

City of El Cajon California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ending June 30, 2023



City of El Cajon, California

Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2023



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

Prepared by the Finance Department

CITY OF EL CAJON

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ACKNOWLEDGEMENTS



INTRODUCTORY SECTION



INTRODUCTORY SECTION





CITY OF EL CAJON

200 Civic Center Way

• El Cajon, California 92020

March 29, 2024

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, 2023.

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, 2023, 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, 2023, 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 104,619. The City has experienced population growth of approximately 3.2% 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 54) 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 a mild economic slowing in 2022, national GDP grew 2.5% in 2023 (from 1.9% in 2022). While state-level data has not been released for the final quarter of 2023, California's Gross Domestic Product (GDP) increased at a 4.8% annual rate for the third quarter 2023, as compared to 0.7% for 2022. State unemployment rates have crept up over the year, with the State unemployment rate for December 2023 at 5.1%, compared to 4.1% at the same point last year. For the same period, national unemployment was 3.7%, up from 3.5% in December 2022.

The Consumer Price Index (CPI) improved in 2023 for the San Diego region, measuring from January 2024 to January 2023, CPI was up 3.8%, and up 3.1% nationally. The Federal Open Market Committee has moved towards maintaining the federal funds rate after increases implemented to mitigate inflation. The Committee recently stated that “The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent.”

Housing indicators are mixed, led by privately-owned housing units authorized nationally, which increased 8.6% from January 2023 to January 2024. For the same period, housing starts decreased 0.7%, while completions are up 2.8%.

Sales Tax Revenues – Regular sales tax revenue increased approximately \$630,000 from the prior fiscal year, a 2.0% 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 3.2%, or approximately \$424,000 from the previous year.

Property Taxes – Property taxes collected in fiscal year 2022-23 increased 6.0% from the prior year. According to data from the County of San Diego Assessor’s Office, the total assessed valuation of taxable property in El Cajon for fiscal year 2022-23 was \$11.9 billion; this represents an 8.4% increase from the prior year. For fiscal year 2023-24, total assessed values grew to \$12.7 billion, an increase of 6.8% from fiscal year 2022-23.

Economic indicators are mixed, and generally positive, but suggest economic slowing. These indicators, along with presidential election year uncertainty, contribute to a variety of economic outlooks for the coming year. 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 an operating reserve in unassigned fund balance equal to 20% of annual budgeted expenditures of \$16.2 million at June 30, 2023. Additionally, the general fund had reserves of \$13.0 million for unfunded retirement obligations and \$16.2 million for economic uncertainty. The remaining \$18.0 million of unassigned fund balance, at June 30, 2023, provides resources for future needs. The city council periodically rebalances these assignments based on anticipated needs, which was done on June 13, 2023. Based on recent analysis and information received to date, general fund revenue and expenditure projections for fiscal year 2023-24 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 \$13.7 million was collected in fiscal year 2022-23 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 \$12.2 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, 2022. 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, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF EL CAJON
List of Principal Officials
Fiscal Year Ended June 30, 2023

MAYOR

Bill Wells

COUNCILMEMBERS

Steve Goble, Deputy Mayor
Gary Kendrick
Michelle Metschel
Phil Ortiz

CITY MANAGER

Graham Mitchell

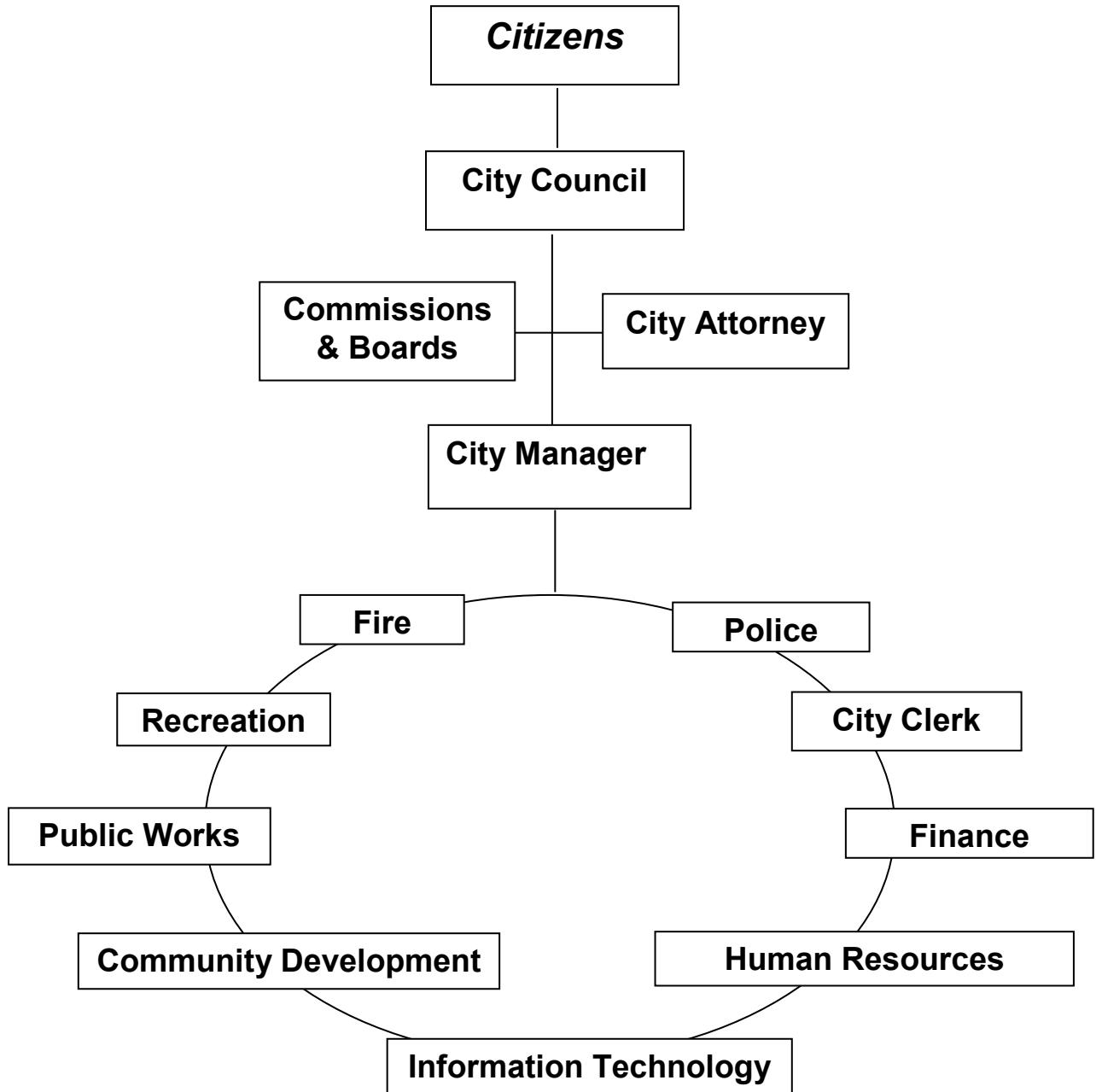
CITY ATTORNEY

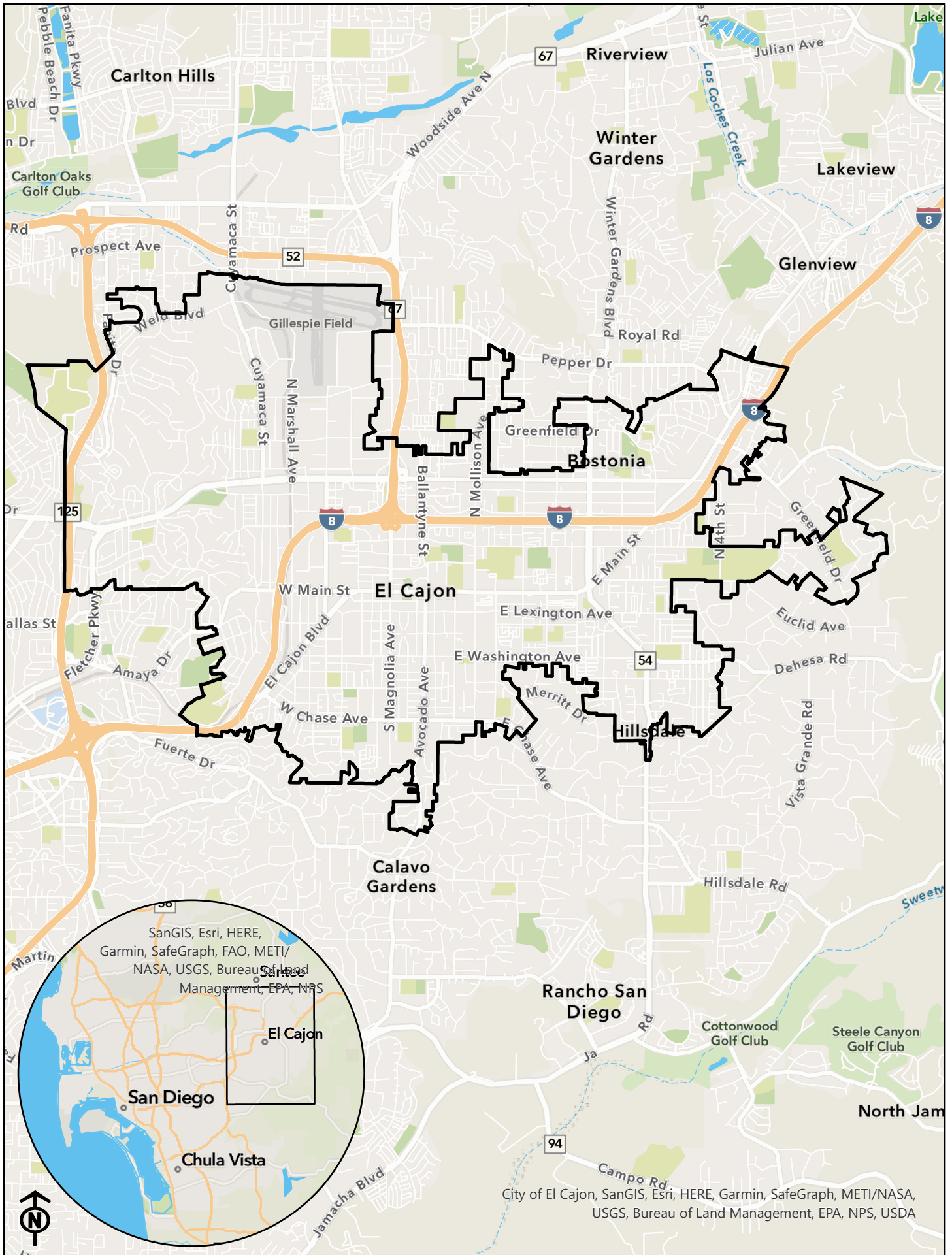
Morgan Foley

MANAGEMENT TEAM

Vince DiMaggio – Assistant City Manager
Angela Cortez – City Clerk
Mike Moulton – Police Chief
Bent Koch – Fire Chief
Tony Shute – Director of Community Development
Marisol Thorn – Director of Human Resources
Sara Diaz – Director of Information Services
Yazmin Arellano – 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, 2023





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

FINANCIAL SECTION



FINANCIAL SECTION





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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

PARTNERS

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)
Terry P. Shea, CPA (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
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Jeffrey McKennan, CPA
Monica Wysocki, 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



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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, 2023, 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, 2023, 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 29, 2024 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 29, 2024



CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

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, 2023. 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, 2023, the City's total net position was \$258.4 million. Of this amount, governmental activities net position accounts for \$172.0 million and business-type activities total \$86.4 million. The City's overall net position increased by \$15.5 million or 6.4 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) an increase in deferred outflows related to pension \$51.8 million and a slight increase in capital assets \$5.4 million. However, (2) total liabilities of the City also increased by \$93.2 million or 45.1 percent primarily due to the recognition of pension liability, a change from the prior year's pension asset, this increase was partially offset by a decrease in deferred inflows of resources \$53.9 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 prior fiscal year, which resulted in the net pension asset. The deferred inflows of resources related to leases contributed to the only deferred inflows in the current fiscal year. (3) The remainder of the increase comes from the business type activities current year operating activities.
- Total government-wide revenues were \$150.0 million, which increased by \$14.7 million or 10.9 percent from the prior fiscal year, mostly due to increased investment earnings and charges for services revenues. Total expenses were \$135.3 million, an increase of \$23.0 million, or 20.5 percent, from last fiscal year. The expense increases were incurred predominantly in public safety.
- At June 30, 2023, the City's governmental funds reported combined fund balances of \$117.8 million, a negligible \$0.4 million increase from the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the City's finances, in a manner similar to private-sector businesses. The government-wide financial statements can be found beginning on page 32 of this report.

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.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

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 38 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, 2023

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund financial statements for the following major governmental funds: General Fund, Low and Moderate Income Housing Asset Special Revenue Fund, and Federal, State, and Local Grants Special Revenue Fund. Data from the other 14 nonmajor governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Proprietary funds

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

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The basis of accounting for these funds is much like that used for proprietary funds. The City reports two types of fiduciary funds. The private-purpose trust fund accounts for the activities of the Successor Agency to the El Cajon Redevelopment Agency. The custodial funds are used for the collections of delinquent refuse assessments for the City's franchised waste hauler and property-based improvement district (PBID) assessments for the Greater Downtown El Cajon, and for the activities of the Heartland Fire Training Authority (HFTA) and Heartland Communications Facility Authority (HCFA).

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are presented immediately following the basic financial statements and can be found beginning on page 53 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 100 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 117 of this report.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

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, 2023, the City's net position totaled \$258.4 million, which represents an overall increase of \$15.5 million from the previous fiscal year. This increase was primarily related to business-type activities, with revenues exceeding expenditures for the current fiscal year. The governmental increase is attributable to an increase in capital assets.

The following is the condensed statement of net position for the fiscal years ended June 30, 2023 and 2022.

Condensed Statement of Net Position June 30, 2023 and 2022 (in millions)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current & Other assets	\$ 185.4	\$ 188.2	\$ 43.1	\$ 36.5	\$ 228.5	\$ 224.7
Net Pension Asset	-	5.8	-	0.1	-	5.9
Capital Assets, Net	216.7	212.8	60.5	59.0	277.2	271.8
Total Assets	<u>402.1</u>	<u>406.8</u>	<u>103.6</u>	<u>95.6</u>	<u>505.7</u>	<u>502.4</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>68.5</u>	<u>20.3</u>	<u>4.3</u>	<u>1.0</u>	<u>72.8</u>	<u>21.3</u>
LIABILITIES						
Long-term Liabilities	149.2	151.1	14.5	15.2	163.7	166.3
Net Pension Liability	92.8	-	5.6	-	98.4	-
Net OPEB Liability	5.6	4.6	0.5	0.4	6.1	5.0
Other Liabilities	30.9	32.4	0.9	3.1	31.8	35.5
Total Liabilities	<u>278.5</u>	<u>188.1</u>	<u>21.5</u>	<u>18.7</u>	<u>300.0</u>	<u>206.8</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>20.1</u>	<u>71.3</u>	<u>-</u>	<u>2.7</u>	<u>20.1</u>	<u>74.0</u>
NET POSITION						
Net Investment in Capital Assets	211.2	211.2	51.8	49.9	263.0	261.1
Restricted	46.1	42.5	0.6	0.6	46.7	43.1
Unrestricted	(85.3)	(86.0)	34.0	24.7	(51.3)	(61.3)
Total Net Position	<u>\$ 172.0</u>	<u>\$ 167.7</u>	<u>\$ 86.4</u>	<u>\$ 75.2</u>	<u>\$ 258.4</u>	<u>\$ 242.9</u>

At June 30, 2023, the largest portion of the City's total net position (\$263.0 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, intangible, 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, 2023

An additional portion of the City's net position (\$46.7 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, 2023, was a deficit of (\$51.3 million), primarily due to the recognition of long-term liabilities (pension obligation bonds, compensated absences), and liabilities related to Pension and OPEB.

The following is the condensed statement of activities for the fiscal years ended June 30, 2023 and 2022.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for Services	\$ 15.7	\$ 14.0	\$ 32.1	\$ 29.0	\$ 47.8	\$ 43.0
Operating Grants & Contributions	7.6	7.4	-	-	7.6	7.4
Capital Grants & Contributions	4.8	4.5	-	-	4.8	4.5
General Revenues:						
Property Taxes	24.9	23.5	-	-	24.9	23.5
Sales Taxes	46.5	45.5	-	-	46.5	45.5
Other Taxes	11.0	10.3	-	-	11.0	10.3
Intergovernmental	3.3	4.6	-	-	3.3	4.6
Investment Earnings	1.3	(2.8)	0.4	(0.8)	1.7	(3.6)
Other	0.2	-	2.2	0.1	2.4	0.1
Transfers	0.5	0.5	(0.5)	(0.5)	-	-
Total Revenues and Transfers	<u>115.8</u>	<u>107.5</u>	<u>34.2</u>	<u>27.8</u>	<u>150.0</u>	<u>135.3</u>
EXPENSES						
General Government	10.2	10.1	-	-	10.2	10.1
Public Safety	67.7	50.1	-	-	67.7	50.1
Public Works	16.2	15.7	-	-	16.2	15.7
Recreation	10.1	8.0	-	-	10.1	8.0
Community Development	4.7	3.9	-	-	4.7	3.9
Interest on Long-term Debt	3.4	3.3	-	-	3.4	3.3
Wastewater	-	-	23.0	21.2	23.0	21.2
Total Expenses	<u>112.3</u>	<u>91.1</u>	<u>23.0</u>	<u>21.2</u>	<u>135.3</u>	<u>112.3</u>
Change in Net Position	3.5	16.4	11.2	6.6	14.7	23.0
Net Position, Beginning	167.7	151.3	75.2	68.6	242.9	219.9
Net Position, Restatement	0.8	-	-	-	0.8	-
Net Position, Ending	<u>\$ 172.0</u>	<u>\$ 167.7</u>	<u>\$ 86.4</u>	<u>\$ 75.2</u>	<u>\$ 258.4</u>	<u>\$ 242.9</u>

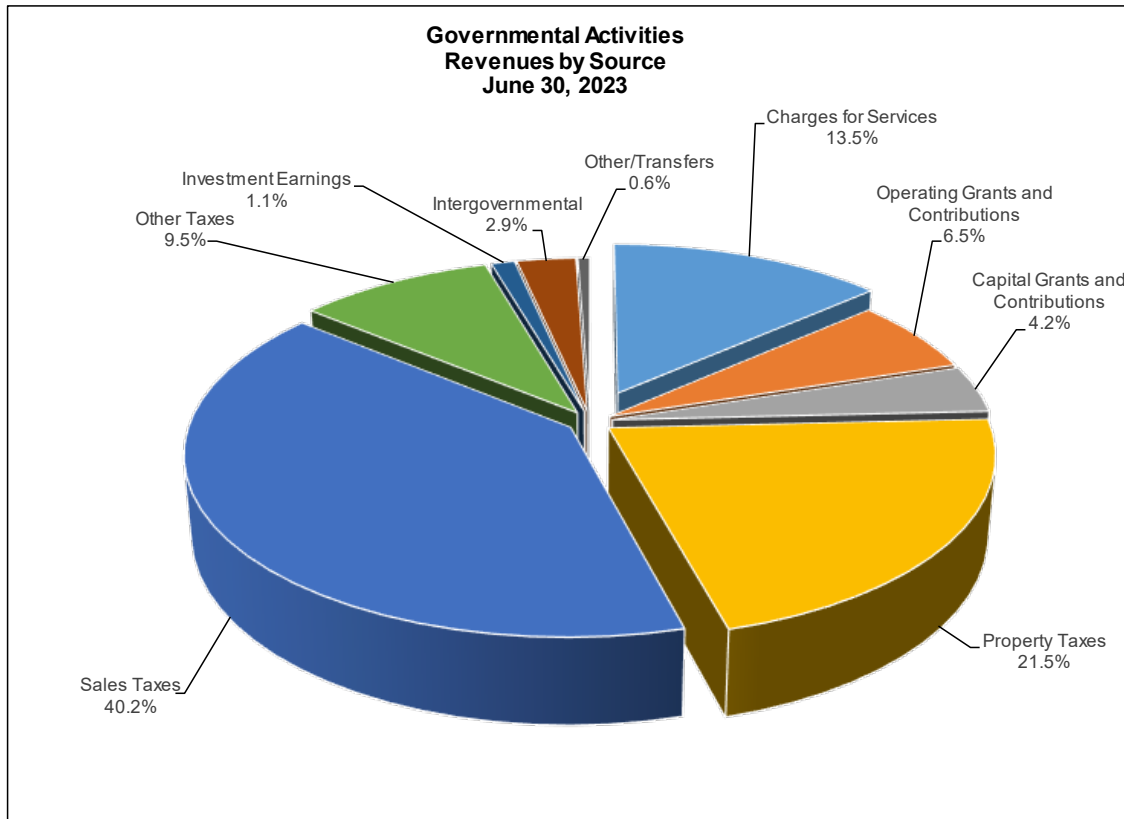
CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

Governmental Activities

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



The City's revenue sources for governmental activities increased by \$8.3 million, or 7.7 percent from the previous fiscal year. Key elements of this change are as follows:

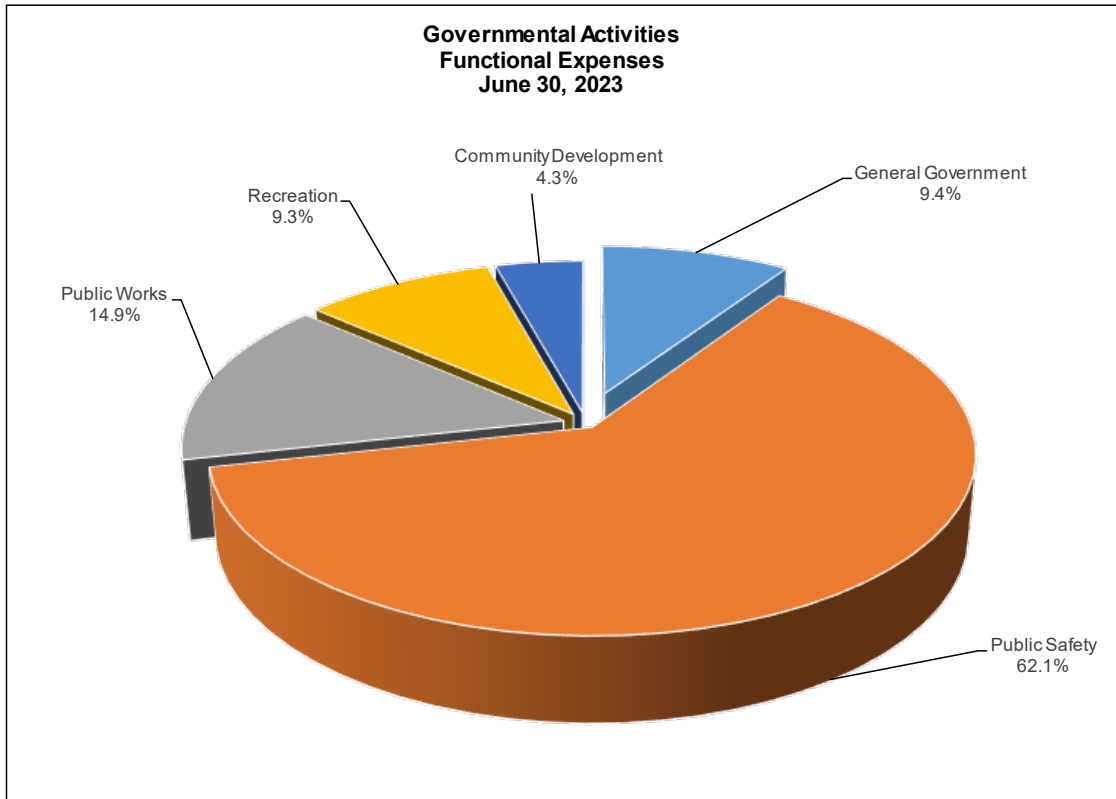
- Sales Taxes were \$1.0 million or 2.2 percent higher compared to the prior fiscal year, which is primarily attributable to an increase in sales volume and the cost of items purchased, such as vehicles and construction materials.
- Charges for Services were higher by \$1.7 million, or 12.1 percent, primarily from an increase in permits issued.
- Property Taxes were \$1.4 million or 6.0 percent higher compared to the prior fiscal year primarily because of a 8.4 percent increase in the assessed values of residential, commercial, and industrial properties.
- Investment Earnings increased by \$4.1 million due to rising interest rates and improved investment performance.
- Intergovernmental decreased by \$1.3 million. This decrease is primarily due to less utilization of ARPA funding in the current fiscal year.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

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



Overall governmental expenses increased by \$21.2 million from the prior fiscal year primarily due to pension valuation changes.

