Tronics Inc	967	3	2.17%	641	3	1.18%
Grossmont UHSD	744	4	1.67%	385	7	0.71%
Taylor Guitars	544	5	1.22%	385	8	0.71%
Avocado Post Acute (Formerly El Dorado Care Center)	476	6	1.07%			
City of El Cajon	413	7	0.93%	405	6	0.75%
Wal-Mart Stores (2 locations)	405	8	0.91%	455	4	0.84%
The Home Depot	387	9	0.87%	360	9	0.66%
Country Hills Health Care	329	10	0.74%	355	10	0.65%
University Mechanical & Engineering				455	5	0.84%
Total Top 10 Employers	7,318		16.44%	5,053		9.31%

Total City Labor Force 44,500

54,200

Source: MuniServices, LLC /an Avenu Insights & Analytics Company (Results based on direct correspondence with City's local businesses) 2012-13 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									
	2013	2014	2015	2016	2017	2018 (a)	2019 (b)	2020	2021	2022
General Government										
City Manager	9.35	9.35	14.20	14.75	3.05	3.85	6.35	6.75	5.50	6.00
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	11.45	14.00	11.30	11.50	12.40	13.00	15.50	15.09	13.55	14.00
Human Resources (b)	0.00	0.00	0.00	0.00	0.00	0.00	5.50	5.00	4.00	4.00
Information Technology (b)	0.00	0.00	0.00	0.00	0.00	0.00	9.00	8.00	7.00	7.00
Administrative Services (b)	4.00	4.00	4.00	3.80	16.50	17.00	0.00	0.00	0.00	0.00
Police										
Officers	122.00	122.00	122.00	122.00	122.00	124.00	126.00	126.00	126.00	126.00
Civilians	69.20	69.20	70.20	66.20	66.20	65.20	63.20	64.00	63.00	62.00
Animal Control	5.00	5.00	5.00	5.00	5.00	7.00	7.00	6.00	7.00	0.00
Fire										
Firefighters and Officers	72.00	72.00	72.00	73.00	59.00	56.00	57.00	57.00	58.00	60.00
Civilians	2.20	2.20	2.20	2.20	2.20	2.70	2.70	3.00	3.00	2.00
Public Works										
Administration and Engineering	19.05	14.10	13.80	14.70	14.30	14.40	14.00	13.40	10.70	12.30
Traffic and Streets Maintenance	23.05	24.85	25.05	26.90	22.90	27.95	27.20	26.65	23.45	21.50
Parks, Facilities, and Vehicle Maintenance	44.25	43.10	42.65	40.40	26.65	25.80	25.05	26.20	24.65	25.00
Wastewater	30.25	29.75	30.30	29.70	33.05	33.35	28.25	28.25	30.65	23.70
Recreation	15.00	15.00	16.00	16.00	16.00	41.55	41.55	43.50	43.50	15.50
Community Development	20.5	20.5	18.8	18.9	18.9	21.50	22.00	23.00	19.00	20.00
Total	<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>	<u>404.00</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Community Development										
Building permits issued	1,376	1,534	1,971	2,016	2,063	2,208	2,501	2,520	1,976	2,064
Building inspections conducted	5,340	2,522	9,529	9,608	5,631	6,919	11,142	9,580	4,500	3,687
Police										
Physical arrests	5,015	5,088	6,589	5,121	4,861	4,754	6,385	6,432	4,208	4,462
Traffic violations	10,915	3,653	3,100	2,953	2,434	2,244	2,003	1,907	1,593	1,186
Parking violations	3,085	2,764	3,191	2,498	2,411	2,443	2,797	2,266	1,955	2,026
Animal Control (c)										
Licenses issued	2,254	2,025	1,985	1,978	1,819	1,679	1,340	1,471	510	0
Adoptions	1,112	951	971	816	1,071	1,064	1,054	1,530	491	0
Fire										
Emergency responses	11,549	12,087	12,833	13,616	14,462	15,562	15,802	14,993	15,753	16,840
Fires extinguished (a)(b)	410	368	348	409	279	157	125	360	496	407
Fires investigated (b)	410	368	96	165	38	10	125	360	2	6
Inspections	3,921	535	813	632	1,827	1,849	609	106	864	670
Abatement compliance	407	418	2,770	88	146	73	230	228	49	47
Public works										
Street resurfacing (miles)	11	6	5	9	4	5	8	27	19	17
Recreation										
Facility rentals	362	367	334	348	362	378	386	182	8	397
Classes and other bookings	1,799	1,704	1,596	1,134	1,218	1,281	1,433	811	3,487	1,255
Attendance	85,574	88,875	113,924	92,871	96,455	100,677	105,226	113,552	117,600	106,887
Wastewater										
Average daily sewage transportation (thousands of gallons)	7,780	7,941	7,728	6,980	7,421	6,458	7,321	7,630	6,420	6,486

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Police										
Headquarters	1	1	1	1	1	1	1	1	1	1
Animal shelter	1	1	1	1	1	1	1	1	1	1
Patrol vehicle	56	56	56	56	59	59	59	59	59	53
Undercover vehicles	30	30	34	34	31	31	31	31	31	46
Tactical vehicles	5	5	5	5	5	5	5	5	5	5
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Engines/Pumper trucks	7	7	7	7	7	7	7	7	7	9
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 (a)	7	7	7	4	1	1	1	0	0	1
Public works										
Streets (miles)	194	194	194	194	194	194	194	194	194	194
Streetlights	2,352	2,356	2,360	2,360	2,688	2,732	2,732	2,732	2,732	3,267
Traffic signals	112	112	112	112	112	113	113	113	113	113

(Continued)

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Parks and recreation										
Acreeage	120	120	120	120	120	120	120	120	120	120
Community/recreation centers	6	6	6	6	7	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	7	7	7	7	8	8
Outdoor gym	0	0	0	0	2	2	2	2	2	2
Tennis courts	1	1	1	1	1	1	1	1	1	2
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	4	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	2	2	2	2	2	2
Outdoor multi-use sports area	0	0	0	0	0	0	0	0	1	2
Dog park	1	1	1	1	3	3	3	3	4	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
Wastewater										
Sanitary sewers (miles)	195	195	195	195	195	195	195	195	195	195
Storm sewers (miles)	72	72	72	72	82	82	82	82	82	82

(Concluded)

Source: City of El Cajon Departments

Notes: (a) Three (3) ambulances were sold in fiscal year 2017.

CITY OF EL CAJON

ACKNOWLEDGEMENTS

Finance Department

Lilia Calip

Victoria Danganan

Luca Gonzales

Lee Ann Jones-Santos

Jason Kang

Martha Lopez

Zachary Moran

Maria Navarro

Alma Ramirez

Autumn Reberger

Martin Reid

Mara Romano

Clay Schoen, CPA

April Solis

Heidi Stepler



CITY OF EL CAJON
200 Civic Center Way
El Cajon, California 92020
www.elcajon.gov