- The primary reason for the increase is due to an increase in recognized long-term pension expense, as the valuation changed from a net pension asset to a net pension liability (\$10.8 million).
- The City also saw an increase in the required Unfunded Accrued Liability (UAL) payment (\$1.4 million), and made an additional contribution (\$5.9 million) towards the pension liability in an effort to continue to reduce the City's outstanding pension obligation.

Business-type Activities

The City's business-type activity consists solely of the wastewater enterprise fund, which reported a net position of \$86.4 million at June 30, 2023. Wastewater total revenues exceeded total expenses resulting in an increase in the overall net position by \$11.2 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 (\$51.9 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, 2023, the wastewater fund's unrestricted net position was \$33.9 million.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

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, 2023, the City's governmental funds reported combined fund balances of \$117.8 million, an increase of \$0.4 million from the prior year. Approximately 28.9 percent of this amount (\$34.1 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either restricted, committed, assigned, or nonspendable to indicate that it is: a) restricted for particular purposes (\$42.6 million), b) committed by Council for a specific purpose (\$1.2 million), and c) assigned for particular purposes (\$39.9 million).

General Fund

The General Fund is the chief operating fund of the City. At the end of the fiscal year, total fund balance was \$63.3 million; of which \$34.1 million was unassigned fund balance, which includes an operating reserve of 20% of annual operating expenditures. 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 \$89.5 million. Unassigned fund balance represented 38.1 percent of total General Fund expenditures for the year.

The General Fund's fund balance increased by \$1.2 million from the previous fiscal year. Excess of revenues over expenditures was \$10.3 million.

Revenues of the General Fund were \$99.8, which was \$7.7 million higher than the prior year. As mentioned in the preceding section about the government-wide analysis of revenue sources, investment earnings outperforming prior year is the main driver of this increase. This followed by slight increases in both property and sales taxes.

Total General Fund expenditures were \$89.5 million, an increase of \$13.0 million compared to previous fiscal year. Public safety expenditures increased by \$7.0 million primarily due to pension costs, which included an additional payment to further reduce the UAL. A majority of the expenditure functions saw increases due to increases to the required UAL payment and the additional UAL contribution.

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, 2023, the LMIHAF had total assets of \$18.8 million, of which \$11.8 were loans receivable.

The LMIHAF had total revenues of \$0.1 million from investment earnings and interest on loans. Total expenditures were \$0.6 million, which were primarily costs for the rent subsidy at the Lexington Senior Apartments. During the fiscal year, loan repayments of \$0.1 million were received as accounted for on the balance sheet.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

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, 2023, total fund balance was \$1.1 million, and unearned revenues totaled \$22.2 million for the American Rescue Plan Act (ARPA) funds that were received before all grant requirements were met by the City. Total expenditures exceeded total revenues by (\$0.1) million as most of these grants were expenditure driven to be eligible for reimbursement. This fund received \$30.4 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 \$36.3 million at June 30, 2023, a negligible decrease (\$0.3) from the prior fiscal year.

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 \$3.1 million to \$32.1 million during the fiscal year. Operating expenses totaled \$22.7 million, a \$1.5 million increase from previous year, primarily due to an increase in pension expenses recognized in the current year. Nonoperating revenues totaled \$2.3 million, primarily due to improved investment performance. As of June 30, 2023, the fund's net position increased by \$11.2 million to \$86.4 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 (\$1.5 million) and total nonoperating expenses were \$0.2 million. The majority of operating loss is caused by self insurance which is negative due to claim expenses. The total net position of the internal service funds decreased to \$11.7 million at June 30, 2023.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

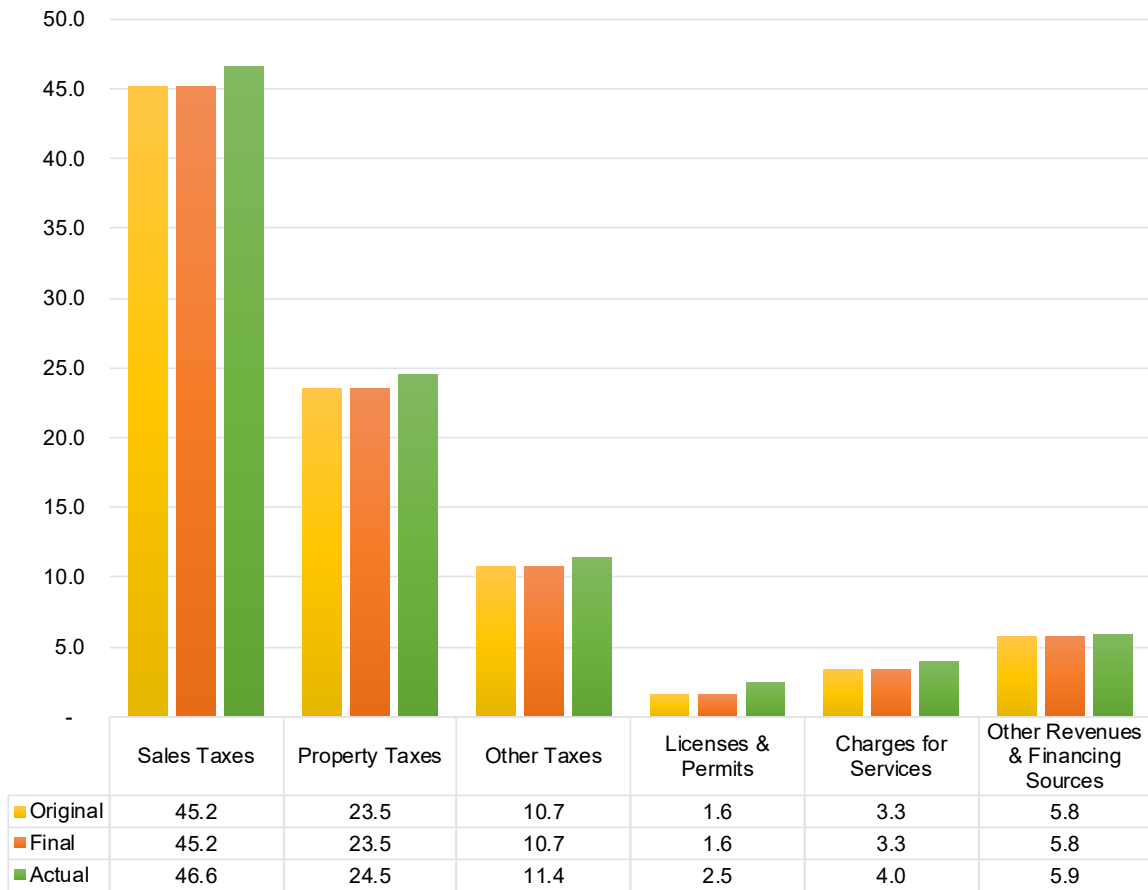
For the fiscal year ended June 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budget for revenues and other financing sources was \$90.1 million and the final budget for expenditures and other financing uses was \$98.9 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 \$4.8 million. This variance was predominantly from actual sales taxes and property tax exceeding projections.

**Comparison of General Fund Revenues
Budget vs. Actual
For the fiscal year ended June 30, 2023
(in millions)**



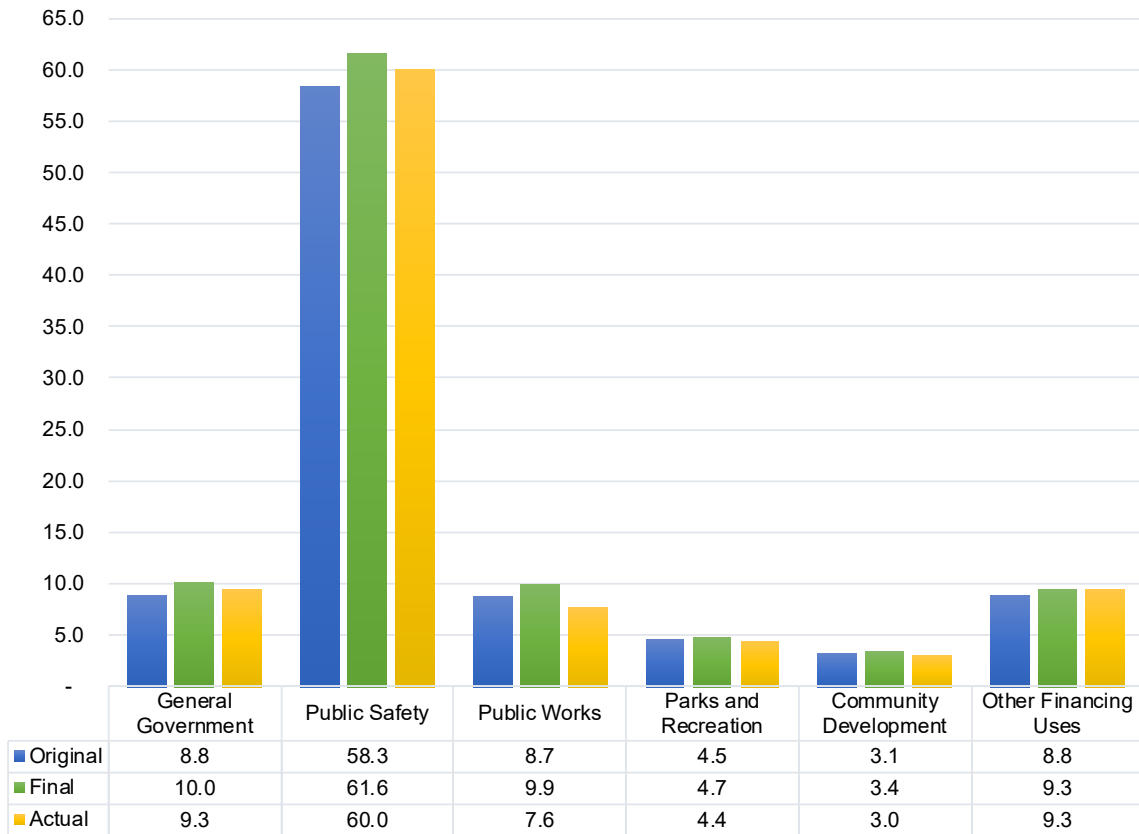
CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

Actual expenditures and other financing uses were under the final budget by \$5.3 million. This savings is primarily due to Public Works (\$2.3 million under budget) and Public Safety (\$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 non-personnel expenditures, including repair and maintenance costs. Public Safety savings is predominantly due to vacant positions during the year.

**Comparison of General Fund Expenditures
Budget vs. Actual
For the fiscal year ended June 30, 2023
(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 110.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the City reported capital assets with a carrying value of \$277.2 million, an increase of \$5.4 million from the prior year. The following table provides a summary of the City's capital assets as of June 30, 2023 and 2022.

City of El Cajon
Capital Assets (net of depreciation)
Comparative Data as of June 30, 2023 and 2022
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
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	13.2	4.5	6.7	3.9	19.9	8.4
Use Rights	3.7	1.6	-	-	3.7	1.6
Land Improvements	1.2	1.3	-	-	1.2	1.3
Buildings & Improvements	72.1	75.1	0.1	0.1	72.2	75.2
Machinery/Equipment	1.5	1.6	0.1	0.1	1.6	1.7
Vehicles	3.2	3.2	1.4	1.1	4.6	4.3
Interest in Mission Gorge Mains	-	-	4.5	4.7	4.5	4.7
Infrastructure	68.9	72.6	47.6	49.1	116.5	121.7
Total	<u>\$ 216.7</u>	<u>\$ 212.8</u>	<u>\$ 60.5</u>	<u>\$ 59.1</u>	<u>\$ 277.2</u>	<u>\$ 271.9</u>

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

- Building improvements for Fire administrative services, completed
- Channel/Creek restoration, in progress
- Reconstruction and resurfacing of City thoroughfares
- Bicycle lanes and enhanced safety features along Madison Avenue, in progress
- Sewer and Storm drain rehabilitation
- Fire Department ladder truck being built, in progress
- Subscription Based Information Technology Assets (SBITA) Use Rights, completed

A number of capital projects were still in progress at fiscal year ended June 30, 2023. These projects added approximately \$11.5 million to construction in progress.

Additional information on capital assets is available in Note 4 of the Notes to the Basic Financial Statements beginning on page 71.

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2023

Long-Term Debt

The City's outstanding long-term debt at the end of fiscal years 2023 and 2022 are presented in the schedule below.

City of El Cajon
Long-Term Debt
Comparative Data as of June 30, 2023 and 2022
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Pension Obligation Bonds	\$ 131.5	\$ 136.8	\$ 5.3	\$ 5.5	\$ 136.8	\$ 142.3
Leases Payable	1.3	1.6	-	-	1.3	1.6
SBITA Payable	1.8	-	-	-	1.8	-
CA State Water Resources Loan	-	-	8.7	9.1	8.7	9.1
Total	<u>\$ 134.6</u>	<u>\$ 138.4</u>	<u>\$ 14.0</u>	<u>\$ 14.6</u>	<u>\$ 148.6</u>	<u>\$ 153.0</u>

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Arrangements (SBITA), which resulted in the net present value of qualified long-term software increasing long term debt.

Additional information on long-term debt can be found in Note 5 of the Notes to the Basic Financial Statements beginning on page 72.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered in preparing the City's General Fund budget for fiscal year 2023-24:

- General Fund revenues and other financing sources are anticipated to increase by \$2.2 million in FY 2023-24 over FY 2022-23. This represents an overall increase of 2.3 percent. The majority of this increase is due to the property tax growth.
- General Fund expenditures and other financing uses are anticipated to increase by \$1.0 million, or 1.1 percent, in FY 2023-24 compared to the revised FY 2022-23 budget. The majority of this increase is the due to public safety departments.
- 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 2023-24 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 \$1.7 million in FY 2023-24.

CITY OF EL CAJON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2023

- 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 2023-24 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 2022-23 with a fund balance of \$63.3. This reserve balance represents approximately 68.7 percent of the City's FY 2023-24 budgeted General Fund expenditures. The FY 2023-24 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

CITY OF EL CAJON

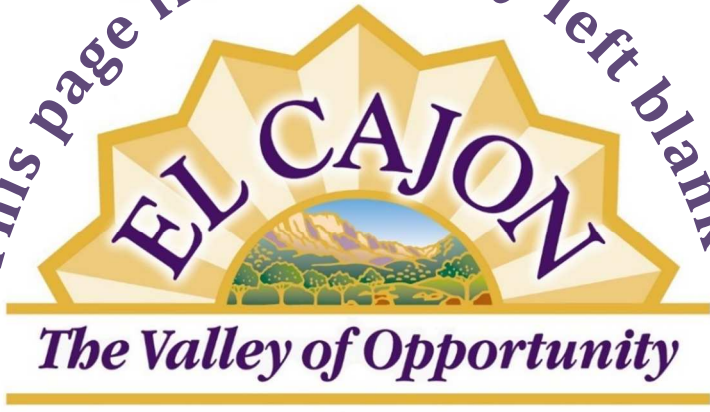
Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments (note 2)			
Cash and Investments	\$ 125,460,928	\$ 40,698,086	\$ 166,159,014
Cash and Investments, Restricted	1,919,769	592,205	2,511,974
Receivables:			
Accounts, net	1,625,749	1,515,101	3,140,850
Interest	648,990	214,585	863,575
Intergovernmental	3,310,987	21,158	3,332,145
Leases (note 6)	20,476,784		20,476,784
Taxes	9,018,972	-	9,018,972
Loans (note 3)	22,909,754	-	22,909,754
Prepaid Items	3,807	-	3,807
Capital Assets (note 4):			
Non-depreciable	66,098,247	6,838,855	72,937,102
Amortizable or Depreciable	150,594,518	53,672,093	204,266,611
Total assets	402,068,505	103,552,083	505,620,588
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension (note 7)	66,761,076	4,173,306	70,934,382
Deferred Outflows - OPEB (note 9)	1,732,103	171,767	1,903,870
Total Deferred Outflows of Resources	68,493,179	4,345,073	72,838,252
Combined Assets and Deferred Outflows of Resources	470,561,684	107,897,156	578,458,840
LIABILITIES			
Accounts Payable	4,542,690	292,384	4,835,074
Accrued Interest Payable	895,097	131,196	1,026,293
Accrued Liabilities	1,579,183	71,549	1,650,732
Deposits Payable	1,341,805	345,823	1,687,628
Unearned Revenue	22,516,591	29,489	22,546,080
Noncurrent Liabilities:			
Due within One Year (note 5)	10,350,717	898,578	11,249,295
Due in more than One Year:			
Long-Term Obligations (note 5)	136,553,859	13,636,405	150,190,264
Leases Payable	1,005,020	-	1,005,020
SBITAs Payable	1,257,317	-	1,257,317
Net Pension Liability (note 7)	92,807,346	5,581,650	98,388,996
Net OPEB Liability (note 9)	5,643,605	497,615	6,141,220
Total Liabilities	278,493,230	21,484,689	299,977,919
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Related to Leases	20,079,542	-	20,079,542
Total Deferred Inflows of Resources	20,079,542	-	20,079,542
Combined Liabilities and Deferred Inflows of Resources	298,572,772	21,484,689	320,057,461
NET POSITION			
Net Investment in Capital Assets	211,269,970	51,782,706	263,052,676
Restricted for:			
Public Safety	378,358	-	378,358
Public Works	11,097,918	-	11,097,918
Community Development	32,674,520	-	32,674,520
Debt Service	2	592,205	592,207
Other	1,923,574	-	1,923,574
Unrestricted (deficit)	(85,355,430)	34,037,556	(51,317,874)
Total Net Position	\$ 171,988,912	\$ 86,412,467	\$ 258,401,379

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

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The Valley of Opportunity

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CITY OF EL CAJON
Statement of Activities
For the fiscal year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 10,220,044	\$ 3,081,707	\$ 16,909	\$ -
Public Safety	67,705,101	2,674,312	1,911,585	-
Public Works	16,211,324	1,366,719	2,972,568	4,813,145
Recreation	10,153,741	4,938,215	154,493	-
Community Development	4,657,913	3,614,626	2,509,670	-
Interest on Long-term Debt	3,362,480	-	-	-
Total Government Activities	112,310,603	15,675,579	7,565,225	4,813,145
Business-type Activity:				
Wastewater	23,010,007	32,119,960	-	-
Total Business-type Activity	23,010,007	32,119,960	-	-
Total	\$ 135,320,610	\$ 47,795,539	\$ 7,565,225	\$ 4,813,145

General Revenues:
Taxes
 Property Taxes
 Sales Taxes
 Franchise Taxes
 Transient Lodging Taxes
 Business License Taxes
Intergovernmental (unrestricted)
Investment Earnings
Other
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning
Prior period adjustment (note 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
\$ (7,121,428)	\$ -	\$ (7,121,428)
(63,119,204)	-	(63,119,204)
(7,058,892)	-	(7,058,892)
(5,061,033)	-	(5,061,033)
1,466,383	-	1,466,383
(3,362,480)	-	(3,362,480)
<u>(84,256,654)</u>	<u>-</u>	<u>(84,256,654)</u>
-	9,109,953	9,109,953
-	9,109,953	9,109,953
<u>(84,256,654)</u>	<u>9,109,953</u>	<u>(75,146,701)</u>
24,934,876	-	24,934,876
46,555,665	-	46,555,665
7,114,259	-	7,114,259
3,026,644	-	3,026,644
849,581	-	849,581
3,309,155	-	3,309,155
1,306,325	361,060	1,667,385
179,948	2,229,723	2,409,671
475,018	(475,018)	-
<u>87,751,471</u>	<u>2,115,765</u>	<u>89,867,236</u>
3,494,817	11,225,718	14,720,535
<u>167,662,495</u>	<u>75,186,749</u>	<u>242,849,244</u>
<u>831,600</u>	<u>-</u>	<u>831,600</u>
<u>168,494,095</u>	<u>75,186,749</u>	<u>243,680,844</u>
<u>\$ 171,988,912</u>	<u>\$ 86,412,467</u>	<u>\$ 258,401,379</u>

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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, 2023

	General	Special Revenue	
		Low and Moderate Income Housing Asset	Federal, State, and Local Grants
ASSETS			
Cash and Investments (note 2)	\$ 54,335,897	\$ 6,999,940	\$ 22,613,462
with Fiscal Agent	1,848,717	-	-
Receivables:			
Accounts	1,625,749	-	-
Interest	513,982	34,741	1,853
Intergovernmental	308,973	-	203,295
Leases	20,000,757	-	-
Taxes	8,973,392	-	-
Loans (note 3)	-	11,753,611	596,585
Prepaid Items	3,807	-	-
Due from Other Funds (note 12)	317,397	-	-
Total Assets	\$ 87,928,671	\$ 18,788,292	\$ 23,415,195
LIABILITIES			
Accounts Payable	\$ 1,838,976	\$ 66,285	\$ 11,513
Accrued Liabilities	1,524,444	-	-
Deposits Payable	1,332,505	-	424
Due to Other Funds (note 12)	-	-	-
Unearned Revenue	251,615	-	22,264,976
Total Liabilities	4,947,540	66,285	22,276,913
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	115,674	1,635,716	15,189
Related to Leases	19,608,192	-	-
Total Deferred Inflows of Resources	19,723,866	1,635,716	15,189
FUND BALANCES (DEFICITS) (note 13)			
Nonspendable	3,807	-	-
Restricted	1,848,717	17,086,291	1,123,093
Committed	-	-	-
Assigned	27,312,984	-	-
Unassigned	34,091,757	-	-
Total Fund Balance	63,257,265	17,086,291	1,123,093
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 87,928,671	\$ 18,788,292	\$ 23,415,195

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

Total Nonmajor Governmental	Total Governmental Funds
\$ 25,765,706	\$ 109,715,005
2	1,848,719
-	1,625,749
73,881	624,457
2,798,719	3,310,987
476,027	20,476,784
45,580	9,018,972
10,559,558	22,909,754
-	3,807
-	317,397
<u>\$ 39,719,473</u>	<u>\$ 169,851,631</u>
\$ 2,456,831	\$ 4,373,605
24,163	1,548,607
-	1,332,929
317,397	317,397
-	22,516,591
<u>2,798,391</u>	<u>30,089,129</u>
142,537	1,909,116
<u>471,350</u>	<u>20,079,542</u>
<u>613,887</u>	<u>21,988,658</u>
-	3,807
22,526,474	42,584,575
1,181,443	1,181,443
12,599,278	39,912,262
-	34,091,757
<u>36,307,195</u>	<u>117,773,844</u>
<u>\$ 39,719,473</u>	<u>\$ 169,851,631</u>

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CITY OF EL CAJON
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Governmental Funds
June 30, 2023

Fund Balance of Governmental Funds (page 39) \$ 117,773,844

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	403,571,544
Accumulated Amortization or Depreciation	(192,683,913)

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

Deferred Outflows of Resources	1,667,398
Net OPEB Liability	(5,423,825)

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

24,533

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	(831,434)
--	-----------

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	(8,726,322)
Leases Payable	(1,295,213)
Pension Obligation Bonds Payable	(127,961,000)

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

Deferred Outflows of Resources	64,892,316
Net Pension Liability	(92,582,503)

Deferred revenues from receivables and deferred interest on receivables that are not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds

Deferred Inflows of Resources	1,909,116
-------------------------------	-----------

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 services provided to governmental activities.

11,654,371

Net Position of Governmental Activities (page 32)

\$ 171,988,912

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, 2023

	General	Special Revenue	
		Low and Moderate Income Housing Asset	Federal, State, and Local Grants
REVENUES			
Taxes	\$ 82,481,025	\$ -	\$ -
Intergovernmental	1,505,048	-	4,107,253
Licenses and Permits	2,458,242	-	-
Fines and Forfeitures	509,475	-	-
Special Assessments	367,380	-	-
Charges for Services	4,452,396	17,340	-
Use of Money and Property	7,623,248	106,381	4,575
Other	401,478	545	(2,653)
Total Revenues	99,798,292	124,266	4,109,175
EXPENDITURES			
Current			
General Government	9,338,185	-	134,841
Public Safety	59,943,064	-	392,668
Public Works	7,643,653	-	56,795
Recreation	9,576,221	-	141,095
Community Development	2,991,975	632,516	64,121
Capital Outlay	-	-	3,806,469
Debt Service			
Interest	8,313	-	-
Principal	-	-	-
Total Expenditures	89,501,411	632,516	4,595,989
Excess (deficiency) of Revenues Over (under) Expenditures	10,296,881	(508,250)	(486,814)
OTHER FINANCING SOURCES (USES):			
Transfers In (note 12)	161,316	-	455,143
Transfers Out (note 12)	(9,249,006)	-	-
Total Other Financing Sources (uses)	(9,087,690)	-	455,143
Net Change in Fund Balance	1,209,191	(508,250)	(31,671)
Fund Balance, Beginning	62,048,074	17,594,541	1,154,764
Fund Balances, Ending	\$ 63,257,265	\$ 17,086,291	\$ 1,123,093

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

Total Nonmajor Governmental	Total Governmental Funds
\$ 807,355	\$ 83,288,380
9,719,640	15,331,941
-	2,458,242
78,256	587,731
-	367,380
312,290	4,782,026
509,053	8,243,257
100,271	499,641
<u>11,526,865</u>	<u>115,558,598</u>
2,850	9,475,876
72,867	60,408,599
3,300,377	11,000,825
-	9,717,316
906,480	4,595,092
8,039,219	11,845,688
3,366,849	3,375,162
5,400,183	5,400,183
<u>21,088,825</u>	<u>115,818,741</u>
<u>(9,561,960)</u>	<u>(260,143)</u>
9,622,874	10,239,333
(310,328)	(9,559,334)
<u>9,312,546</u>	<u>679,999</u>
(249,414)	419,856
<u>36,556,609</u>	<u>117,353,988</u>
<u>\$ 36,307,195</u>	<u>\$ 117,773,844</u>

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The Valley of Opportunity

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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, 2023

Net Changes in Fund Balance - Total Governmental Funds (page 43)	\$ 419,856
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.	
Capital Outlay	10,328,224
Amortization or Depreciation Expense	(8,749,194)
Disposition of Capital Assets	(9,503)
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	5,192,000
Payments on lease obligations	283,502
Net difference in the accrued interest payable on long term debt.	12,682
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.	
	(450,366)
Net Change in Pension Plan Expense	(2,360,452)
Net Change in OPEB Expense	225,412
Interest accrued on leases, long-term loans receivable and earned revenue that is not available in the current period and, therefore, is not included in the governmental funds.	
	266,115
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 services provided to governmental funds. The net expense of the internal service funds is reported with governmental activities.	
	<u>(1,663,459)</u>
Changes in Net Position of Governmental Activities (page 35)	<u>\$ 3,494,817</u>

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, 2023

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
ASSETS		
Current Assets:		
Cash and Investments (note 2)		
Cash and Investments	\$ 40,698,086	\$ 15,745,923
Cash and Investments, Restricted	592,205	71,050
Receivables:		
Accounts, Net of Allowance for Bad Debt	1,515,101	-
Interest	214,585	-
Intergovernmental	21,158	-
Total Current Assets	43,041,135	15,816,973
Noncurrent Assets:		
Capital Assets, Non-depreciable (note 4):		
Land	82,300	-
Construction in Progress	6,756,555	714,945
Capital Assets, Depreciable, Net (note 4):		
Intangible Right-to-Use Assets	-	2,440,115
Buildings and Improvements	121,849	-
Machinery and Equipment	50,645	236,282
Vehicles	1,419,364	2,413,792
Interest in Mission Gorge Mains	4,501,938	-
Infrastructure	47,578,297	-
Total Noncurrent Assets	60,510,948	5,805,134
Total Assets	103,552,083	21,622,107
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources related to Pensions (note 7)	4,173,306	1,868,760
Deferred Outflows of Resources related to OPEB (note 9)	171,767	64,705
Total Deferred Outflows of Resources	4,345,073	1,933,465
Total Assets and Deferred Outflows of Resources	107,897,156	23,555,572
LIABILITIES		
Current Liabilities:		
Accounts Payable	292,384	169,085
Accrued Interest Payable	131,196	63,663
Accrued Liabilities	71,549	30,576
Claims payable (note 10)	-	800,000
Deposits Payable	345,823	8,876
Unearned Revenues	29,489	-
Compensated Absences (note 5)	230,579	85,001
California State Water Resources Control Board (note 5)	451,999	-
Subscriptions Payable (note 5)	-	533,007
Bonds Payable - Current (note 5)	216,000	144,000
Total Current Liabilities	1,769,019	1,834,208
Noncurrent Liabilities:		
Claims Payable (note 10)	-	4,876,875
Compensated Absences (note 5)	339,528	106,578
California State Water Resources Control Board (note 5)	8,224,477	-
Subscriptions Payable (note 5)	-	1,257,317
Bonds Payable (note 5)	5,072,400	3,381,600
Net Pension Liability (note 7)	5,581,650	224,843
Net OPEB Liability (note 9)	497,615	219,780
Total Noncurrent Liabilities	19,715,670	10,066,993
Total Liabilities	21,484,689	11,901,201
NET POSITION		
Net Investment in Capital Assets	51,782,706	4,014,810
Restricted for Debt Service	592,205	-
Restricted for Other	-	71,050
Unrestricted	34,037,556	7,568,511
Total Net Position	\$ 86,412,467	\$ 11,654,371

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, 2023

	Business-type Activity Enterprise Fund Wastewater	Governmental Activities Internal Service Funds
Operating Revenues		
Charges for Services	\$ 32,004,914	\$ 11,404,491
Fines	115,046	-
Total Operating Revenues	32,119,960	11,404,491
Operating Expenses		
Salaries and Benefits	4,592,027	2,830,572
Materials, Services, and Supplies	16,256,482	4,624,999
Insurance Claims/Premiums	-	3,980,573
Depreciation	1,880,659	1,369,480
Total Operating Expenses	22,729,168	12,805,624
Operating Income (Loss)	9,390,792	(1,401,133)
Nonoperating Revenues (Expenses):		
Investment Earnings	361,060	-
Gain on Disposal of Assets	-	360
Other Revenues	2,229,723	77,331
Interest Expense and Fiscal Charges	(280,839)	(135,035)
Total Nonoperating Revenues (Expenses)	2,309,944	(57,344)
Income (Loss) before Operating Transfers	11,700,736	(1,458,477)
Operating Transfers:		
Transfers Out	(475,018)	(204,981)
Total Operating Transfers	(475,018)	(204,981)
Change in Net Position	11,225,718	(1,663,458)
Net Position, Beginning	75,186,749	12,486,229
Prior period adjustment (note 16)	-	831,600
Net position, beginning as restated	75,186,749	13,317,829
Net Position, Ending	\$ 86,412,467	\$ 11,654,371

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, 2023

	Business-type Activity	Governmental
	Enterprise Fund	Activities
	Wastewater	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Charges to Other Funds	\$ 31,900,293	\$ 11,404,491
Payments to Suppliers	(18,449,765)	(7,810,748)
Payments to employees	(4,970,711)	(1,550,386)
Net Cash provided by Operating Activities	<u>8,479,817</u>	<u>2,043,357</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other Revenue	2,229,723	77,331
Transfers to Other Funds	(475,018)	(204,981)
Repayment of Long-term Borrowing (Principal)	(214,800)	(143,200)
Repayment of Long-term Borrowing (Interest)	(138,149)	(92,099)
Net Cash Provided by (used for) Noncapital Financing Activities	<u>1,401,756</u>	<u>(362,949)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of SBITA Borrowing (Principal)	-	(573,338)
Payment of SBITA Borrowing (Interest)	-	(1,919)
Proceeds from Sale of Vehicles and Equipment	-	360
Acquisition of Infrastructure, Vehicles and Equipment	(3,431,450)	(1,334,181)
Repayment of Long-term Borrowing (Principal)	(442,702)	-
Repayment of Long-term Borrowing (Interest)	(149,503)	-
Net Cash (used for) Capital and Related Financing Activities	<u>(4,023,655)</u>	<u>(1,909,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Income	253,931	-
Net Cash (used for) Investing Activities	<u>253,931</u>	<u>-</u>
Net Increase (decrease) in Cash and Cash Equivalents	6,111,849	(228,670)
Cash and Cash Equivalents, Beginning	35,178,442	16,045,643
Cash and Cash Equivalents, Ending	<u>\$ 41,290,291</u>	<u>\$ 15,816,973</u>
Reconciliation of Cash and Cash Equivalents at Year-end to the Statement of Net Position:		
Cash and Investments	\$ 40,698,086	\$ 15,745,923
Cash and Investments, Restricted	592,205	71,050
Total Cash and Cash Equivalents at Year-end	<u>\$ 41,290,291</u>	<u>\$ 15,816,973</u>
Operating Income (Loss)	<u>\$ 9,390,792</u>	<u>\$ (1,401,133)</u>
Adjustments to reconcile Operating Income (loss) to Net Cash provided by Operating Activities:		
Depreciation Expense	1,880,659	1,369,480
Pension Related Adjustments	(274,970)	(123,129)
OPEB Related Adjustments	(23,221)	(8,746)
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable, Net of Allowance for Bad Debt	(256,295)	-
Decrease in Intergovernmental Receivable	22,153	-
Decrease in Prepaid Expenses	-	40,171
(Decrease) in Accounts Payable	(2,193,284)	(85,603)
(Decrease) in Accrued Liabilities	(80,606)	(26,630)
Increase in Deposits Payable	14,476	8,654
Increase in Claims Payable	-	1,401,875
Increase in Compensated Absences Payable	113	36,818
Increase in Capital Assets (Prior Period Adjustment)	-	831,600
Total Adjustments	<u>(910,975)</u>	<u>3,444,490</u>
Net Cash provided by Operating Activities	<u>\$ 8,479,817</u>	<u>\$ 2,043,357</u>
Noncash Investing, Capital, and Financing Activities:		
Change in Fair Value of Investments	\$ (250,712)	-
Capital Asset (Infrastructure) included in Accounts Payable	51,765	-

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 which accounts 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, 2023

	<u>Custodial Funds</u>	<u>Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency</u>
ASSETS		
Cash and Investments	\$ 6,093,262	\$ 3,379,442
Cash and Investments with Fiscal Agent	-	1,348,324
Receivables:		
Accounts	128,112	-
Intergovernmental	278,633	-
Interest	31,142	6,414
Loans	-	1,449,376
Prepaid Items	-	183,781
Total Assets	<u>6,531,149</u>	<u>6,367,337</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Amount on Refunding	-	685,760
Total Deferred Outflow of Resources	<u>-</u>	<u>685,760</u>
Total Assets and Deferred Outflows of Resources	<u>6,531,149</u>	<u>7,053,097</u>
LIABILITIES		
Accounts Payable and Other Liabilities	82,225	10,363
Interest Payable	-	598,318
Due to Other Agencies	5,784	-
Long-term Debt	-	46,801,879
Total Liabilities	<u>88,009</u>	<u>47,410,560</u>
NET POSITION (DEFICIT)		
Restricted for:		
Other Agencies	6,443,140	-
Unrestricted (deficit)	-	(40,357,463)
Total Net Position	<u>\$ 6,443,140</u>	<u>\$ (40,357,463)</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, 2023

	Custodial Funds	Private Purpose Trust Fund Successor Agency to the Former El Cajon Redevelopment Agency
ADDITIONS		
Contributions		
Other Agencies	\$ 4,006,778	\$ 34,154
Participants	151,266	-
Property Taxes	-	4,331,209
Investment Earnings	62,624	56,629
Assessment Collections for Other Agencies	473,198	-
Interest on Loan	-	45,222
Miscellaneous	64,941	-
Total Additions	4,758,807	4,467,214
DEDUCTIONS		
Administrative Expenses	-	37,867
Payments of Assessments to Other Agencies	486,327	-
Program/Project Expenses	4,060,550	215,507
Interest and Fiscal Agent Expenses	-	2,326,177
Total Deductions	4,546,877	2,579,551
Net Change in Fiduciary Net Position	211,930	1,887,663
Net Position (deficit), Beginning	6,231,210	(42,245,126)
Net Position (deficit), Ending	\$ 6,443,140	\$ (40,357,463)

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, 2023

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CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2023

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, 2023

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 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, 2023

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 leaving only the net amount 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, 2023

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 individually, 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 comparisons of budgetary amounts to actual revenues and expenditures are 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.

The City also budgets programmatically when necessary, this allows the budget for a particular program or project to be carried forward until the activity is completed or amended by the City Council. This multi-year budget functionality is applied to the City's grant management functions, capital improvement program, fleet replacement program, and the American Rescue Plan Act funding programs.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2023

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 110.

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, 2023

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, 2023

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. Intangible assets (right-to-use lease and subscription information based technology agreement, SBITA, assets) are recorded at net present value and amortized over the duration of the agreements.

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

Category	Useful Life
Infrastructure	5 - 60 years
Buildings and improvements	10 - 50 years
Machinery and equipment	2 – 20 years
Interest in Mission Gorge Sewer Mains	60 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset 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.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, other postemployment benefits (OPEB), and subscription based information technology assets (SBITAs).

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 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, OPEB, and SBITA related items.

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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Policies and Flow Assumption

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

- Nonspendable - These are amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. This includes prepaid items.
- Restricted - These are amounts that have spending constraints 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 government.
- Committed - These amounts are available to 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. 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. A portion of the unassigned fund balance represents the Council designated operating reserve equal to 20% of annual 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.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Effect of New Accounting Standard(s)

The City implemented the requirements of the following accounting standards in fiscal year ending June 30, 2023:

In September 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objective of this statement is to provide reporting consistency as it defines conduit debt and eliminates the option for issuers to report conduit debt obligations as the entities' own liabilities. The City has no conduit debt obligations.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. This Statement enhances the usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs and APAs consistently and disclose information about PPP and APA transactions. The required disclosures allow users to understand the value and important aspects of a government's PPPs/APAs and evaluate a government's future obligations and assets resulting from these arrangements. The City has no arrangements that meet the definitions of a PPP or APA.

In May 2020, GASB issued Statement No. 96, *Subscription Based Technology Arrangements*, which defines a Subscription Based Technology Arrangement (SBITA) and establishes the model for SBITA accounting based on the principle that SBITAs are financings of the right-to-use underlying software assets. The primary objective of this statement is to enhance the relevance and consistency of information about governments' ongoing subscription activities. Following the requirement of this pronouncement, the City has recognized subscription liabilities and intangible right-to-use assets.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Although this statement is effective for fiscal year 2024, the City has early implemented reflected in Note 16 of the financial statements.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2023, totaled \$179,492,016, and are reported in the accompanying financial statements as follows:

	Cash and Investments	Cash and Investments, Restricted	Cash and Investments with Fiscal Agent	Total Cash and Investments
Government-wide Statement of Net Position				
Governmental Activities	\$ 125,460,928	\$ 71,050	\$ 1,848,719	\$ 127,380,697
Business-type Activities	40,698,086	592,205	-	41,290,291
Total Statement of Net Position	<u>166,159,014</u>	<u>663,255</u>	<u>1,848,719</u>	<u>168,670,988</u>
Fiduciary Funds Statement of Net Position	<u>9,472,704</u>	<u>-</u>	<u>1,348,324</u>	<u>10,821,028</u>
Total Cash and Investments	<u>\$ 175,631,718</u>	<u>\$ 663,255</u>	<u>\$ 3,197,043</u>	<u>\$ 179,492,016</u>

Cash and investments at June 30, 2023, consisted of the following:

Cash on Hand	\$ 4,705
Deposits with Financial Institutions	20,273,465
Investments	<u>159,213,846</u>
Total Cash and Investments	<u>\$ 179,492,016</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

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, 2023, the fair value of the City's LAIF investments was \$39,642,008. The fair value was determined by multiplying the City's LAIF balance by the fair value factor of 0.984828499 as determined by LAIF.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2023

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 short term and long-term investments and by timing cash flows from maturities. Therefore, 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 table on the following page 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, 2023

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	\$ 24,909,570	\$ 9,031,018	\$ 9,996,911	\$ 5,881,641	\$ -
US Treasury Bonds	813,633	-	-	813,633	-
US Treasury Notes	73,034,791	20,794,401	12,612,077	39,628,313	-
Commercial Paper	450,000	450,000	-	-	-
Corporate Notes	17,635,733	2,422,516	976,734	14,236,483	-
Foreign Issues	1,083,472	-	1,083,472	-	-
Municipal Debt	160,000	160,000	-	-	-
CAMP Cash Pool	136,315	136,315	-	-	-
LAIF	39,642,008	39,642,008	-	-	-
Held by Fiscal Agent:					
Invesco STIT Treasury Private	1,348,324	1,348,324	-	-	-
Total	\$ 159,213,846	\$ 73,984,582	\$ 24,669,194	\$ 60,560,070	\$ -

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Not Rated</u>
US Agency Securities	\$ 24,909,570	N/A	AA+	Aaa	\$ -
US Treasury Bonds	813,633	N/A	N/A	Aaa	-
US Treasury Notes	73,034,791	N/A	N/A	Aaa	-
Commercial Paper	450,000	N/A	N/A	N/A	450,000
Corporate Notes	17,635,733	"A category"	A-/A/A+/AA-/AA/AA+/AAA	A2/A1/Aa3/Aa2/Aaa	-
Foreign Issues	1,083,472	AA	AAA	Aaa	-
Municipal Debt	160,000	N/A	N/A	N/A	160,000
CAMP Cash Pool	136,315	N/A	Not Rated	Not Rated	136,315
LAIF	39,642,008	N/A	Not Rated	Not Rated	39,642,008
Held by Fiscal Agent:					
Invesco STIT Treasury Private	1,348,324	N/A	N/A	N/A	1,348,324
Total	\$ 159,213,846				

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

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	\$ 13,696,354
	Total	<u>\$ 13,696,354</u>

Custodial Credit Risk

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

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

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, 2023, 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, 2023

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, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments by Fair Value Level</u>				
US Agency Securities	\$ 24,909,570	\$ -	\$24,909,570	\$ -
US Treasury Bonds	813,633	813,633	-	-
US Treasury Notes	73,034,791	73,034,791		
Commercial Paper	450,000	-	450,000	-
Corporate Notes	17,635,733	-	17,635,733	-
Foreign Issues	1,083,472	-	1,083,472	-
Municipal Debt	160,000	-	160,000	-
Total Investments by Fair Value Level	<u>118,087,199</u>	<u>\$73,848,424</u>	<u>\$44,238,775</u>	<u>\$ -</u>
<u>Investments not subject to GASB Statement No. 72</u>				
CAMP Cash Pool	136,315			
Invesco STIT Treasury Private	1,348,324			
LAIF	<u>39,642,008</u>			
Total Investments not subject to GASB Statement No. 72	<u>41,126,647</u>			
Total Investments	<u>\$ 159,213,846</u>			

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 3. LOANS RECEIVABLE

Governmental Activities:

	Low & Moderate Income Housing Asset (LMIHAF)	HOME	CDBG	Federal, State and Local Grants	Total
First Time Homebuyer	\$ 4,035,511	\$ 7,415,552	\$ -	\$ 596,585	\$ 12,047,648
Mobile Home Rehabilitation	-	54,410	174,484	-	228,894
Single Family Rehabilitation	76,134	1,509,750	78,622	-	1,664,506
Multi-Family Projects					
Chambers Senior Residences	5,923,035	-	-	-	5,923,035
Lexington Avenue Senior Apartment	221,982	-	-	-	221,982
South Sunshine Associates LP	1,496,949	1,326,740	-	-	2,823,689
	<u>\$ 11,753,611</u>	<u>\$ 10,306,452</u>	<u>\$ 253,106</u>	<u>\$ 596,585</u>	<u>\$ 22,909,754</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, 2023, the balance outstanding includes \$4,500,000 of principal and \$1,423,035 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. The new agreement includes an interest rate of 3%. As of June 30, 2023, the outstanding balance includes \$206,250 of principal and \$15,732 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, 2023, the outstanding balance of the HOME loan includes total principal of \$1,200,000 and \$126,740 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, 2023, the balance outstanding includes a loan disbursement of \$1,300,000 and accrued interest of \$196,949.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, Non-Depreciable:				
Land	\$ 21,731,601	\$ -	\$ -	\$ 21,731,601
Rights of way	31,190,652	-	-	31,190,652
Construction in Progress	4,471,929	9,248,292	(544,227)	13,175,994
Total Assets, Non-Depreciable:	<u>57,394,182</u>	<u>9,248,292</u>	<u>(544,227)</u>	<u>66,098,247</u>
Capital Assets, Amortizable or Depreciable:				
Use Rights	2,797,233	3,195,262	-	5,992,495
Land Improvements	9,267,741	-	-	9,267,741
Buildings and Improvements	114,375,357	538,264	-	114,913,621
Equipment	7,129,102	244,321	(53,324)	7,320,099
Vehicles	13,047,051	560,195	(59,321)	13,547,925
Infrastructure	201,685,347	783,956	-	202,469,303
Total Assets, Amortizable or Depreciable	<u>348,301,831</u>	<u>5,321,998</u>	<u>(112,645)</u>	<u>353,511,184</u>
Less Accumulated Amortization or Depreciation for:				
Use Rights	(1,187,195)	(1,056,341)	-	(2,243,536)
Land Improvements	(7,934,372)	(152,498)	-	(8,086,870)
Buildings and Improvements	(39,326,429)	(3,528,580)	-	(42,855,009)
Equipment	(5,528,040)	(349,329)	53,324	(5,824,045)
Vehicles	(9,848,857)	(582,371)	49,818	(10,381,410)
Infrastructure	(129,076,241)	(4,449,555)	-	(133,525,796)
Total Accumulated Amortization or Depreciation	<u>(192,901,134)</u>	<u>(10,118,674)</u>	<u>103,142</u>	<u>(202,916,666)</u>
Total Capital Assets, Amortizable or Depreciable, Net	<u>155,400,697</u>	<u>(4,796,676)</u>	<u>(9,503)</u>	<u>150,594,518</u>
Governmental Activity Capital Assets, Net	<u>\$ 212,794,879</u>	<u>\$ 4,451,616</u>	<u>\$ (553,730)</u>	<u>\$ 216,692,765</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital Assets, Non-Depreciable:				
Land	\$ 82,300	\$ -	\$ -	\$ 82,300
Construction in Progress	3,923,540	2,953,532	(120,517)	6,756,555
Total Assets, Non-Depreciable:	<u>4,005,840</u>	<u>2,953,532</u>	<u>(120,517)</u>	<u>6,838,855</u>
Capital Assets, Depreciable				
Buildings and Improvements	427,527	-	-	427,527
Equipment	133,333	25,000	-	158,333
Vehicles	2,294,193	522,638	-	2,816,831
Interest in Mission Gorge Mains	8,805,762	-	-	8,805,762
Infrastructure	102,401,540	-	-	102,401,540
Total Assets, Depreciable	<u>114,062,355</u>	<u>547,638</u>	<u>-</u>	<u>114,609,993</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(297,509)	(8,169)	-	(305,678)
Equipment	(102,690)	(4,997)	-	(107,687)
Vehicles	(1,236,343)	(161,125)	-	(1,397,468)
Interest in Mission Gorge Mains	(4,157,061)	(146,763)	-	(4,303,824)
Infrastructure	(53,263,638)	(1,559,605)	-	(54,823,243)
Total Accumulated Depreciation	<u>(59,057,241)</u>	<u>(1,880,659)</u>	<u>-</u>	<u>(60,937,900)</u>
Total Capital Assets, Depreciable, Net	<u>55,005,114</u>	<u>(1,333,021)</u>	<u>-</u>	<u>53,672,093</u>
Business-type Activity Capital Assets, Net	<u>\$ 59,010,954</u>	<u>\$ 1,620,511</u>	<u>\$ (120,517)</u>	<u>\$ 60,510,948</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 4. CAPITAL ASSETS (continued)

Amortization and Depreciation

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

Governmental Activities:

General Government	\$ 1,367,742
Public Safety	3,029,377
Public Works	4,688,087
Recreation	637,167
Community Development	<u>396,301</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 10,118,674</u>

Business-type Activities:

Wastewater	<u>\$ 1,880,659</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,880,659</u>

NOTE 5. LONG-TERM LIABILITIES

Summary of the changes in long-term liabilities for the fiscal year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 8,430,717	\$ 2,461,540	\$ (1,974,356)	\$ 8,917,901	\$ 3,358,517
Claims Payable (note 10)	4,275,000	2,200,004	(798,129)	5,676,875	800,000
Leases Payable	1,578,715	-	(283,502)	1,295,213	290,193
Pension Obligation Bonds	136,821,800	-	(5,335,200)	131,486,600	5,369,000
Subscriptions Payable	-	2,363,663	(573,339)	1,790,324	533,007
Total Governmental Activities	<u>\$ 151,106,232</u>	<u>\$ 7,025,207</u>	<u>\$ (8,964,526)</u>	<u>\$ 149,166,913</u>	<u>\$ 10,350,717</u>
Business-type Activities:					
<u>Notes from Direct Borrowings</u>					
CA State Water Resources	\$ 9,119,178	\$ -	\$ (442,702)	\$ 8,676,476	\$ 451,999
<u>Other Long-Term Liabilities</u>					
Compensated Absences	569,994	133,322	(133,209)	570,107	230,579
Pension Obligation Bonds	5,503,200	-	(214,800)	5,288,400	216,000
Total Business-type Activities	<u>\$ 15,192,372</u>	<u>\$ 133,322</u>	<u>\$ (790,711)</u>	<u>\$ 14,534,983</u>	<u>\$ 898,578</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 5. LONG-TERM LIABILITIES (continued)

Pension Obligation Bonds **\$ 136,775,000**

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, 2023 is provided below.

Year ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	134,752	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	3,208,153	223,800	129,038	5,785,000	3,337,191
2028	5,652,600	3,113,836	227,400	125,242	5,880,000	3,239,078
2029-2033	30,089,800	13,743,577	1,210,200	552,778	31,300,000	14,296,355
2034-2038	34,089,000	9,746,447	1,371,000	392,039	35,460,000	10,138,486
2039-2043	39,828,000	4,008,312	1,602,000	161,219	41,430,000	4,169,531
Total	\$ 131,486,600	\$ 43,857,213	\$ 5,288,400	\$ 1,764,008	\$ 136,775,000	\$ 45,621,221

Leases Payable

County of San Diego **\$ 660,053**

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, 2023

NOTE 5. LONG-TERM LIABILITIES (continued)

Leases Payable (continued)

The lease asset, Use Right (Note 4), is amortized on a straight-line basis over 10 years. At June 30, 2023, the net book value of the asset is \$665,580, which consists of \$2,003,895 initial cost, less accumulated amortization of \$1,388,315.

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>
2024	\$ 213,992	\$ 18,415	\$ 232,407
2025	219,962	12,445	232,407
2026	226,099	6,308	232,407
Total	<u>\$ 660,053</u>	<u>\$ 37,168</u>	<u>\$ 697,221</u>

Stryker Sales, LLC

\$ 635,160

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 lease asset, Use Right (Note 4), is amortized on a straight-line basis over 10 years. At June 30, 2023, the net book value of the asset is \$643,265, which consists of \$793,338 initial cost, less accumulated amortization of \$150,073.

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>
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	79,830	3,802	83,632
2029-2032	245,136	5,758	250,894
Total	<u>\$ 635,160</u>	<u>\$ 33,894</u>	<u>\$ 669,054</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 5. LONG-TERM LIABILITIES (continued)

Subscription Based Information Technology Agreements (SBITA) payable **\$ 1,790,324**

The City has various SBITAs for non-cancellable software subscriptions. As of June 30, 2023, the Governmental-Type Activities' SBITAs payable was comprised of several right to use software components at interest rates varying from 1.71% to 2.66% with remaining non-cancellable terms ranging from 1 to 5 years.

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

Year ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 533,007	\$ 42,751	\$ 575,758
2025	480,452	29,910	510,362
2026	492,869	18,045	510,914
2027	140,545	5,873	146,418
2028	143,451	2,967	83,632
Total	\$ 1,790,324	\$ 99,546	\$ 1,827,084

Direct Borrowing

California State Water Resources Control Board **\$ 8,676,476**

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 in full. 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, 2023, pledged net revenues and debt service are \$16,530,473 and \$592,205, respectively.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 5. LONG-TERM LIABILITIES (continued)

Direct Borrowing (continued)

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, 2023, the City has restricted cash and investments in the amount of \$592,205 for this purpose.

Debt service requirement - The debt service requirement provided by CSWRCB, and presented below, is based on the \$6,676,476 non-forgivable portion only. A debt service requirement for the forgivable portion, \$2,000,000, will not be established by CSWRCB unless the City fails to meet the performance criteria under the Agreement.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	491,180	101,025	592,205
2029-2033	2,615,019	346,004	2,961,023
2034-2036	1,704,528	72,086	1,776,614
Total	<u>\$ 6,676,476</u>	<u>\$ 1,022,186</u>	<u>\$ 7,698,662</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, 2023, are as follows:

Governmental Activities:

Major Governmental Fund	
General Fund	\$ 8,583,405
Nonmajor Governmental Funds	
Gas Tax Special Revenue Fund	142,565
Transit Special Revenue Fund	352
Internal Service Funds	<u>191,579</u>
Total Governmental Activities	<u>\$ 8,917,901</u>

Business-type Activities:

Wastewater Enterprise Fund	\$ 570,107
Total Business-type Activities	<u>\$ 570,107</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 6. LEASES RECEIVABLE

The City is a lessor in various non-cancellable leases of land, buildings, and office space. As of June 30, 2023, the City's leases receivable balance was \$20,476,784 and the deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases was \$20,079,542. As of June 30, 2023, the City's leases receivable balance for Governmental Activities was comprised of the following:

Governmental Activities

Land leases with rents received totaling \$1,186,303 during fiscal year 2023, at interest rates ranging from 0.967% - 2.452%, with remaining lease terms ranging from 7 to 17 years. \$ 18,982,476

Building and office space leases with rents received totaling \$490,593 during fiscal year 2023, at interest rates ranging from 0.315% - 1.170%, with remaining lease terms ranging from 2 to 9 years. 1,494,308

Total Governmental Activities \$ 20,476,784

The leases receivable are to be collected as follows:

Year ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,603,543	\$ 285,788	\$ 1,889,331
2025	1,476,599	266,883	1,743,482
2026	1,270,188	248,630	1,518,818
2027	1,280,282	230,425	1,510,707
2028	1,268,351	212,108	1,480,459
2029 - 2033	6,008,680	786,012	6,794,692
2034 - 2038	5,757,057	354,482	6,111,539
2039 - 2040	1,812,084	21,378	1,833,462
Total	<u>\$ 20,476,784</u>	<u>\$ 2,405,706</u>	<u>\$ 22,882,490</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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Pension Plan Description (continued)

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

The rate plan provisions and benefits in effect at June 30, 2023, 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%	7.250%	13.750%
Employer Contribution Rate - Normal Cost	12.46%	21.18%	21.18%	12.46%	21.18%

Employees Covered

During the fiscal year 2021-22 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	562	330
Inactive employees entitled to but not yet receiving benefits	341	127
Active employees	207	179
Total	<u>1,110</u>	<u>636</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, 2023 is \$20,106,141, which consisted of \$9,598,907 and \$10,507,234 for the Miscellaneous and Safety Plans, respectively.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

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, 2022 (measurement date) using an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	6.90%
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, 2021 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, 2023, the City reported the account balance of \$1,848,717 as cash and investments held by fiscal agent in the City's General Fund.

Change of Assumptions

The only change in assumption in the 2022 measurement period was the discount rate change from 7.15% to 6.90%. Further information regarding the discount rate can be found on the following page. Demographic assumptions and inflation rate used for the June 30, 2021 valuation continued to be 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, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Expected Rate of Return

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

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

<u>ASSET CLASS</u>	<u>ASSUMED ASSET ALLOCATION</u>	<u>REAL RETURN ⁽¹⁾</u>
Global Equity	42.00 %	8.38 %
Private Equity	13.00 %	7.28 %
Treasury	5.00 %	0.27 %
Mortgage-Backed Securities	5.00 %	0.50 %
Investment Grade Corporates	10.00 %	1.56 %
High Yield	5.00 %	2.27 %
Debt	10.00 %	6.05 %
Real Assets	15.00 %	3.21 %
Leverage	(5.00)%	(0.06)%

⁽¹⁾ An expected inflation of 2.30% used for this period

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Schedule of Changes in Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) in Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
MISCELLANEOUS			
Balance at 06/30/2021 (valuation date)	\$ 246,915,007	\$ 247,424,429	\$ (509,422)
Changes recognized for the measurement period:			
Service cost	2,960,910	-	2,960,910
Interest on total pension liability	17,071,693	-	17,071,693
Changes of assumptions	6,741,180	-	6,741,180
Differences between expected and actual experience	89,978	-	89,978
Contributions from the employer	-	5,997,256	(5,997,256)
Contributions from the employees	-	1,152,574	(1,152,574)
Net investment income	-	(18,498,165)	18,498,165
Benefit payments, including refunds of employee contributions	(15,621,507)	(15,621,507)	-
Administrative expense	-	(154,131)	154,131
Net changes during 2021-22	<u>11,242,254</u>	<u>(27,123,973)</u>	<u>38,366,227</u>
Balance at 06/30/2022 (measurement date)	<u>\$ 258,157,261</u>	<u>\$ 220,300,456</u>	<u>\$ 37,856,805</u>
SAFETY			
Balance at 06/30/2021 (valuation date)	\$ 362,223,844	\$ 367,576,162	\$ (5,352,318)
Changes recognized for the measurement period:			
Service cost	5,962,234	-	5,962,234
Interest on total pension liability	25,559,013	-	25,559,013
Changes of assumptions	13,665,959	-	13,665,959
Differences between expected and actual experience	1,541,551	-	1,541,551
Contributions from the employer	-	6,568,743	(6,568,743)
Contributions from the employees	-	2,023,562	(2,023,562)
Net investment income	-	(27,519,079)	27,519,079
Benefit payments, including refunds of employee contributions	(19,983,961)	(19,983,961)	-
Administrative expense	-	(228,978)	228,978
Net changes during 2021-22	<u>26,744,796</u>	<u>(39,139,713)</u>	<u>65,884,509</u>
Balance at 06/30/2022 (measurement date)	<u>\$ 388,968,640</u>	<u>\$ 328,436,449</u>	<u>\$ 60,532,191</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

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

The following tables present the net pension liabilities of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

Miscellaneous

<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>	<u>Impact on Liability (Asset)</u>
5.90%	\$ 68,766,644	\$ 30,909,839
6.90%	37,856,805	-
7.90%	12,089,803	(25,767,002)

Safety

<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>	<u>Impact on Liability (Asset)</u>
5.90%	\$ 113,519,464	\$ 52,987,273
6.90%	60,532,191	-
7.90%	17,182,456	(43,349,735)

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, 2022 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, 2023

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Pension Expense (Income)

For the measurement period ending June 30, 2022, the total pension expense recognized is \$7,912,527 for the Miscellaneous plan and \$14,158,586 for the Safety 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	3.7 years
Changes in assumptions	2.0 years	3.7 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, 2022, the EARSL used for the Plans is as follows:

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Total future service years ⁽¹⁾	2,171	2,291
Total number of participants (active, inactive and retired)	1,073	624
EARSL for the 2021-22 measurement period	2.0 years	3.7 years

⁽¹⁾ 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, 2023

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, 2022.

Deferred Outflows of Resources

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Pension contributions subsequent to the measurement date	\$ 9,598,907	\$ 10,507,234
Differences between expected and actual experience	44,989	4,773,727
Changes in assumptions	3,370,590	9,972,457
Net difference between projected and actual earnings on plan investments	<u>12,620,074</u>	<u>20,154,753</u>
 Total Deferred Outflows of Resources - Pension	 <u>\$ 25,634,560</u>	 <u>\$ 45,408,171</u>

Deferred Inflows of Resources

	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
Differences between expected and actual experience	<u>\$ -</u>	<u>\$ (108,349)</u>
 Total Deferred Inflows of Resources - Pension	 <u>\$ -</u>	 <u>\$ (108,349)</u>

The \$20,106,141 reported as deferred outflows of resources related to contributions subsequent the June 30, 2022 measurement date will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2024.

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

<u>Measurement Period ended June 30</u>	<u>Deferred Outflows / (Inflows) of Resources</u>	
	<u>MISCELLANEOUS</u>	<u>SAFETY</u>
2023	\$ 5,585,972	\$ 9,926,567
2024	2,024,245	8,921,435
2025	1,372,970	5,449,026
2026	7,052,466	10,495,560

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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 8. DEFINED CONTRIBUTION PENSION PLAN (continued)

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

Contributions are equal to 7.5% of each participating employee's compensation and are made by the City. Contributions are invested with a third party administrator in a liquid savings account. Earnings are at a variable rate and accrue daily commencing on the date the funds are posted. For the year ended June 30, 2023, the City's total payroll and covered payroll was \$823,669. The City made employer contributions of \$61,820. The assets held in trust by the plan administrator had a fair value of \$722,940 at June 30, 2023.

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.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Employees Covered

As of the June 30, 2022 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
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>578</u>

Contributions

The annual contribution is comprised of the pay-as-you go amount. For the fiscal year ended June 30, 2023, the City's cash contributions were \$354,908 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, 2022 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, 2022 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, 2022 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, 2023

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, 2022 are summarized in the following table:

<i>CERBT Asset</i> <u>Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	59.0%	7.545 %
Global Debt Securities	25.0%	4.250 %
REITs	8.0%	7.250 %
Inflation Assets	5.0%	3.000 %
Commodities	3.0%	7.545 %
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

There were no changes in assumptions between the 2021 and the 2022 valuation year.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

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 06/30/2021 (measurement date)	\$ 12,523,114	\$ 7,550,687	\$ 4,972,427
Changes recognized for the measurement period:			
Service cost	298,035	-	298,035
Interest	822,813	-	822,813
Contributions - employer	-	964,629	(964,629)
Net investment income/(loss)	-	(1,010,661)	1,010,661
Benefit payments, including refunds of member contributions	(964,629)	(964,629)	-
Administrative expense	-	(1,913)	1,913
Net changes	156,219	(1,012,574)	1,168,793
Balance at 06/30/2022 (measurement date)	\$ 12,679,333	\$ 6,538,113	\$ 6,141,220

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, 2022:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
5.75%	\$ 7,429,598	\$ 1,288,378
6.75%	6,141,220	-
7.75%	5,047,415	(1,093,805)

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

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 (4%), for measurement period ended June 30, 2022:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>	<u>Impact on Liability</u>
1% Decrease	\$ 4,745,792	\$ (1,395,428)
Current Rate	6,141,220	-
1% Increase	7,828,035	1,686,815

OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available CERBT financial report on 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>Source of Gains and Losses</u>	<u>Recognition Period</u>
Net difference 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, 2023

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, 2023, the City recognized OPEB expense of \$715,624. 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	\$ 354,908	\$ -
Differences between expected and actuarial experience	738,644	(440,156)
Changes of assumptions	638,298	-
Differences between projected and actual earnings	612,176	-
Total	\$ 2,344,026	\$ (440,156)

The \$354,908 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 \$1,548,962 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
2023	\$ 102,008
2024	161,792
2025	253,732
2026	485,899
2027	181,847
Thereafter	363,684

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, 2023, 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, 2023

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:

	<u>General Liability</u>	<u>Worker's Compensation</u>	<u>Total Claims</u>
Liability - June 30, 2021	\$ 1,307,000	\$ 2,149,000	\$ 3,456,000
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>
Current Fiscal Year Claims	100,000	1,002,765	1,102,765
Claims Payments	(134,157)	(663,972)	(798,129)
Changes to Estimates	<u>106,032</u>	<u>991,207</u>	<u>1,097,239</u>
Liability - June 30, 2023	<u>\$ 1,522,875</u>	<u>\$ 4,154,000</u>	<u>\$ 5,676,875</u>

The City's accrued liability at year-end of \$5,676,875 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, 2023

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:		
Non Major Capital Project Fund	Luke Lane Drainage Improvements	\$ 439,400
Non Major Capital Project Fund	Madison Avenue Safety Improvements	1,940,103
Non Major Capital Project Fund	El Cajon Boulevard Streetscape	5,985,121
	Total	<u>\$ 8,364,624</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

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, 2023 is as follows:

Due To	Due From	Amount
General Fund	Non-Major Special Revenue Fund	\$ 317,397
Total		\$ 317,397

The amounts due to the General Fund from the CDBG non-major 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, 2023 are as follows:

Transfers Out	Transfers In				Total
	Major Funds		Non-Major Funds		
	General Fund	Special Revenue	Debt Service	Capital Projects	
<u>Major Funds</u>					
General Fund	\$ -	\$ 455,143	\$ 8,293,863	\$ 500,000	\$ 9,249,006
Wastewater Fund	-	-	475,018	-	475,018
<u>Non-Major Funds</u>					
Internal Service	-	-	204,981	-	204,981
Special Revenue	161,316	-	149,012	-	310,328
Total	\$ 161,316	\$ 455,143	\$ 9,122,874	\$ 500,000	\$ 10,239,333

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.. The General Fund also received five percent of the Certified Access Specialist Program fees collected for administration costs.

The transfers from the general fund to the special revenue and non-major capital projects funds were funding for a fire truck and capital projects.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

NOTE 13. FUND BALANCES AND DEFICITS

Fund balances for the fiscal year ended June 30, 2023 are as follows:

	General	Special Revenue		Non-Major	Total Governmental Funds
		Low and Moderate Income Housing Asset	Federal, State, and Local Grants		
Nonspendable					
Prepaid Items	\$ 3,807	\$ -	\$ -	\$ -	\$ 3,807
Restricted					
Animal Shelter Operations	-	-	-	41,549	41,549
Animal Shelter Project	-	-	-	266,637	266,637
Community Development	-	6,968,396	88,055	2,834,508	9,890,959
Debt Service	-	-	-	2	2
Loans Receivable (note 3)	-	10,117,895	596,585	10,306,625	21,021,105
Public Safety	-	-	386,176	384,567	770,743
Public Works Projects	-	-	52,277	575,030	627,307
RTCIP Impact Fee	-	-	-	734,258	734,258
RMRA	-	-	-	4,274,454	4,274,454
Transportation Projects	-	-	-	3,108,844	3,108,844
PARS Trust for UAL	1,848,717	-	-	-	1,848,717
Committed	-	-	-	1,181,443	1,181,443
Assigned					-
Capital Projects	-	-	-	12,599,278	12,599,278
Designated for Economic Uncertainty	16,161,701	-	-	-	16,161,701
Unfunded Retirement Obligations	11,151,283	-	-	-	11,151,283
Unassigned	17,930,056	-	-	-	17,930,056
Operating Reserve (unassigned)	16,161,701	-	-	-	16,161,701
Total Fund Balance	\$63,257,265	\$ 17,086,291	\$ 1,123,093	\$ 36,307,195	\$117,773,844

The General Fund's Operating Reserve Unassigned fund balance of \$16,161,701 is established 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.

CITY OF EL CAJON

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2023

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, 2023.

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 \$74,349 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 \$35,000 for the fiscal year ending June 30, 2023.

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 27.06% for the fiscal year ending June 30, 2023.

HCFA leases a portion of the property located at 100 E. Lexington Avenue from the City. Lease payments totaled \$58,052 for the fiscal year ending June 30, 2023. The City also provides clerical and accounting services for HCFA. Charges for services were \$58,812 for the fiscal year ending June 30, 2023.

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, 2023

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:

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

In fiscal year 2023, the total amount rebated to Sunroad under this agreement was \$252,488.

El Cajon Hotels, LP and Magnolia Hotel, Inc.

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

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

In fiscal year 2023, the total amount rebated to the Hotel under this agreement was \$667,039.

Tipton Enterprises, Inc. dba Tipton Honda

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

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

In fiscal year 2023, the total amount rebated to the Hotel under this agreement was \$411,316.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2023

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:

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

In fiscal year 2023, the total amount rebated to Mercedes-Benz under this agreement was \$410,803.

NOTE 16. PRIOR PERIOD ADJUSTMENTS

During the previous fiscal year, the City paid implementation costs for the set-up of Tyler Enterprise Resource Planning (ERP) system. With the implementation of GASB 96 in fiscal year 2023, this amount was capitalized as part of the Tyler ERP Subscription Based Information Technology Asset (Intangible Asset).

The City has entered a prior period adjustment to increase the amount of Net Position in Capital Assets in the City's Information Technology (Internal Service) fund to correct the overstatement of Operating Expenses recorded the prior year.

	Information Technology Fund
Beginning Net Investment in Capital Assets, July 1, 2022, as reported	\$ 350,440
Recognition of Intangible Asset in lieu of Operating Expense	831,600
Beginning Net Investment in Capital Assets, July 1, 2022, as restated	\$ 1,182,040
Beginning Unrestricted Net Position, July 1, 2022, as reported	\$ 2,184,448
Recognition of Intangible Asset in lieu of Operating Expense	-
Beginning Unrestricted Net Position, July 1, 2022, as restated	\$ 2,184,448
Total Net Position	\$ 3,366,488

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REQUIRED SUPPLEMENTARY INFORMATION

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 Nine Years ¹

	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
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 105.

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$ 2,765,699	\$ 2,812,784	\$ 2,825,180	\$ 2,977,187	\$ 2,777,695	\$ 2,960,910
15,080,991	15,414,119	16,060,380	16,469,083	16,884,141	17,071,693
(1,052,850)	(217,246)	3,530,348	294,443	937,913	89,978
11,547,296	(1,094,357)	-	-	-	6,741,180
<u>(11,469,789)</u>	<u>(12,329,214)</u>	<u>(13,120,445)</u>	<u>(13,959,312)</u>	<u>(14,999,589)</u>	<u>(15,621,507)</u>
16,871,347	4,586,086	9,295,463	5,781,401	5,600,160	11,242,254
204,780,550	221,651,897	226,237,983	235,533,446	241,314,847	246,915,007
<u>\$ 221,651,897</u>	<u>\$ 226,237,983</u>	<u>\$ 235,533,446</u>	<u>\$ 241,314,847</u>	<u>\$ 246,915,007</u>	<u>\$ 258,157,261</u>
\$ 5,729,154	\$ 5,952,503	\$ 7,126,866	\$ 7,760,121	\$ 55,499,867	\$ 5,997,256
1,179,611	1,148,838	1,240,802	1,221,300	1,101,687	1,152,574
15,602,402	12,639,219	10,236,329	8,085,826	41,616,905	(18,498,165)
(11,469,789)	(12,329,214)	(13,120,445)	(13,959,312)	(14,999,589)	(15,621,507)
-	(364)	2,323	-	-	-
(204,547)	(232,773)	(111,407)	(227,661)	(164,195)	(154,131)
-	(442,040)	364	-	-	-
10,836,831	6,736,169	5,374,832	2,880,274	83,054,675	(27,123,973)
138,541,648	149,378,479	156,114,648	161,489,480	164,369,754	247,424,429
<u>\$ 149,378,479</u>	<u>\$ 156,114,648</u>	<u>\$ 161,489,480</u>	<u>\$ 164,369,754</u>	<u>\$ 247,424,429</u>	<u>\$ 220,300,456</u>
<u>\$ 72,273,418</u>	<u>\$ 70,123,335</u>	<u>\$ 74,043,966</u>	<u>\$ 76,945,093</u>	<u>\$ (509,422)</u>	<u>\$ 37,856,805</u>
67.39%	69.00%	68.56%	68.11%	100.21%	85.34%
\$ 13,975,942	\$ 14,120,404	\$ 14,671,685	\$ 15,802,477	\$ 14,846,044	\$ 14,535,639
517.13%	496.61%	504.67%	486.92%	-3.43%	260.44%

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 Nine Years ¹

	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
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 105.

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$ 4,627,095	\$ 4,665,299	\$ 4,417,341	\$ 4,723,268	\$ 5,236,365	\$ 5,962,234
21,187,689	21,939,641	22,690,389	23,341,882	24,631,101	25,559,013
(4,240,228)	2,153,863	791,993	(650,086)	8,209,825	1,541,551
17,772,474	(1,270,346)	-	-	-	13,665,959
<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>	<u>(19,983,961)</u>
23,462,442	10,971,897	10,870,324	9,446,825	19,044,551	26,744,796
288,427,805	311,890,247	322,862,144	333,732,468	343,179,293	362,223,844
<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>	<u>\$ 388,968,640</u>
\$ 7,963,467	\$ 8,172,881	\$ 9,762,519	\$ 11,019,557	\$ 111,393,591	\$ 6,568,743
1,501,090	1,391,912	1,663,961	1,756,898	1,882,796	2,023,562
20,358,562	16,375,994	13,272,580	10,470,492	58,360,338	(27,519,079)
(15,884,588)	(16,516,560)	(17,029,399)	(17,968,239)	(19,032,740)	(19,983,961)
-	(474)	-	-	-	-
(266,438)	(302,512)	(144,636)	(296,337)	(214,959)	(228,978)
-	(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>(39,139,713)</u>
180,460,407	194,132,500	202,679,266	210,204,765	215,187,136	367,576,162
<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>\$ 328,436,449</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>	<u>\$ 60,532,191</u>
62.24%	62.78%	62.99%	62.70%	101.48%	84.44%
\$ 15,120,732	\$ 15,449,544	\$ 14,818,817	\$ 16,153,448	\$ 18,068,893	\$ 18,855,896
778.78%	777.91%	833.59%	792.35%	-29.62%	321.03%

CITY OF EL CAJON

Required Supplementary Information Schedule of Plan Contributions - Pension Last Ten Fiscal Years

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 ²	8,272,207	(55,499,867)	(47,227,660)	14,846,044	373.84%
2021-22	5,997,256	(5,997,256)	-	14,535,639	41.26%
2022-23	6,406,913	(9,598,907)	(3,191,994)	15,716,543	61.08%
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 ²	12,051,806	(111,393,591)	(99,341,785)	18,068,893	616.49%
2021-22	6,568,743	(6,568,743)	-	18,855,896	34.84%
2022-23	7,811,027	(10,507,234)	(2,696,207)	19,234,503	54.63%

¹Covered payroll represents the payroll on which the contributions to the pension plan are based.

²In 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 105.

CITY OF EL CAJON

Notes to Required Supplementary Information

Net Pension Liability - Miscellaneous and Safety Plans

June 30, 2023

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, 2021 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2021 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.

In 2022, the discount rate was reduced from 7.00 percent to 6.90 percent. 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 2.80 percent payroll growth for June 30, 2022, 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21, and 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, 2019 funding valuation report, were used to set the actuarially determined contributions for measurement period 2021-22:

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 Six Years ¹

	Measurement Period	
	2016-17	2017-18
Total OPEB Liability		
Service cost	\$ 78,533	\$ 78,533
Interest on total OPEB liability	391,440	397,219
Differences between expected and actual experience	-	54,005
Changes in assumptions	-	718,115
Changes in benefit terms	-	4,588,311
Benefit payments	(293,421)	(308,359)
Net change in total OPEB liability	176,552	5,527,824
Total OPEB liability - beginning	5,355,403	5,531,955
Total OPEB liability - ending (a)	\$ 5,531,955	\$ 11,059,779
Plan fiduciary net position		
Contributions - employer	\$ 949,193	\$ 958,359
Net investment income	321,424	276,640
Benefit payments	(293,421)	(308,359)
Administrative expense	(1,685)	(6,613)
Net change in plan fiduciary net position	975,511	920,027
Plan fiduciary net position - beginning	2,534,777	3,510,288
Plan fiduciary net position - ending (b)	\$ 3,510,288	\$ 4,430,315
Net OPEB liability - ending (a)-(b)	\$ 2,021,667	\$ 6,629,464
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	63.45%	40.06%
Covered-employee payroll ²	\$ 24,275,515	\$ 24,988,882
Net OPEB liability as percentage of covered-employee payroll	8.33%	26.53%

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 109.

					Measurement Period			
2018-19		2019-20		2020-21		2021-2022		
\$	233,261	\$	240,400	\$	247,011	\$	298,035	
	795,418		792,235		770,296		822,813	
	(868,788)		(666,003)		949,686		-	
	520,123		-		686,927		-	
	-		-		-		-	
	(733,949)		(740,805)		(762,477)		(964,629)	
	(53,935)		(374,173)		1,891,443		156,219	
	11,059,779		11,005,844		10,631,671		12,523,114	
\$	11,005,844	\$	10,631,671	\$	12,523,114	\$	12,679,333	
\$	1,383,949	\$	940,805	\$	962,477	\$	964,629	
	296,391		192,108		1,587,754		(1,010,661)	
	(733,949)		(740,805)		(762,477)		(964,629)	
	(1,063)		(2,631)		(2,187)		(1,913)	
	945,328		389,477		1,785,567		(1,012,574)	
	4,430,315		5,375,643		5,765,120		7,550,687	
\$	5,375,643	\$	5,765,120	\$	7,550,687	\$	6,538,113	
\$	5,630,201	\$	4,866,551	\$	4,972,427	\$	6,141,220	
	48.84%		54.23%		60.29%		51.57%	
\$	27,922,328	\$	28,690,192	\$	26,762,410	\$	28,768,398	
	20.16%		16.96%		18.58%		21.35%	

CITY OF EL CAJON
Required Supplementary Information
Schedule of Plan Contributions - OPEB
Last Seven 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
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%
2022-23	737,990	(354,908)	383,082	32,712,586	1.08%

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 109.

CITY OF EL CAJON
Notes to Required Supplementary Information
Other Post Employment Benefits (OPEB)
June 30, 2023

Actuarial cost method	Entry Age Normal
Actuarial valuation date	June 30, 2022
Measurement date	June 30, 2022
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	There were no changes in assumptions between June 30, 2021 and June 30, 2022 valuations.
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.	

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, 2023

	Budgeted Amounts		Actual Amounts¹	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Sales and Use	\$ 45,238,567	\$ 45,238,567	\$ 46,555,665	\$ 1,317,098
Property	23,547,433	23,547,433	24,533,077	985,644
Franchise	6,583,983	6,583,983	7,114,259	530,276
Transient Lodging	2,700,000	2,700,000	3,026,644	326,644
Business Licenses	833,000	833,000	849,581	16,581
Property Transfer	500,000	500,000	401,799	(98,201)
Total Taxes	<u>79,402,983</u>	<u>79,402,983</u>	<u>82,481,025</u>	<u>3,078,042</u>
Intergovernmental:				
Motor Vehicle License Fees	76,500	76,500	108,828	32,328
Reimbursements	1,018,200	1,061,200	1,396,221	335,021
Total Intergovernmental	<u>1,094,700</u>	<u>1,137,700</u>	<u>1,505,049</u>	<u>367,349</u>
Licenses and Permits	<u>1,599,000</u>	<u>1,599,000</u>	<u>2,458,242</u>	<u>859,242</u>
Fines and Forfeitures	<u>698,500</u>	<u>698,500</u>	<u>509,475</u>	<u>(189,025)</u>
Special Assessments	<u>360,000</u>	<u>360,000</u>	<u>367,380</u>	<u>7,380</u>
Charges for Services:				
Planning and Engineering	1,298,500	1,298,500	1,641,886	343,386
Public Safety	686,500	686,500	758,115	71,615
All Others	1,357,946	1,357,946	1,562,803	204,857
Total Charges for Services	<u>3,342,946</u>	<u>3,342,946</u>	<u>3,962,804</u>	<u>619,858</u>
Use of Money and Property	<u>3,105,000</u>	<u>3,105,000</u>	<u>3,220,892</u>	<u>115,892</u>
Other:				
Miscellaneous	259,000	259,000	195,855	(63,145)
Total Other	<u>259,000</u>	<u>259,000</u>	<u>195,855</u>	<u>(63,145)</u>
Total Revenues	<u>89,862,129</u>	<u>89,905,129</u>	<u>94,700,722</u>	<u>4,795,593</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 115.

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, 2023

EXPENDITURES	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts ¹	Final Budget
General Government:				
City Council	\$ 558,142	\$ 581,355	\$ 545,284	\$ 36,071
Council Contingency	45,000	45,000	12,000	33,000
City Manager	2,790,333	3,585,082	3,493,757	91,325
City Attorney	785,261	831,041	719,554	111,487
City Clerk and Elections	724,287	791,251	782,100	9,151
Human Resources	1,184,793	1,283,278	1,094,850	188,428
Finance	2,406,299	2,614,354	2,440,640	173,714
Other Financing Uses	250,000	250,000	250,000	-
Total General Government	8,744,115	9,981,361	9,338,185	643,176
Public Safety:				
Police:				
Administration	3,300,040	3,452,396	3,452,396	-
Inspection and Training	2,383,895	2,883,316	2,883,316	-
Records	1,372,841	1,487,309	1,093,994	393,315
Communications	3,117,631	3,390,332	3,151,275	239,057
Patrol	17,569,071	17,920,459	17,463,446	457,013
Special Operations Unit	2,919,843	3,409,055	3,409,055	-
Traffic Enforcement	2,044,542	2,175,590	2,008,404	167,186
Investigation	5,865,325	6,307,400	6,307,400	-
Laboratory	1,158,936	1,301,861	1,080,278	221,583
Auxillary	160,464	160,464	141,116	19,348
Animal Control	1,059,600	1,150,150	1,150,150	-
Total Police	40,952,188	43,638,332	42,140,830	1,497,502
Fire:				
Administration	1,963,811	2,026,731	1,952,792	73,939
Emergency Medical Services	321,850	321,850	290,572	31,278
Suppression	12,220,010	13,002,144	13,002,144	-
Fire Prevention	342,612	366,099	274,550	91,549
Heartland Fire and Rescue	2,476,166	2,290,489	2,290,489	-
Total Fire	17,324,449	18,007,313	17,810,547	196,766
Total Public Safety	58,276,637	61,645,645	59,951,377	1,694,268

(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 115.

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts¹</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Works:				
Administration	\$ 521,717	\$ 543,025	\$ 518,331	\$ 24,694
Facilities Maintenance	2,678,094	2,830,960	2,310,064	520,896
Engineering	1,146,937	1,291,590	903,572	388,018
Traffic Engineering and Maintenance	1,870,097	2,587,118	1,691,204	895,914
Parks	1,593,176	1,666,705	1,575,293	91,412
Street Maintenance	889,989	970,532	645,189	325,343
Total Public Works	<u>8,700,010</u>	<u>9,889,930</u>	<u>7,643,653</u>	<u>2,246,277</u>
Parks & Recreation:				
Recreation	4,251,913	4,478,885	4,120,078	358,807
Community Services and Events	278,300	278,300	265,421	12,879
Total Parks & Recreation	<u>4,530,213</u>	<u>4,757,185</u>	<u>4,385,499</u>	<u>371,686</u>
Community Development:				
Housing	439,110	538,285	538,285	-
Planning	1,329,979	1,411,507	1,286,962	124,545
Building and Fire Safety	1,343,058	1,440,370	1,166,728	273,642
Total Community Development	<u>3,112,147</u>	<u>3,390,162</u>	<u>2,991,975</u>	<u>398,187</u>
Total Expenditures	<u>83,363,122</u>	<u>89,664,283</u>	<u>84,310,689</u>	<u>5,353,594</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>6,499,007</u>	<u>240,846</u>	<u>10,390,033</u>	<u>10,149,187</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	209,107	209,107	161,316	47,791
Transfers Out	(8,785,825)	(9,240,968)	(9,240,968)	-
Total Other Financing Sources (uses)	<u>(8,576,718)</u>	<u>(9,031,861)</u>	<u>(9,079,652)</u>	<u>47,791</u>
Net Change in Fund Balance	<u>(2,077,711)</u>	<u>(8,791,015)</u>	<u>1,310,381</u>	<u>10,196,978</u>
Fund Balance, Beginning	<u>61,713,394</u>	<u>61,713,394</u>	<u>61,713,394</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 59,635,683</u>	<u>\$ 52,922,379</u>	<u>\$ 63,023,775</u>	<u>\$ 10,196,978</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 115.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 17,340	\$ 17,340
Use of Money and Property	-	-	106,381	106,381
Other	200,420	200,420	85,178	(115,242)
Total Revenues	<u>200,420</u>	<u>200,420</u>	<u>208,899</u>	<u>8,479</u>
EXPENDITURES				
Community Development	3,276,500	3,276,500	632,516	2,643,984
Total Expenditures	<u>3,276,500</u>	<u>3,276,500</u>	<u>632,516</u>	<u>2,643,984</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(3,076,080)</u>	<u>(3,076,080)</u>	<u>(423,617)</u>	<u>2,652,463</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	(2,773,080)	(2,773,080)	(423,617)	2,349,463
Fund Balance, Beginning	<u>17,594,541</u>	<u>17,594,541</u>	<u>17,594,541</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 14,821,461</u>	<u>\$ 14,821,461</u>	<u>\$ 17,170,924</u>	<u>\$ 2,349,463</u>

See Notes to Required Supplementary Information on page 115.

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, 2023

	<u>General</u>	<u>Low and Moderate Income Housing Asset</u>
Actual revenues from budgetary basis schedules	\$ 94,700,722	\$ 208,899
Differences - Budget to GAAP:		
GAAP reporting entity differences:		
Recreation Special Programs is not budgeted in General Fund	544,180	-
Magnolia Performing Arts is not budgeted in General Fund	4,307,252	-
Long-term lease interest and revenue recognition as required by GASB Statement No. 87	<u>246,138</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	<u>99,798,292</u>	<u>208,899</u>
Actual expenditures from budgetary basis schedules	84,310,689	632,516
Differences - Budget to GAAP		
GAAP reporting entity differences:		
Recreation Special Programs is not budgeted in General Fund	605,898	-
Magnolia Performing Arts is not budgeted in General Fund	<u>4,584,824</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	<u>89,501,411</u>	<u>632,516</u>
Actual other financing sources (uses) from budgetary basis schedules	(9,079,652)	-
Differences - Budget to GAAP		
GAAP reporting entity differences:		
Recreation Special Programs is not budgeted in General Fund	<u>(8,038)</u>	<u>-</u>
Total other financing sources (uses) as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (page 42)	<u>(9,087,690)</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)	1,209,191	(423,617)
Fund balances, beginning of year (GAAP Basis) (page 42)	62,048,074	17,594,541
Fund balances, restated beginning of year (GAAP Basis) (page 42)	<u>62,048,074</u>	<u>17,594,541</u>
Fund balances, end of year (GAAP Basis) (page 42)	<u>\$ 63,257,265</u>	<u>\$ 17,170,924</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

CITY OF EL CAJON

Notes to the Required Supplementary Information

Budgetary Information

For the fiscal year ended June 30, 2023

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 114.

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 110-112 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 114. 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 117-120.

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.

SUPPLEMENTARY INFORMATION

CITY OF EL CAJON

Balance Sheet

General Fund (GAAP Basis)

June 30, 2023

	General Fund	Recreation Special Programs	Magnolia Performing Arts	Total ¹
ASSETS				
Cash and Investments	\$ 52,929,860	\$ 119,388	\$ 1,286,649	\$ 54,335,897
Cash and Investments with Fiscal Agent	1,848,717	-	-	1,848,717
Receivables:				
Accounts	1,557,160	64,892	3,697	1,625,749
Interest	513,500	482	-	513,982
Intergovernmental	308,973	-	-	308,973
Leases	20,000,757	-	-	20,000,757
Taxes	8,973,392	-	-	8,973,392
Prepaid Items	3,807	-	-	3,807
Due from Other Funds	317,397	-	-	317,397
Total Assets	\$ 86,453,563	\$ 184,762	\$ 1,290,346	\$ 87,928,671
LIABILITIES				
Accounts Payable	\$ 1,705,172	\$ 3,541	\$ 130,263	\$ 1,838,976
Accrued Liabilities	1,510,867	13,577	-	1,524,444
Deposits Payable	1,323,896	8,609	-	1,332,505
Unearned Revenue	-	251,615	-	251,615
Total Liabilities	4,539,935	277,342	130,263	4,947,540
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	115,674	-	-	115,674
Related to Leases	19,608,192	-	-	19,608,192
Total Deferred Inflows of Resources	19,723,866	-	-	19,723,866
FUND BALANCE				
Nonspendable:				
Prepaid Items	3,807	-	-	3,807
Restricted				
	1,848,717	-	-	1,848,717
Assigned:				
Economic Uncertainty	16,161,701	-	-	16,161,701
Unfunded Retirement Obligations	11,151,283	-	-	11,151,283
Unassigned				
	33,024,254	(92,580)	1,160,083	34,091,757
Total Fund Balance	62,189,762	(92,580)	1,160,083	63,257,265
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 86,453,563	\$ 184,762	\$ 1,290,346	\$ 87,928,671

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, 2023

	General Fund	Recreation Special Programs	Magnolia Performing Arts	Total ¹
REVENUES				
Taxes	\$ 82,481,025	\$ -	\$ -	\$ 82,481,025
Intergovernmental	1,505,048	-	-	1,505,048
Licenses and Permits	2,458,242	-	-	2,458,242
Fines and Forfeitures	509,475	-	-	509,475
Special Assessments	367,380	-	-	367,380
Charges for Services	3,962,804	489,592	-	4,452,396
Use of Money and Property	3,467,031	545	4,155,672	7,623,248
Other	195,855	54,043	151,580	401,478
Total Revenues	<u>94,946,860</u>	<u>544,180</u>	<u>4,307,252</u>	<u>99,798,292</u>
EXPENDITURES				
Current:				
General Government	9,338,185	-	-	9,338,185
Public Safety	59,943,064	-	-	59,943,064
Public Works	7,643,653	-	-	7,643,653
Recreation	4,385,499	605,898	4,584,824	9,576,221
Community Development	2,991,975	-	-	2,991,975
Debt Service				
Interest	8,313	-	-	8,313
Total Expenditures	<u>84,310,689</u>	<u>605,898</u>	<u>4,584,824</u>	<u>89,501,411</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>10,636,171</u>	<u>(61,718)</u>	<u>(277,572)</u>	<u>10,296,881</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	161,316	-	-	161,316
Transfers Out	(9,240,968)	(8,038)	-	(9,249,006)
Total Other Financing Sources (uses)	<u>(9,079,652)</u>	<u>(8,038)</u>	<u>-</u>	<u>(9,087,690)</u>
Net Change in Fund Balances	1,556,519	(69,756)	(277,572)	1,209,191
Fund Balance, Beginning	<u>60,633,243</u>	<u>(22,824)</u>	<u>1,437,655</u>	<u>62,048,074</u>
Fund Balance, Ending	<u>\$ 62,189,762</u>	<u>\$ (92,580)</u>	<u>\$ 1,160,083</u>	<u>\$ 63,257,265</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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 49,000	\$ 49,000	\$ -	\$ (49,000)
Charges for Services	620,210	620,210	489,592	(130,618)
Use of Money and Property	-	-	545	545
Other	45,000	45,000	54,043	9,043
Total Revenues	714,210	714,210	544,180	(170,030)
EXPENDITURES				
Recreation	686,673	695,401	605,898	89,503
Total Expenditures	686,673	695,401	605,898	89,503
Excess (deficiency) of Revenues Over (under) Expenditures	27,537	18,809	(61,718)	(80,527)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(8,038)	(8,038)	(8,038)	-
Total Other Financing Sources	(8,038)	(8,038)	(8,038)	-
Net Change in Fund Balance	19,499	10,771	(69,756)	(80,527)
Fund Balance, Beginning	(22,824)	(22,824)	(22,824)	-
Fund Balance, Ending	\$ (3,325)	\$ (12,053)	\$ (92,580)	\$ (80,527)

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 114.

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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Use of Money and Property	\$ 500,000	\$ 500,000	\$ 297,634	\$ (202,366)
Other	100,000	100,000	151,580	51,580
Total Revenues	<u>600,000</u>	<u>600,000</u>	<u>449,214</u>	<u>(150,786)</u>
EXPENDITURES				
Recreation	1,138,900	1,138,900	726,786	412,114
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,138,900</u>	<u>1,138,900</u>	<u>726,786</u>	<u>412,114</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(538,900)</u>	<u>(538,900)</u>	<u>(277,572)</u>	<u>261,328</u>
Net Change in Fund Balance	(538,900)	(538,900)	(277,572)	261,328
Fund Balance, Beginning	<u>1,437,655</u>	<u>1,437,655</u>	<u>1,437,655</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 898,755</u>	<u>\$ 898,755</u>	<u>\$ 1,160,083</u>	<u>\$ 261,328</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 118.

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 114.

CITY OF EL CAJON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
ASSETS				
Cash and Investments	\$ 6,928,779	\$ 1,181,443	\$ 17,655,484	\$ 25,765,706
Cash and Investments, with Fiscal Agent	-	2	-	2
Receivables:				
Interest	32,978	-	40,903	73,881
Intergovernmental	538,738	-	2,259,981	2,798,719
Leases	-	-	476,027	476,027
Taxes	45,580	-	-	45,580
Loans	10,559,558	-	-	10,559,558
Total Assets	<u>\$ 18,105,633</u>	<u>\$ 1,181,445</u>	<u>\$ 20,432,395</u>	<u>\$ 39,719,473</u>
LIABILITIES				
Accounts Payable	\$ 119,573	\$ -	\$ 2,337,258	\$ 2,456,831
Accrued Liabilities	24,163	-	-	24,163
Due to Other Funds	317,397	-	-	317,397
Total Liabilities	<u>461,133</u>	<u>-</u>	<u>2,337,258</u>	<u>2,798,391</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	126,740	-	15,797	142,537
Related to Leases	-	-	471,350	471,350
Total Deferred Inflows of Resources	<u>126,740</u>	<u>-</u>	<u>487,147</u>	<u>613,887</u>
FUND BALANCE (DEFICIT)				
Restricted:				
Animal Shelter Operations	41,549	-	-	41,549
Animal Shelter Project	266,637	-	-	266,637
Community Development	2,834,508	-	-	2,834,508
Debt Service	-	2	-	2
Loans Receivable	10,306,625	-	-	10,306,625
Public Safety	384,567	-	-	384,567
Public Works Projects	575,030	-	-	575,030
RTCIP Impact Fee	-	-	734,258	734,258
RMRA	-	-	4,274,454	4,274,454
Transportation Projects	3,108,844	-	-	3,108,844
Committed	-	1,181,443	-	1,181,443
Assigned:				
Capital Projects	-	-	12,599,278	12,599,278
Total Fund Balance	<u>17,517,760</u>	<u>1,181,445</u>	<u>17,607,990</u>	<u>36,307,195</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 18,105,633</u>	<u>\$ 1,181,445</u>	<u>\$ 20,432,395</u>	<u>\$ 39,719,473</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, 2023

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
REVENUES				
Taxes	\$ -	\$ -	\$ 807,355	\$ 807,355
Intergovernmental	5,813,851	-	3,905,789	9,719,640
Fines and Forfeitures	78,256	-	-	78,256
Charges for Services	274,760	-	37,530	312,290
Use of Money and Property	354,534	1	154,518	509,053
Other	271	-	100,000	100,271
Total Revenues	<u>6,521,672</u>	<u>1</u>	<u>5,005,192</u>	<u>11,526,865</u>
EXPENDITURES				
General Government	-	2,850	-	2,850
Public Safety	72,867	-	-	72,867
Public Works	2,837,500	-	462,877	3,300,377
Community Development	906,480	-	-	906,480
Capital Outlay	2,068,534	-	5,970,685	8,039,219
Debt Service				
Interest	24,224	3,342,625	-	3,366,849
Principal	208,183	5,192,000	-	5,400,183
Total Expenditures	<u>6,117,788</u>	<u>8,537,475</u>	<u>6,433,562</u>	<u>21,088,825</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>403,884</u>	<u>(8,537,474)</u>	<u>(1,428,370)</u>	<u>(9,561,960)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	9,122,874	500,000	9,622,874
Transfers Out	(310,328)	-	-	(310,328)
Total Other Financing Sources (uses)	<u>(310,328)</u>	<u>9,122,874</u>	<u>500,000</u>	<u>9,312,546</u>
Net Change in Fund Balance	93,556	585,400	(928,370)	(249,414)
Fund Balances, Beginning	<u>17,424,204</u>	<u>596,045</u>	<u>18,536,360</u>	<u>36,556,609</u>
Fund Balances, Ending	<u>\$ 17,517,760</u>	<u>\$ 1,181,445</u>	<u>\$ 17,607,990</u>	<u>\$ 36,307,195</u>

CITY OF EL CAJON

NONMAJOR SPECIAL REVENUE FUNDS

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

Gas Tax

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

Transit

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

Federal/County Asset Forfeiture

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

Local Public Safety

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

Housing In-Lieu Fees

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

State CASP

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

Community Development Block Grant (CDBG)

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

HOME

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

CITY OF EL CAJON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
ASSETS				
Cash and Investments	\$ 2,959,810	\$ 496,264	\$ 175,373	\$ 166,014
Receivables:				
Interest	15,416	2,510	788	1,246
Intergovernmental	236,923	83,551	-	-
Taxes	-	-	-	45,580
Loans	-	-	-	-
Total Assets	<u>\$ 3,212,149</u>	<u>\$ 582,325</u>	<u>\$ 176,161</u>	<u>\$ 212,840</u>
LIABILITIES				
Accounts Payable	\$ 84,050	\$ 7,212	\$ 4,434	\$ -
Accrued Liabilities	19,255	83	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>103,305</u>	<u>7,295</u>	<u>4,434</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Restricted:				
Animal Shelter Operations	-	-	-	-
Animal Shelter Project	-	-	-	-
Community Development	-	-	-	-
Loans Receivable	-	-	-	-
Public Safety	-	-	171,727	212,840
Public Works Projects	-	575,030	-	-
Transportation Projects	3,108,844	-	-	-
Total Fund Balance	<u>3,108,844</u>	<u>575,030</u>	<u>171,727</u>	<u>212,840</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,212,149</u>	<u>\$ 582,325</u>	<u>\$ 176,161</u>	<u>\$ 212,840</u>

Budgeted				Unbudgeted	
Housing In-Lieu Fees	State CASP	Community Development Block Grant	HOME	Various Donations	Total Nonmajor Special Revenue Funds
\$ 553,473	\$ 137,375	\$ -	\$ 2,129,035	\$ 311,435	\$ 6,928,779
2,708	-	-	10,310	-	32,978
-	-	213,264	5,000	-	538,738
-	-	-	-	-	45,580
-	-	253,106	10,306,452	-	10,559,558
<u>\$ 556,181</u>	<u>\$ 137,375</u>	<u>\$ 466,370</u>	<u>\$ 12,450,797</u>	<u>\$ 311,435</u>	<u>\$ 18,105,633</u>
\$ -	\$ 243	\$ 18,634	\$ 5,000	\$ -	\$ 119,573
-	-	3,427	1,398	-	24,163
-	-	317,397	-	-	317,397
-	243	339,458	6,398	-	461,133
-	-	-	126,740	-	126,740
-	-	-	126,740	-	126,740
-	-	-	-	41,549	41,549
-	-	-	-	266,637	266,637
556,181	137,132	-	2,137,946	3,249	2,834,508
-	-	126,912	10,179,713	-	10,306,625
-	-	-	-	-	384,567
-	-	-	-	-	575,030
-	-	-	-	-	3,108,844
<u>556,181</u>	<u>137,132</u>	<u>126,912</u>	<u>12,317,659</u>	<u>311,435</u>	<u>17,517,760</u>
<u>\$ 556,181</u>	<u>\$ 137,375</u>	<u>\$ 466,370</u>	<u>\$ 12,450,797</u>	<u>\$ 311,435</u>	<u>\$ 18,105,633</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, 2023

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
REVENUES				
Intergovernmental	\$ 2,702,916	\$ 83,552	\$ -	\$ 594,332
Fines and Forfeitures	-	-	78,256	-
Charges for Services	-	-	-	-
Use of Money and Property	33,875	5,506	1,625	2,623
Other	-	-	-	-
Total Revenues	2,736,791	89,058	79,881	596,955
EXPENDITURES				
Current:				
Public Safety	-	-	53,674	19,193
Public Works	2,735,961	101,539	-	-
Community Development	-	-	-	-
Capital Outlay	54,831	-	-	276,560
Debt Service				
Interest	-	-	-	24,224
Principal	-	-	-	208,183
Total Expenditures	2,790,792	101,539	53,674	528,160
Excess (deficiency) of Revenues Over (under) Expenditures	(54,001)	(12,481)	26,207	68,795
OTHER FINANCING SOURCES (USES)				
Transfers Out	(129,538)	(354)	-	(160,000)
Total Other Financing Sources (uses)	(129,538)	(354)	-	(160,000)
Net Change in Fund Balance	(183,539)	(12,835)	26,207	(91,205)
Fund Balance, Beginning	3,292,383	587,865	145,520	304,045
Fund Balance, Ending	\$ 3,108,844	\$ 575,030	\$ 171,727	\$ 212,840

Budgeted				Unbudgeted	
Housing In-Lieu Fees	State CASP	Community Development Block Grant	HOME	Various Donations	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 2,366,550	\$ 66,501	\$ -	\$ 5,813,851
-	-	-	-	-	78,256
245,520	29,240	-	-	-	274,760
4,248	-	-	306,657	-	354,534
-	-	90	181	-	271
<u>249,768</u>	<u>29,240</u>	<u>2,366,640</u>	<u>373,339</u>	<u>-</u>	<u>6,521,672</u>
-	-	-	-	-	72,867
-	-	-	-	-	2,837,500
-	2,901	753,588	149,991	-	906,480
-	-	1,737,143	-	-	2,068,534
-	-	-	-	-	24,224
-	-	-	-	-	208,183
<u>-</u>	<u>2,901</u>	<u>2,490,731</u>	<u>149,991</u>	<u>-</u>	<u>6,117,788</u>
<u>249,768</u>	<u>26,339</u>	<u>(124,091)</u>	<u>223,348</u>	<u>-</u>	<u>403,884</u>
<u>-</u>	<u>(1,316)</u>	<u>(17,105)</u>	<u>(2,015)</u>	<u>-</u>	<u>(310,328)</u>
<u>-</u>	<u>(1,316)</u>	<u>(17,105)</u>	<u>(2,015)</u>	<u>-</u>	<u>(310,328)</u>
249,768	25,023	(141,196)	221,333	-	93,556
306,413	112,109	268,108	12,096,326	311,435	17,424,204
<u>\$ 556,181</u>	<u>\$ 137,132</u>	<u>\$ 126,912</u>	<u>\$ 12,317,659</u>	<u>\$ 311,435</u>	<u>\$ 17,517,760</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 2,861,662	\$ 2,861,662	\$ 2,702,916	\$ (158,746)
Use of Money and Property	-	-	33,875	33,875
Total Revenues	<u>2,861,662</u>	<u>2,861,662</u>	<u>2,736,791</u>	<u>(124,871)</u>
EXPENDITURES				
Public Works	3,462,736	3,538,403	2,735,961	802,442
Capital Outlay	-	65,000	54,831	10,169
Total Expenditures	<u>3,462,736</u>	<u>3,603,403</u>	<u>2,790,792</u>	<u>812,611</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(601,074)</u>	<u>(741,741)</u>	<u>(54,001)</u>	<u>687,740</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(129,538)</u>	<u>(129,538)</u>	<u>(129,538)</u>	<u>-</u>
Total Other Financing Sources (uses)	<u>(129,538)</u>	<u>(129,538)</u>	<u>(129,538)</u>	<u>-</u>
Net Change in Fund Balance	(730,612)	(871,279)	(183,539)	687,740
Fund Balance, Beginning	<u>3,292,383</u>	<u>3,292,383</u>	<u>3,292,383</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 2,561,771</u></u>	<u><u>\$ 2,421,104</u></u>	<u><u>\$ 3,108,844</u></u>	<u><u>\$ 687,740</u></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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 83,552	\$ (1,448)
Use of Money and Property	-	-	5,506	5,506
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>89,058</u>	<u>4,058</u>
EXPENDITURES				
Public Works	117,152	117,537	101,539	15,998
Total Expenditures	<u>117,152</u>	<u>117,537</u>	<u>101,539</u>	<u>15,998</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(32,152)</u>	<u>(32,537)</u>	<u>(12,481)</u>	<u>20,056</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(354)	(354)	(354)	-
Total Other Financing Sources (uses)	<u>(354)</u>	<u>(354)</u>	<u>(354)</u>	<u>-</u>
Net Change in Fund Balance	(32,506)	(32,891)	(12,835)	20,056
Fund Balance, Beginning	<u>587,865</u>	<u>587,865</u>	<u>587,865</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 555,359</u>	<u>\$ 554,974</u>	<u>\$ 575,030</u>	<u>\$ 20,056</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 9,000	\$ 9,000	\$ 78,256	\$ 69,256
Use of Money and Property	2,000	2,000	1,625	(375)
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>79,881</u>	<u>68,881</u>
EXPENDITURES				
Public Safety	67,872	67,872	53,674	14,198
Total Expenditures	<u>67,872</u>	<u>67,872</u>	<u>53,674</u>	<u>14,198</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(56,872)</u>	<u>(56,872)</u>	<u>26,207</u>	<u>83,079</u>
Net Change in Fund Balance	(56,872)	(56,872)	26,207	83,079
Fund Balance, Beginning	<u>145,520</u>	<u>145,520</u>	<u>145,520</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 88,648</u></u>	<u><u>\$ 88,648</u></u>	<u><u>\$ 171,727</u></u>	<u><u>\$ 83,079</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 518,000	\$ 518,000	\$ 594,332	\$ 76,332
Use of Money and Property	7,000	7,000	2,623	(4,377)
Total Revenues	<u>525,000</u>	<u>525,000</u>	<u>596,955</u>	<u>71,955</u>
EXPENDITURES				
Public Safety	40,000	40,000	19,193	20,807
Capital Outlay	375,750	394,982	276,560	118,422
Capital Lease:				
Interest	24,223	24,223	24,224	(1)
Principal	208,183	208,183	208,183	-
Total Expenditures	<u>648,156</u>	<u>667,388</u>	<u>528,160</u>	<u>139,228</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(123,156)</u>	<u>(142,388)</u>	<u>68,795</u>	<u>211,183</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	(283,156)	(302,388)	(91,205)	211,183
Fund Balance, Beginning	<u>304,045</u>	<u>304,045</u>	<u>304,045</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 20,889</u>	<u>\$ 1,657</u>	<u>\$ 212,840</u>	<u>\$ 211,183</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ -	\$ -	\$ 245,520	\$ 245,520
Use of Money and Property	-	-	4,248	4,248
Total Revenues	<u>-</u>	<u>-</u>	<u>249,768</u>	<u>249,768</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>-</u>	<u>-</u>	<u>249,768</u>	<u>249,768</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(303,000)</u>	<u>(303,000)</u>	<u>-</u>	<u>303,000</u>
Total Other Financing Sources (uses)	<u>(303,000)</u>	<u>(303,000)</u>	<u>-</u>	<u>303,000</u>
Net Change in Fund Balance	(303,000)	(303,000)	249,768	552,768
Fund Balance, Beginning	<u>306,413</u>	<u>306,413</u>	<u>306,413</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,413</u>	<u>\$ 3,413</u>	<u>\$ 556,181</u>	<u>\$ 552,768</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 28,000	\$ 28,000	\$ 29,240	\$ 1,240
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>29,240</u>	<u>1,240</u>
EXPENDITURES				
Community Development	7,200	5,884	2,901	2,983
Total Expenditures	<u>7,200</u>	<u>5,884</u>	<u>2,901</u>	<u>2,983</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>20,800</u>	<u>22,116</u>	<u>26,339</u>	<u>4,223</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(1,316)	(1,316)	-
Total Other Financing Sources (uses)	<u>-</u>	<u>(1,316)</u>	<u>(1,316)</u>	<u>-</u>
Net Change in Fund Balance	20,800	20,800	25,023	4,223
Fund Balance, Beginning	<u>112,109</u>	<u>112,109</u>	<u>112,109</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 132,909</u></u>	<u><u>\$ 132,909</u></u>	<u><u>\$ 137,132</u></u>	<u><u>\$ 4,223</u></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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,219,861	\$ 1,219,861	\$ 2,366,550	\$ 1,146,689
Other	-	-	15,090	15,090
Total Revenues	<u>1,219,861</u>	<u>1,219,861</u>	<u>2,381,640</u>	<u>1,161,779</u>
EXPENDITURES				
Community Development	1,838,926	1,427,854	753,588	674,266
Capital Outlay	792,910	3,324,544	1,737,143	1,587,401
Total Expenditures	<u>2,631,836</u>	<u>4,752,398</u>	<u>2,490,731</u>	<u>2,261,667</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(1,411,975)</u>	<u>(3,532,537)</u>	<u>(109,091)</u>	<u>3,423,446</u>
OTHER FINANCING SOURCES				
Transfers Out	(66,212)	(54,191)	(17,105)	37,086
Total Other Financing Sources	<u>(66,212)</u>	<u>(54,191)</u>	<u>(17,105)</u>	<u>37,086</u>
Net Change in Fund Balance	(1,478,187)	(3,586,728)	(126,196)	3,460,532
Fund Balance, Beginning	<u>268,108</u>	<u>268,108</u>	<u>268,108</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ (1,210,079)</u></u>	<u><u>\$ (3,318,620)</u></u>	<u><u>\$ 141,912</u></u>	<u><u>\$ 3,460,532</u></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 126 and 127.

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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 665,010	\$ 665,010	\$ 66,501	\$ (598,509)
Use of Money and Property	-	-	306,656	306,656
Other	-	-	450,401	450,401
Total Revenues	<u>665,010</u>	<u>665,010</u>	<u>823,558</u>	<u>158,548</u>
EXPENDITURES				
Community Development	1,243,175	6,292,395	87,991	6,204,404
Total Expenditures	<u>1,243,175</u>	<u>6,292,395</u>	<u>87,991</u>	<u>6,204,404</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(578,165)</u>	<u>(5,627,385)</u>	<u>735,567</u>	<u>6,362,952</u>
OTHER FINANCING SOURCES				
Transfers Out	(2,015)	(2,015)	(2,015)	-
Total Other Financing Sources	<u>(2,015)</u>	<u>(2,015)</u>	<u>(2,015)</u>	<u>-</u>
Net Change in Fund Balance	(580,180)	(5,629,400)	733,552	6,362,952
Fund Balance, Beginning	<u>12,096,326</u>	<u>12,096,326</u>	<u>12,096,326</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 11,516,146</u>	<u>\$ 6,466,926</u>	<u>\$ 12,829,878</u>	<u>\$ 6,362,952</u>

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 126 and 127.

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, 2023

	Pension Obligation Bonds
ASSETS	
Cash and Investments	\$ 1,181,443
Cash and Investments, with Fiscal Agent	2
Total Assets	\$ 1,181,445
FUND BALANCE	
Restricted:	
Debt Service	\$ 2
Committed	
	1,181,443
Total Fund Balance	1,181,445
 Total Liabilities and Fund Balance	 \$ 1,181,445

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ 1	\$ 1
Total Revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES				
General Government	-	5,000	2,850	2,150
Debt Service:				
Interest	-	-	3,342,625	(3,342,625)
Principal	9,122,874	9,122,874	5,192,000	3,930,874
Total Expenditures	<u>9,122,874</u>	<u>9,127,874</u>	<u>8,537,475</u>	<u>590,399</u>
Deficiency of Revenues (under) expenditures	<u>(9,122,874)</u>	<u>(9,127,874)</u>	<u>(8,537,474)</u>	<u>590,400</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	9,122,874	9,122,874	9,122,874	-
Total Other Financing Sources (uses)	<u>9,122,874</u>	<u>9,122,874</u>	<u>9,122,874</u>	<u>-</u>
Net Change in Fund Balance	-	(5,000)	585,400	590,400
Fund Balance, Beginning	<u>596,045</u>	<u>596,045</u>	<u>596,045</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 596,045</u>	<u>\$ 591,045</u>	<u>\$ 1,181,445</u>	<u>\$ 1,181,445</u>

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. This fund has been combined with a prior year deficit donation fund that was used to fund CIP.

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, 2023

	<u>City Capital Improvement Program</u>	<u>Parks Impact Fees</u>
ASSETS		
Cash and Investments	\$ 10,683,642	\$ 145,904
Receivables:		
Interest	-	718
Intergovernmental	-	-
Leases	476,027	-
Total Assets	<u>\$ 11,159,669</u>	<u>\$ 146,622</u>
LIABILITIES		
Accounts Payable	\$ 6,604	\$ -
Total Liabilities	<u>6,604</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue	-	-
Related to Leases	471,350	-
Total Deferred Inflows of Resources	<u>471,350</u>	<u>-</u>
FUND BALANCE		
Restricted:		
RTCIP Impact Fee	-	-
RMRA	-	-
Assigned:		
Capital Projects	10,681,715	146,622
Total Fund Balance	<u>10,681,715</u>	<u>146,622</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 11,159,669</u>	<u>\$ 146,622</u>

Public Works Transportation Projects	Public Safety Facilities Projects	Total Nonmajor Capital Projects Funds
\$ 3,486,706	\$ 3,339,232	\$ 17,655,484
23,553	16,632	40,903
2,259,981	-	2,259,981
-	-	476,027
<u>\$ 5,770,240</u>	<u>\$ 3,355,864</u>	<u>\$ 20,432,395</u>
\$ 2,330,204	\$ 450	\$ 2,337,258
<u>2,330,204</u>	<u>450</u>	<u>2,337,258</u>
15,797	-	15,797
-	-	471,350
<u>15,797</u>	<u>-</u>	<u>487,147</u>
734,258	-	734,258
4,274,454	-	4,274,454
(1,584,473)	3,355,414	12,599,278
<u>3,424,239</u>	<u>3,355,414</u>	<u>17,607,990</u>
\$ 5,770,240	\$ 3,355,864	\$ 20,432,395

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, 2023

	City Capital Improvement Program	Parks Impact Fees	
REVENUES			
Taxes	\$ -	\$ 6,237	
Intergovernmental	-	-	
Charges for Services	-	-	
Use of Money and Property	76,610	1,446	
Other	-	-	
Total Revenues	76,610	7,683	
EXPENDITURES			
Public Works	-	-	
Capital Outlay	320,184	-	
Total Expenditures	320,184	-	
Excess (deficiency) of Revenues Over (under) Expenditures	(243,574)	7,683	
OTHER FINANCING SOURCES (USES)			
Transfers In	500,000	-	
Total Other Financing Sources (uses)	500,000	-	
Net Change in Fund Balance	256,426	7,683	
Fund Balance, Beginning	10,425,289	138,939	
Fund Balance, Ending	\$ 10,681,715	\$ 146,622	

Public Works Transportation Projects	Public Safety Facilities Projects	Total Nonmajor Capital Projects Funds
\$ 801,118	\$ -	\$ 807,355
3,905,789	-	3,905,789
37,530	-	37,530
41,768	34,694	154,518
100,000	-	100,000
<u>4,886,205</u>	<u>34,694</u>	<u>5,005,192</u>
460,007	2,870	462,877
<u>5,312,318</u>	<u>338,183</u>	<u>5,970,685</u>
<u>5,772,325</u>	<u>341,053</u>	<u>6,433,562</u>
<u>(886,120)</u>	<u>(306,359)</u>	<u>(1,428,370)</u>
-	-	500,000
-	-	<u>500,000</u>
(886,120)	(306,359)	(928,370)
<u>4,310,359</u>	<u>3,661,773</u>	<u>18,536,360</u>
<u>\$ 3,424,239</u>	<u>\$ 3,355,414</u>	<u>\$ 17,607,990</u>

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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, 2023

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,203,294	\$ 3,253,175	\$ 8,020,922
Cash and Investments, Restricted	-	-	71,050
Total Current Assets	<u>1,203,294</u>	<u>3,253,175</u>	<u>8,091,972</u>
Noncurrent Assets:			
Net Pension Asset	-	-	-
Capital Assets, Non-depreciable:			
Construction in Progress	-	714,945	-
Capital Assets, Depreciable, Net:			
Intangible Right-to-Use Assets	-	-	-
Machinery and Equipment	-	-	-
Vehicles	9,438	2,404,354	-
Total Noncurrent Assets	<u>9,438</u>	<u>3,119,299</u>	<u>-</u>
Total Assets	<u>1,212,732</u>	<u>6,372,474</u>	<u>8,091,972</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources related to Pensions	617,793	-	197,387
Deferred Outflows of Resources related to OPEB	25,603	-	6,517
Total Deferred Outflows of Resources	<u>643,396</u>	<u>-</u>	<u>203,904</u>
Total Assets and Deferred Outflows of Resources	<u>1,856,128</u>	<u>6,372,474</u>	<u>8,295,876</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	52,616	9,540	14,471
Accrued Interest Payable	8,407	-	2,802
Accrued Liabilities	12,119	-	3,993
Claims Payable - Due within One Year	-	-	8,876
Deposits Payable	-	-	800,000
Compensated Absences - Due within One Year	26,865	-	-
Subscriptions Payable - Due within One Year	-	-	-
Bonds Payable - Due within One Year	54,000	-	18,000
Total Current Liabilities	<u>154,007</u>	<u>9,540</u>	<u>848,142</u>
Noncurrent Liabilities:			
Claims Payable	-	-	4,876,875
Compensated Absences	52,526	-	-
Subscriptions Payable	-	-	-
Bonds Payable	1,268,100	-	422,700
Net Pension Liability	908,453	-	141,904
Net OPEB Liability	102,154	-	22,136
Total Noncurrent Liabilities	<u>2,331,233</u>	<u>-</u>	<u>5,463,615</u>
Total Liabilities	<u>2,485,240</u>	<u>9,540</u>	<u>6,311,757</u>
NET POSITION			
Net Investment in Capital Assets	9,438	3,119,299	-
Restricted for Pension Asset	-	-	-
Restricted for Other	-	-	71,050
Unrestricted (deficit)	(638,550)	3,243,635	1,913,069
Total Net Position	<u>\$ (629,112)</u>	<u>\$ 6,362,934</u>	<u>\$ 1,984,119</u>

Information Technology Services	Other Post Employment Benefits	Total
\$ 2,284,984	\$ 983,548	\$ 15,745,923
-	-	71,050
<u>2,284,984</u>	<u>983,548</u>	<u>15,816,973</u>
825,514	-	825,514
-	-	714,945
2,440,115	-	2,440,115
236,282	-	236,282
-	-	2,413,792
<u>3,501,911</u>	<u>-</u>	<u>6,630,648</u>
<u>5,786,895</u>	<u>983,548</u>	<u>22,447,621</u>
1,053,580	-	1,868,760
32,585	-	64,705
<u>1,086,165</u>	<u>-</u>	<u>1,933,465</u>
<u>6,873,060</u>	<u>983,548</u>	<u>24,381,086</u>
92,458	-	169,085
52,454	-	63,663
14,464	-	30,576
-	-	8,876
-	-	800,000
58,136	-	85,001
533,007	-	533,007
72,000	-	144,000
<u>822,519</u>	<u>-</u>	<u>1,834,208</u>
-	-	4,876,875
54,052	-	106,578
1,257,317	-	1,257,317
1,690,800	-	3,381,600
-	-	1,050,357
95,490	-	219,780
<u>3,097,659</u>	<u>-</u>	<u>10,892,507</u>
<u>3,920,178</u>	<u>-</u>	<u>12,726,715</u>
886,073	-	4,014,810
825,514	-	825,514
-	-	71,050
1,241,295	983,548	6,742,997
<u>\$ 2,952,882</u>	<u>\$ 983,548</u>	<u>\$ 11,654,371</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, 2023

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance
Operating Revenues:			
Charges for Services	\$ 2,200,000	\$ 250,000	\$ 4,029,000
Total Operating Revenues	2,200,000	250,000	4,029,000
Operating Expenses:			
Salaries and Benefits	721,051	-	250,528
Materials, Services, and Supplies	1,305,796	139,645	1,022,825
Insurance Claims/Premiums	-	-	3,980,573
Depreciation	6,843	493,332	-
Total Operating Expenses	2,033,690	632,977	5,253,926
Operating Income (Loss)	166,310	(382,977)	(1,224,926)
Nonoperating Revenues (Expenses):			
Gain on Disposal of Assets	-	360	-
Other Revenues	683	-	76,648
Interest Expense and Fiscal Charges	(34,452)	-	(11,484)
Total Nonoperating Revenues (Expenses)	(33,769)	360	65,164
Income (Loss) before Operating Transfers	132,541	(382,617)	(1,159,762)
Operating Transfers:			
Transfers Out	(65,676)	-	(23,777)
Total Operating Transfers	(65,676)	-	(23,777)
Change in Net Position	66,865	(382,617)	(1,183,539)
Net Position (deficit), Beginning	(695,977)	6,745,551	3,167,658
Prior period adjustment (note 16)	-	-	-
Net position (deficit), beginning as restated	(695,977)	6,745,551	3,167,658
Net Position (deficit), Ending	\$ (629,112)	\$ 6,362,934	\$ 1,984,119

Information Technology Services	Other Post Employment Benefits	Total
\$ 3,725,491	\$ 1,200,000	\$ 11,404,491
<u>3,725,491</u>	<u>1,200,000</u>	<u>11,404,491</u>
910,952	948,041	2,830,572
2,154,213	2,520	4,624,999
-	-	3,980,573
869,305	-	1,369,480
<u>3,934,470</u>	<u>950,561</u>	<u>12,805,624</u>
<u>(208,979)</u>	<u>249,439</u>	<u>(1,401,133)</u>
-	-	360
-	-	77,331
<u>(89,099)</u>	<u>-</u>	<u>(135,035)</u>
<u>(89,099)</u>	<u>-</u>	<u>(57,344)</u>
<u>(298,078)</u>	<u>249,439</u>	<u>(1,458,477)</u>
<u>(115,528)</u>	<u>-</u>	<u>(204,981)</u>
<u>(115,528)</u>	<u>-</u>	<u>(204,981)</u>
(413,606)	249,439	(1,663,458)
2,534,888	734,109	12,486,229
831,600	-	831,600
<u>3,366,488</u>	<u>734,109</u>	<u>13,317,829</u>
<u>\$ 2,952,882</u>	<u>\$ 983,548</u>	<u>\$ 11,654,371</u>

CITY OF EL CAJON
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2023

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Interfund Charges	\$ 2,200,000	\$ 250,000	\$ 4,029,000
Payments to Suppliers	(1,365,908)	(148,687)	(5,007,876)
Payments to Employees	(758,629)	-	1,132,749
Net Cash provided by (used for) Operating Activities	<u>75,463</u>	<u>101,313</u>	<u>153,873</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Revenue	683	-	76,648
Transfers to Other Funds	(65,676)	-	(23,777)
Repayment of Long-term Borrowing (Principal)	(53,700)	-	(17,900)
Repayment of Long-term Borrowing (Interest)	(34,537)	-	(11,512)
Net Cash provided by (used for) Noncapital Financing Activities	<u>(153,230)</u>	<u>-</u>	<u>23,459</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of SBITA Borrowing (Principal)	-	-	-
Payment of SBITA Borrowing (Interest)	-	-	-
Proceeds from Sale of Vehicles and Equipment	-	360	-
Acquisition of Vehicles and Equipment	-	(502,581)	-
Net Cash (used for) Capital and Related Financing Activities	<u>-</u>	<u>(502,221)</u>	<u>-</u>
Net Increase (decrease) in Cash and Cash Equivalents	(77,767)	(400,908)	177,332
Cash and Cash Equivalents, Beginning	1,281,061	3,654,083	7,914,640
Cash and Cash Equivalents, Ending	<u>\$ 1,203,294</u>	<u>\$ 3,253,175</u>	<u>\$ 8,091,972</u>
Reconciliation of cash and cash equivalents at end of year to the Statement of Net Position:			
Cash and Investments	\$ 1,203,294	\$ 3,253,175	\$ 8,020,922
Cash and Investments, Restricted	-	-	71,050
Total Cash and Cash Equivalents at Year-end	<u>\$ 1,203,294</u>	<u>\$ 3,253,175</u>	<u>\$ 8,091,972</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating Income (Loss)	\$ 166,310	\$ (382,977)	\$ (1,224,926)
Adjustments to reconcile Operating Income (loss) to Net Cash provided by Operating Activities:			
Depreciation Expense	6,843	493,332	-
Pension Related Adjustments	(40,705)	-	(13,006)
OPEB Related Adjustments	(3,462)	-	(880)
Changes in assets and liabilities:			
Decrease in Prepaid Expenses	-	36,171	-
(Decrease) in Accounts Payable	(60,113)	(45,213)	(13,132)
(Decrease) in Accrued Liabilities	(4,154)	-	(4,712)
Increase in Deposits Payable	-	-	8,654
Increase in Claims Payable	-	-	1,401,875
Increase in Compensated Absences Payable	10,744	-	-
Increase in Capital Assets (Prior Period Adjustment)	-	-	-
Total Adjustments	<u>(90,847)</u>	<u>484,290</u>	<u>1,378,799</u>
Net Cash provided by (used for) Operating Activities	<u>\$ 75,463</u>	<u>\$ 101,313</u>	<u>\$ 153,873</u>

Information Technology Services	Other Post Employment Benefits	Total
\$ 3,725,491	\$ 1,200,000	\$ 11,404,491
(1,285,757)	(2,520)	(7,810,748)
(976,465)	(948,041)	(1,550,386)
<u>1,463,269</u>	<u>249,439</u>	<u>2,043,357</u>
-	-	77,331
(115,528)	-	(204,981)
(71,600)	-	(143,200)
(46,050)	-	(92,099)
<u>(233,178)</u>	<u>-</u>	<u>(362,949)</u>
(573,338)	-	(573,338)
(1,919)	-	(1,919)
-	-	360
(831,600)	-	(1,334,181)
<u>(1,406,857)</u>	<u>-</u>	<u>(1,909,078)</u>
(176,766)	249,439	(228,670)
<u>2,461,750</u>	<u>734,109</u>	<u>16,045,643</u>
<u>\$ 2,284,984</u>	<u>\$ 983,548</u>	<u>\$ 15,816,973</u>
\$ 2,284,984	\$ 983,548	\$ 15,745,923
-	-	71,050
<u>\$ 2,284,984</u>	<u>\$ 983,548</u>	<u>\$ 15,816,973</u>
\$ (208,979)	\$ 249,439	\$ (1,401,133)
869,305	-	1,369,480
(69,418)	-	(123,129)
(4,404)	-	(8,746)
4,000	-	40,171
32,855	-	(85,603)
(17,764)	-	(26,630)
-	-	8,654
-	-	1,401,875
26,074	-	36,818
831,600	-	831,600
<u>1,672,248</u>	<u>-</u>	<u>3,444,490</u>
<u>\$ 1,463,269</u>	<u>\$ 249,439</u>	<u>\$ 2,043,357</u>

CITY OF EL CAJON

FIDUCIARY FUNDS - CUSTODIAL FUNDS

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

Special Assessments

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

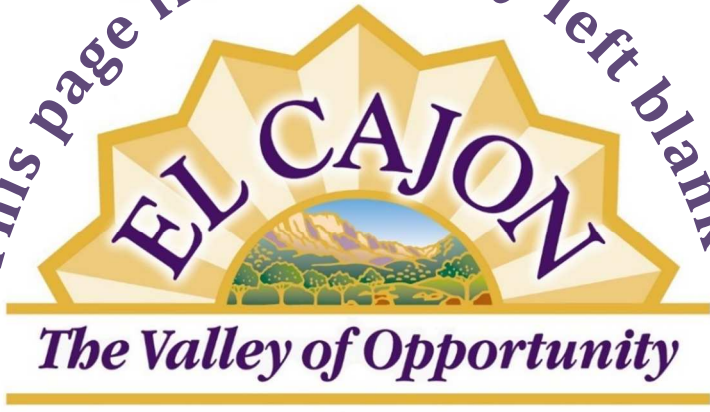
Heartland Communications Facility Authority

This fund accounts for activities to provide emergency call receiving and dispatching services to participating agencies.

Heartland Fire Training Authority

This fund accounts for activities of the fire-fighting training facility and training courses for personnel of the member agencies.

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CITY OF EL CAJON
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2023

	<u>Special Assessments</u>	<u>Heartland Communications Facility Authority</u>	<u>Heartland Fire Training Authority</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 45,818	\$ 4,898,727	\$ 1,148,717	\$ 6,093,262
Receivables:				
Accounts	5,349	79,657	43,106	128,112
Intergovernmental	-	278,633	-	278,633
Interest	-	25,340	5,802	31,142
Prepaid Items	-	-	-	-
Total Assets	<u>51,167</u>	<u>5,282,357</u>	<u>1,197,625</u>	<u>6,531,149</u>
LIABILITIES				
Accounts Payable and Other Liabilities	-	64,633	17,592	82,225
Due to Other Agencies	5,784	-	-	5,784
Total Liabilities	<u>5,784</u>	<u>64,633</u>	<u>17,592</u>	<u>88,009</u>
NET POSITION				
Restricted for:				
Organizations and Other Agencies	45,383	5,217,724	1,180,033	6,443,140
Total Net Position	<u>\$ 45,383</u>	<u>\$ 5,217,724</u>	<u>\$ 1,180,033</u>	<u>\$ 6,443,140</u>

CITY OF EL CAJON
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the fiscal year ended June 30, 2023

	<u>Special Assessments</u>	<u>Heartland Communications Facility Authority</u>	<u>Heartland Fire Training Authority</u>	<u>Total</u>
ADDITIONS				
Contributions				
Other Agencies	\$ -	\$ 3,661,535	\$ 345,243	\$ 4,006,778
Participants	-	-	151,266	151,266
Investment Earnings	-	50,721	11,903	62,624
Assessment Collections for Other Agencies	473,198	-	-	473,198
Miscellaneous	-	63,967	974	64,941
Total Additions	<u>473,198</u>	<u>3,776,223</u>	<u>509,386</u>	<u>4,758,807</u>
DEDUCTIONS				
Payments of Assessments to Other Agencies	486,327	-	-	486,327
Program/Project Expenses	-	3,553,745	506,805	4,060,550
Total Deductions	<u>486,327</u>	<u>3,553,745</u>	<u>506,805</u>	<u>4,546,877</u>
Net Change in Fiduciary Net Position	(13,129)	222,478	2,581	211,930
Net Position, Beginning	<u>58,512</u>	<u>4,995,246</u>	<u>1,177,452</u>	<u>6,231,210</u>
Net Position, Ending	<u>\$ 45,383</u>	<u>\$ 5,217,724</u>	<u>\$ 1,180,033</u>	<u>\$ 6,443,140</u>

STATISTICAL SECTION



STATISTICAL SECTION

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

Financial Trends

(Pages 158-167)

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 168-174)

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

Debt Capacity

(Pages 176-183)

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 184-185)

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 186-190)

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			
	2014	2015 ⁽¹⁾	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 210,077,278	\$ 214,159,409	\$ 218,963,053	\$ 217,482,744
Restricted	61,853,603	65,833,008	58,121,515	57,960,163
Unrestricted	30,515,904	(104,296,561)	(94,443,051)	(91,791,772)
Total Governmental Activities Net Position	<u>\$ 302,446,785</u>	<u>\$ 175,695,856</u>	<u>\$ 182,641,517</u>	<u>\$ 183,651,135</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 46,121,178	\$ 38,577,875	\$ 36,498,175	\$ 38,505,588
Restricted	-	261,645	231,764	264,273
Unrestricted	6,881,080	14,669,740	21,239,228	19,898,344
Total Business-type Activities Net Position	<u>\$ 53,002,258</u>	<u>\$ 53,509,260</u>	<u>\$ 57,969,167</u>	<u>\$ 58,668,205</u>
Primary Government				
Net Investment in Capital Assets	\$ 256,198,456	\$ 252,737,284	\$ 255,461,228	\$ 255,988,332
Restricted	61,853,603	66,094,653	58,353,279	58,224,436
Unrestricted	37,396,984	(89,626,821)	(73,203,823)	(71,893,428)
Total Primary Government Net Position	<u>\$ 355,449,043</u>	<u>\$ 229,205,116</u>	<u>\$ 240,610,684</u>	<u>\$ 242,319,340</u>

Source: City of El Cajon - Finance Department

Notes: ⁽¹⁾ The City implemented GASB Statement 68 in fiscal year 2015, which had a significant effect on the unrestricted fund balance.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 224,144,319	\$ 229,501,003	\$ 225,818,278	\$ 216,346,514	\$ 211,216,164	\$ 211,269,970
50,168,314	50,726,336	37,057,587	42,836,002	42,459,738	46,074,372
(97,584,297)	(110,074,824)	(107,090,485)	(107,845,573)	(86,013,407)	(85,355,430)
<u>\$ 176,728,336</u>	<u>\$ 170,152,515</u>	<u>\$ 155,785,380</u>	<u>\$ 151,336,943</u>	<u>\$ 167,662,495</u>	<u>\$ 171,988,912</u>
\$ 43,106,240	\$ 41,234,527	\$ 48,223,010	\$ 47,925,951	\$ 49,891,775	\$ 51,782,706
357,552	592,205	592,205	592,205	592,205	592,205
18,826,347	22,430,175	17,932,192	20,059,488	24,702,769	34,037,556
<u>\$ 62,290,139</u>	<u>\$ 64,256,907</u>	<u>\$ 66,747,407</u>	<u>\$ 68,577,644</u>	<u>\$ 75,186,749</u>	<u>\$ 86,412,467</u>
\$ 267,250,559	\$ 270,735,530	\$ 274,041,288	\$ 264,272,465	\$ 261,107,939	\$ 263,052,676
50,525,866	51,318,541	37,649,792	43,428,207	43,051,943	46,666,577
(78,757,950)	(87,644,649)	(89,158,293)	(87,786,085)	(61,310,638)	(51,317,874)
<u>\$ 239,018,475</u>	<u>\$ 234,409,422</u>	<u>\$ 222,532,787</u>	<u>\$ 219,914,587</u>	<u>\$ 242,849,244</u>	<u>\$ 258,401,379</u>

CITY OF EL CAJON

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2014	2015 ⁽¹⁾	2016	2017
Expenses				
Governmental activities:				
General Government	\$ 11,388,403	\$ 9,344,953	\$ 8,606,868	\$ 9,205,742
Public Safety	42,919,265	45,235,084	47,292,321	52,741,903
Public Works	10,796,564	10,806,104	10,984,725	13,175,937
Recreation	4,958,144	5,526,542	5,526,453	3,242,986
Community Development	2,665,013	2,906,824	3,501,648	3,089,380
Interest on Long-Term Debt	792,604	483,777	174,542	55,909
Total Governmental Activities Expenses	73,519,993	74,303,284	76,086,557	81,511,857
Business-type Activities:				
Wastewater	17,378,120	15,867,424	16,700,356	19,429,363
Total Business-type Activities Expenses	17,378,120	15,867,424	16,700,356	19,429,363
Total Primary Government Expenses	\$ 90,898,113	\$ 90,170,708	\$ 92,786,913	\$ 100,941,220
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 2,416,175	\$ 1,523,652	\$ 1,824,092	\$ 1,653,820
Public Safety	4,956,285	4,580,713	3,829,943	1,714,929
Public Works	1,270,454	1,067,571	1,198,740	1,145,382
Recreation	1,153,051	992,221	843,635	823,711
Community Development	332,193	1,540,318	1,962,232	1,417,215
Operating Grants and Contributions	6,717,307	6,970,968	6,049,885	6,478,047
Capital Grants and Contributions	23,453,340	14,847,109	7,468,431	5,625,620
Total Governmental Activities Revenues	40,298,805	31,522,552	23,176,958	18,858,724
Business-type Activities:				
Wastewater				
Charges for Services	15,363,078	20,341,567	19,577,156	19,903,017
Total Business-type Activities Revenues	15,363,078	20,341,567	19,577,156	19,903,017
Total Primary Government Revenues	\$ 55,661,883	\$ 51,864,119	\$ 42,754,114	\$ 38,761,741
Net (Expense)/Revenue				
Governmental Activities	\$ (33,221,188)	\$ (42,780,732)	\$ (52,909,599)	\$ (62,653,133)
Business-type Activities	(2,015,042)	4,474,143	2,876,800	473,654
Total Primary Government Net Expense	\$ (35,236,230)	\$ (38,306,589)	\$ (50,032,799)	\$ (62,179,479)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 8,375,482	\$ 8,118,423	\$ 8,360,591	\$ 8,411,073	\$ 10,112,686	\$ 10,220,044
58,123,097	64,202,864	66,478,760	63,835,598	50,104,115	67,705,101
14,984,088	17,520,996	18,208,412	18,905,842	15,717,977	16,211,324
4,916,098	4,602,764	7,294,395	4,900,145	7,957,462	10,153,741
4,223,953	4,337,787	4,761,873	9,329,987	3,892,396	4,657,913
50,652	43,072	37,833	1,499,559	3,352,189	3,362,480
<u>90,673,370</u>	<u>98,825,906</u>	<u>105,141,864</u>	<u>106,882,204</u>	<u>91,136,825</u>	<u>112,310,603</u>
<u>17,389,328</u>	<u>20,017,217</u>	<u>23,790,188</u>	<u>21,948,424</u>	<u>21,208,600</u>	<u>23,010,007</u>
<u>17,389,328</u>	<u>20,017,217</u>	<u>23,790,188</u>	<u>21,948,424</u>	<u>21,208,600</u>	<u>23,010,007</u>
<u>\$ 108,062,698</u>	<u>\$ 118,843,123</u>	<u>\$ 128,932,052</u>	<u>\$ 128,830,628</u>	<u>\$ 112,345,425</u>	<u>\$ 135,320,610</u>
\$ 2,319,957	\$ 2,474,624	\$ 2,889,061	\$ 3,222,477	\$ 3,469,892	\$ 3,081,707
2,018,135	2,203,829	2,591,701	2,181,275	2,331,565	2,674,312
1,728,558	1,541,113	1,411,722	1,473,685	1,393,173	1,366,719
679,813	667,450	2,683,986	265,879	4,127,303	4,938,215
1,864,899	3,339,544	2,237,967	8,122,977	2,693,437	3,614,626
7,581,512	6,878,948	6,353,384	8,890,194	7,429,896	7,565,225
3,819,611	6,755,129	3,966,957	4,650,549	4,486,931	4,813,145
<u>20,012,485</u>	<u>23,860,637</u>	<u>22,134,778</u>	<u>28,807,036</u>	<u>25,932,197</u>	<u>28,053,949</u>
<u>20,395,530</u>	<u>21,060,708</u>	<u>21,351,388</u>	<u>24,087,595</u>	<u>28,970,040</u>	<u>32,119,960</u>
<u>20,395,530</u>	<u>21,060,708</u>	<u>21,351,388</u>	<u>24,087,595</u>	<u>28,970,040</u>	<u>32,119,960</u>
<u>\$ 40,408,015</u>	<u>\$ 44,921,345</u>	<u>\$ 43,486,166</u>	<u>\$ 52,894,631</u>	<u>\$ 54,902,237</u>	<u>\$ 60,173,909</u>
\$ (70,660,885)	\$ (74,965,269)	\$ (83,007,086)	\$ (78,075,168)	\$ (65,204,628)	\$ (84,256,654)
3,006,202	1,043,491	(2,438,800)	2,139,171	7,761,440	9,109,953
<u>\$ (67,654,683)</u>	<u>\$ (73,921,778)</u>	<u>\$ (85,445,886)</u>	<u>\$ (75,935,997)</u>	<u>\$ (57,443,188)</u>	<u>\$ (75,146,701)</u>

(Continued)

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

	Fiscal Year			
	2014	2015 ⁽¹⁾	2016	2017
General Revenues and Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	\$ 21,692,259	\$ 21,360,064	\$ 21,396,116	\$ 17,575,902
Sales Taxes	25,367,434	26,056,239	29,493,906	37,559,282
Franchise Taxes	4,791,459	5,044,461	5,196,514	5,148,007
Transient Lodging Taxes	1,138,761	1,330,117	1,378,472	1,408,750
Business License Taxes	766,515	788,397	775,603	833,371
Intergovernmental, Unrestricted	87,385	828,833	40,931	45,845
Investment Earnings	39,032	54,446	599,306	241,282
Other	801,775	676,603	703,000	821,817
Special Item - Payment to Affected Taxing Entities	-	(1,234,000)	-	-
Transfer In(out)	145,863	54,944	271,412	28,495
Total Governmental Activities	54,830,483	54,960,104	59,855,260	63,662,751
Business-type Activities:				
Investment Earnings	42,103	69,455	187,377	146,614
Other	4,014	5,413,909	1,667,142	107,265
Special Item - Net Loss on Sale of Properties	-	-	-	-
Transfer In(out)	(145,863)	(54,944)	(271,412)	(28,495)
Total Business-type Activities	(99,746)	5,428,420	1,583,107	225,384
Total Primary Government	\$ 54,730,737	\$ 60,388,524	\$ 61,438,367	\$ 63,888,135
Changes in Net Position				
Governmental Activities	\$ 21,609,295	\$ 12,179,372	\$ 6,945,661	\$ 1,009,618
Business-type Activities	(2,114,788)	9,902,563	4,459,907	699,038
Total Primary Government	\$ 19,494,507	\$ 22,081,935	\$ 11,405,568	\$ 1,708,656

Source: City of El Cajon - Finance Department

Notes: ⁽¹⁾ The City implemented GASB Statement 68 in fiscal year 2015, which had a significant effect on the unrestricted fund balance.

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 18,709,738	\$ 20,147,423	\$ 20,964,049	\$ 22,102,541	\$ 23,485,978	\$ 24,934,876	
37,163,462	37,055,679	35,936,128	42,005,039	45,502,199	46,555,665	
5,311,723	5,511,422	5,947,736	6,388,777	6,772,687	7,114,259	
1,613,926	2,116,816	1,794,920	2,126,234	2,797,308	3,026,644	
837,895	843,422	818,288	832,383	735,274	849,581	
54,999	50,668	83,545	76,565	4,540,708	3,309,155	
402,994	2,645,785	3,159,443	92,406	(2,793,477)	1,306,325	
(356,651)	18,233	(64,158)	2,786	18,985	179,948	
-	-	-	-	-	-	
-	-	-	-	484,433	475,018	
<u>63,738,086</u>	<u>68,389,448</u>	<u>68,639,951</u>	<u>73,626,731</u>	<u>81,544,095</u>	<u>87,751,471</u>	
144,106	879,492	1,093,630	(70,097)	(804,769)	361,060	
471,626	43,785	3,835,670	(238,837)	136,867	2,229,723	
-	-	-	-	-	-	
-	-	-	-	(484,433)	(475,018)	
<u>615,732</u>	<u>923,277</u>	<u>4,929,300</u>	<u>(308,934)</u>	<u>(1,152,335)</u>	<u>2,115,765</u>	
<u>\$ 64,353,818</u>	<u>\$ 69,312,725</u>	<u>\$ 73,569,251</u>	<u>\$ 73,317,797</u>	<u>\$ 80,391,760</u>	<u>\$ 89,867,236</u>	
\$ (6,922,799)	\$ (6,575,821)	\$ (14,367,135)	\$ (4,448,437)	\$ 16,339,467	\$ 3,494,817	
3,621,934	1,966,768	2,490,500	1,830,237	6,609,105	11,225,718	
<u>\$ (3,300,865)</u>	<u>\$ (4,609,053)</u>	<u>\$ (11,876,635)</u>	<u>\$ (2,618,200)</u>	<u>\$ 22,948,572</u>	<u>\$ 14,720,535</u>	

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 2,616	\$ 1,769	\$ 8,379	\$ 15,598
Restricted	-	-	-	-
Committed	11,415,896	12,101,021	13,052,990	13,052,990
Assigned	3,520,000	6,020,000	6,020,000	14,500,000
Unassigned	12,987,788	12,430,127	16,573,355	14,613,935
Total General Fund	\$ 27,926,300	\$ 30,552,917	\$ 35,654,724	\$ 42,182,523
All Other Governmental Funds				
Nonspendable	\$ 3,117	\$ 1,234,000	\$ -	\$ 568,839
Restricted	31,521,762	33,798,874	31,368,390	31,236,465
Committed	-	-	-	-
Assigned	29,729,317	29,851,850	26,613,467	26,043,452
Unassigned	(42,390)	-	(2,250)	(13,157)
Total All Other Governmental Funds	\$ 61,211,806	\$ 64,884,724	\$ 57,979,607	\$ 57,835,599
Total Fund Balance	\$ 89,138,106	\$ 95,437,641	\$ 93,634,331	\$ 100,018,122

Source: City of El Cajon - Finance Department

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 7,071	\$ 2,507	\$ -	\$ 4,330	\$ -	\$ 3,807
-	-	-	2,038,034	1,810,152	1,848,717
13,052,990	15,939,481	15,619,455	15,531,197	15,883,202	-
14,500,000	14,500,000	13,612,686	12,461,966	27,073,050	27,312,984
21,239,581	18,617,202	20,120,759	23,642,249	17,281,670	34,091,757
<u>\$ 48,799,642</u>	<u>\$ 49,059,190</u>	<u>\$ 49,352,900</u>	<u>\$ 53,677,776</u>	<u>\$ 62,048,074</u>	<u>\$ 63,257,265</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34,195,345	35,871,669	35,927,192	40,848,340	39,851,295	40,735,858
-	-	-	-	596,043	1,181,443
15,847,758	13,360,745	12,595,367	15,322,832	14,942,382	12,599,278
(8,343)	(6,348)	(38,210)	(6,348)	(83,806)	-
<u>\$ 50,034,760</u>	<u>\$ 49,226,066</u>	<u>\$ 48,484,349</u>	<u>\$ 56,164,824</u>	<u>\$ 55,305,914</u>	<u>\$ 54,516,579</u>
<u>\$ 98,834,402</u>	<u>\$ 98,285,256</u>	<u>\$ 97,837,249</u>	<u>\$ 109,842,600</u>	<u>\$ 117,353,988</u>	<u>\$ 117,773,844</u>

CITY OF EL CAJON

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 64,226,217	\$ 64,639,654	\$ 60,540,666	\$ 64,994,212
Intergovernmental	7,353,362	7,588,943	6,950,884	7,554,839
Licenses and Permits	1,043,011	1,376,417	1,810,129	1,190,944
Fines and Forfeitures	730,257	707,147	614,923	634,882
Special Assessments	385,163	379,048	377,388	368,315
Charges for Services	6,165,821	5,876,605	5,165,405	3,387,982
Use of Money and Property	897,274	1,700,784	1,515,971	1,336,554
Other	3,481,182	6,053,602	6,166,811	3,393,023
Total Revenues	84,282,287	88,322,200	83,142,177	82,860,751
Expenditures				
General Government	11,158,991	8,490,159	8,720,888	7,483,195
Public Safety	41,758,874	44,909,375	45,379,458	45,326,731
Public Works	5,196,417	5,161,698	5,695,177	9,930,389
Recreation	4,634,936	5,084,634	5,113,117	3,222,345
Community Development	2,970,194	2,958,140	3,236,546	3,327,458
Capital Outlay	6,443,922	6,269,915	8,907,171	6,982,930
Debt Service: Principal	7,187,000	7,472,000	7,990,000	176,498
Debt Service: Interest & Fiscal Charges	792,604	483,777	174,542	55,909
Total Expenditures	80,142,938	80,829,698	85,216,899	76,505,455
Excess (deficiency) of Revenues Over (under) Expenditures	4,139,349	7,492,502	(2,074,722)	6,355,296
Other Financing Sources (uses)				
Sale of Capital Assets	-	-	-	-
Proceeds from Issuance of Debt	-	-	-	-
Transfers In	16,101,370	15,070,867	12,427,065	5,454,368
Transfers Out	(15,967,585)	(15,029,834)	(12,155,653)	(5,425,873)
Total Other Financing Sources (uses)	133,785	41,033	271,412	28,495
Special Item - Payment to Affected Taxing Entities	-	(1,234,000)	-	-
Net Change in Fund Balances	\$ 4,273,134	\$ 7,533,535	\$ (1,803,310)	\$ 6,383,791
Debt Service as Percentage of Noncapital Expenditures	10.83%	10.67%	10.70%	0.33%

Source: City of El Cajon - Finance Department

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 65,198,527	\$ 67,830,438	\$ 66,979,234	\$ 75,192,420	\$ 81,225,850	\$ 83,288,380	
8,604,212	10,421,364	9,047,131	12,140,641	14,957,123	15,331,941	
1,387,579	1,984,864	1,720,324	1,701,436	1,939,791	2,458,242	
685,061	573,407	543,091	370,272	504,020	587,731	
367,458	366,589	366,681	367,954	369,284	367,380	
4,561,823	4,559,913	4,811,503	4,645,205	4,697,880	4,782,026	
1,309,683	3,758,860	6,849,675	2,252,063	2,811,221	8,243,257	
2,776,383	2,481,587	1,030,115	573,336	701,703	499,641	
<u>84,890,726</u>	<u>91,977,022</u>	<u>91,347,754</u>	<u>97,243,327</u>	<u>107,206,872</u>	<u>115,558,598</u>	
5,945,279	6,699,620	7,135,491	14,368,326	9,933,170	9,475,876	
48,075,169	52,026,698	54,868,132	167,079,011	53,157,288	60,408,599	
11,193,499	12,358,617	12,407,958	22,518,337	10,032,091	11,000,825	
3,469,092	3,733,382	6,540,475	7,858,891	7,978,063	9,717,316	
3,578,642	3,926,542	4,459,817	13,029,325	4,035,187	4,595,092	
13,555,195	13,551,753	6,173,793	3,684,679	7,193,341	11,845,688	
181,423	186,484	191,687	197,035	4,855,391	3,375,162	
76,147	43,072	18,408	35,372	3,991,685	5,400,183	
<u>86,074,446</u>	<u>92,526,168</u>	<u>91,795,761</u>	<u>228,770,976</u>	<u>101,176,216</u>	<u>115,818,741</u>	
(1,183,720)	(549,146)	(448,007)	(131,527,649)	6,030,656	(260,143)	
-	-	-	5,810,000	-	-	
-	-	-	137,723,000	793,338	-	
3,539,200	10,629,962	5,284,107	3,873,700	10,592,013	10,239,333	
<u>(3,539,200)</u>	<u>(10,629,962)</u>	<u>(5,284,107)</u>	<u>(3,873,700)</u>	<u>(9,890,704)</u>	<u>(9,559,334)</u>	
-	-	-	143,533,000	1,494,647	679,999	
-	-	-	-	-	-	
<u>\$ (1,183,720)</u>	<u>\$ (549,146)</u>	<u>\$ (448,007)</u>	<u>\$ 12,005,351</u>	<u>\$ 7,525,303</u>	<u>\$ 419,856</u>	
0.36%	0.29%	0.25%	0.10%	9.41%	8.44%	

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales and Use (1) (2)</u>	<u>Franchise</u>	<u>Transient Occupancy</u>	<u>Business License</u>	<u>Property Transfer</u>	<u>Other</u>	<u>Total</u>
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
2023	24,641,905	47,149,997	7,114,259	3,026,644	849,581	401,799	807,355	83,991,540

Source: City of El Cajon - Finance Department

Notes: (1) 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.

(2) 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 2023		Fiscal Year 2014	
Business Name	Business Category	Business Name	Business Category
Auto City	Used Automotive Dealers	Best Buy	Electronics/Appliance Stores
Best Buy	Electronics/Appliance Stores	BMW	New Motor Vehicle Dealers
BMW	New Motor Vehicle Dealers	East County Preowned Superstore	Used Automotive Dealers
East County Preowned Superstore	Used Automotive Dealers	El Cajon Ford	New Motor Vehicle Dealers
El Cajon Ford	New Motor Vehicle Dealers	El Cajon Mitsubishi	New Motor Vehicle Dealers
Enterprise Rent A Car	Transportation/Rentals	Enterprise Rent A Car	Transportation/Rentals
Ferguson Enterprises	Plumbing/Electrical Supplies	Ferguson Enterprises	Plumbing/Electrical Supplies
G&M Oil	Plumbing/Electrical Supplies	G&M Oil	Service Stations
HD Supply	Service Stations	Home Depot	Building Materials
Home Depot	Medical/Biotech	Lexus	New Motor Vehicle Dealers
Hyundai of El Cajon	Building Materials	Macys	Department Stores
J & B Materials	New Motor Vehicle Dealers	Mossy Nissan	New Motor Vehicle Dealers
Lexus	New Motor Vehicle Dealers	Mossy Volkswagen	New Motor Vehicle Dealers
Mercedes Benz	Building Materials	Motoworld	New Motor Vehicle Dealers
Mossy Nissan	New Motor Vehicle Dealers	Sears	Department Stores
Motoworld	New Motor Vehicle Dealers	Soco Group	Service Stations
Sigler Wholesale Distribution	Contractors	Subaru of El Cajon	New Motor Vehicle Dealers
Speedway	Service Stations	Target	Discount Department Stores
Subaru of El Cajon	New Motor Vehicle Dealers	Team Kia of El Cajon	New Motor Vehicle Dealers
Target	Discount Department Stores	Toyota of El Cajon	New Motor Vehicle Dealers
Team Kia of El Cajon	New Motor Vehicle Dealers	Tripton Honda	New Motor Vehicle Dealers
Team Mazda of El Cajon	New Motor Vehicle Dealers	United Oil	Service Stations
Toyota of El Cajon	New Motor Vehicle Dealers	USA Gas	Service Stations
Tripton Honda	New Motor Vehicle Dealers	WW Grainger	Electrical Equipment
Walmart	Discount Department Stores	Walmart	Discount Department Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 46.11%

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)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Apparel Stores	\$ 83,364	\$ 82,324	\$ 84,241	\$ 86,123	\$ 85,294	\$ 87,675	\$ 86,541	\$ 58,955	\$ 95,714	\$ 93,908
General Merchandise	147,430	151,929	155,714	154,451	147,400	134,383	119,974	107,241	113,740	107,667
Food Stores	47,891	47,291	45,809	45,374	47,041	47,961	46,271	51,726	50,827	52,383
Eating and Drinking Places	137,793	143,339	150,819	159,558	164,357	173,666	186,546	169,593	216,080	229,653
Building Materials	209,128	230,531	247,753	261,868	272,995	280,374	323,993	296,446	328,972	363,820
Auto Dealers and Supplies	569,150	610,892	696,517	752,207	780,013	751,463	742,782	727,653	914,137	978,286
Service Stations	353,581	339,384	275,627	243,765	267,201	287,686	212,079	140,676	200,459	234,075
Other Retail Stores	264,852	267,323	280,789	286,048	280,452	291,415	295,436	280,236	347,815	345,122
All Other Outlets	431,732	451,971	479,017	508,471	612,843	626,266	667,280	831,376	900,227	918,328
Total	\$ 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	\$ 3,323,242

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)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Taxable Assessed Value ⁽¹⁾	Change from Prior Year	Direct Tax Rate ⁽²⁾
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
2023	8,490,153	1,826,222	663,494	456,258	503,419	11,939,546	8.36%	0.10999

Sources: San Diego County Assessor 2013/14 - 2022/23 Combined Tax Rolls
HdL, Coren & Cone

Notes: ⁽¹⁾ Exempt values are not included in the Taxable Assessed Value
⁽²⁾ 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										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Basic City and County Levy	(1) 1.00000	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	0.08634	0.08294	0.08145	0.07801	0.08761	0.08477	0.07882	0.07637	0.07310	0.07047	
Grossmont Healthcare District Bond	0.02005	0.02005	0.02352	0.02352	0.02352	0.02352	0.02490	0.02490	0.02459	0.02459	
Grossmont Union High Bond	0.06167	0.06118	0.06053	0.05717	0.06613	0.06482	0.06704	0.06326	0.06448	0.06180	
Grossmont-Cuyamaca Community College	0.04752	0.04650	0.04539	0.04005	0.04671	0.04225	0.04038	0.03797	0.04115	0.03936	
La Mesa Spring Valley - General Bond	0.02532	0.02446	0.02363	0.02289	0.02247	0.02194	0.02155	0.02144	0.04779	0.04338	
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	0.03405	0.03321	0.03277	0.03964	0.03705	0.03473	0.03411	0.05992	0.05854	0.05533	
Total Direct & Overlapping Tax Rates	(2) <u>1.27845</u>	<u>1.27184</u>	<u>1.27079</u>	<u>1.26478</u>	<u>1.28699</u>	<u>1.27553</u>	<u>1.27030</u>	<u>1.28736</u>	<u>1.31315</u>	<u>1.29843</u>	
City's Share of 1% Levy per Proposition 13	(3) 0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174	0.11174

San Diego County Assessor 2013/14 - 2023/24 Tax Rate Table
HdL, Coren & Cone

- (1) 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.
- (2) 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.
- (3) 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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years ⁽¹⁾</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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	20,981	9,932,670	96.30
2023	11,318,255	10,981,276	97.02	-	10,981,276	97.02

Source: San Diego County Auditor/Controller, Property Tax Apportionment Report 2022-23

Note: ⁽¹⁾ 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 2023			Fiscal Year 2014		
	Taxable Value	Rank	Percent of City Total Taxable Value	Taxable Value	Rank	Percent of City Total Taxable Value
Star-West Parkway Mall L P	\$ 258,859,349	1	2.10%	\$ 258,686,610	1	3.44%
G K N Aerospace Chem-Tronics Inc	114,414,975	2	0.93%	58,210,912	3	0.77%
MF Panda NR Owner California LP	104,296,978	3	0.85%			
BMF V California Forest Park Fletcher	89,320,219	4	0.73%			
Bridge WF II California Parkway Club	86,650,000	5	0.70%			
Kaiser	49,980,803	6	0.41%	49,129,686	4	0.65%
Lysinger 1999 Trust	49,296,549	7	0.40%			
Broadway 1 Preservation LP	44,206,829	8	0.36%			
1041-89 Lexington (California) LP	40,275,577	9	0.33%			
General Atomics	38,848,200	10	0.32%			
Conrad Prebys Trust				115,596,235	2	1.54%
San Diego Forest Park LLC				45,390,000	5	0.60%
El Cajon Energy Center LLC				36,011,394	6	0.48%
Pacific Gillespie Partners				29,017,143	7	0.39%
Helf Properties Inc				26,829,684	8	0.36%
Sears Roebuck And Company				26,609,080	9	0.35%
Cox Communications California				25,006,382	10	0.33%
Total Top 10 Taxpayers	\$ 876,149,479		7.12%	\$ 670,487,126		8.58%
City Total Taxable Value (a)	\$ 12,300,655,966		100.00%	\$ 7,514,134,081		100%

Source: San Diego County Assessor 2012/13 and 2021/22 Combined Tax Rolls and SBE Non Unitary Tax Roll HdL, Coren & Cone

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CITY OF EL CAJON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities

Fiscal Year	Sales Tax Revenue Bonds	Capital Leases	Notes Payable	Pension Obligation Bonds	Subscriptions Payable
2014	\$ 15,125,000	\$ -	\$ 337,000	\$ -	\$ -
2015	7,710,000	-	280,000	-	-
2016	-	-	-	-	-
2017	-	1,827,397	-	-	-
2018	-	1,645,974	-	-	-
2019	-	1,459,490	-	-	-
2020	-	1,267,803	-	-	-
2021	-	1,070,768	-	141,517,800	-
2022	-	1,578,715	-	136,821,800	-
2023	-	1,295,213	-	131,486,600	1,790,324

Source: City of El Cajon - Finance Department

⁽¹⁾ See Demographic and Economic Statistics on page 184 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 72-76.

Business-Type Activities					
Obligation Due to San Diego Metro Wastewater	Note Payable to State Water Resources Control Board	Pension Obligation Bonds	Total Primary Government	Percentage of Personal Income <small>(1)</small>	
\$ 9,858,817	\$ -	\$ -	\$ 25,320,817	1.23%	
9,858,817	1,308,225	-	19,157,042	0.96%	
9,858,817	3,768,749	-	13,627,566	0.66%	
9,858,817	3,871,418	-	15,557,632	0.73%	
9,858,817	7,313,590	-	18,818,381	0.85%	
9,858,817	10,393,396	-	21,711,703	0.95%	
-	9,977,452	-	11,245,255	0.46%	
-	9,552,774	5,692,200	157,833,542	6.09%	
-	9,119,178	5,503,200	153,022,893	5.71%	
-	8,676,476	5,288,400	146,746,689	5.06%	

CITY OF EL CAJON

Ratios of General Bonded Debt Outstanding⁽¹⁾ Last Ten Fiscal Years

Fiscal Year	Pension Obligation Bonds	Total	Assessed Value (in thousands)	Percent of Assessed Value	Per Capita
2014	\$ -	\$ -	\$ 7,328,675	-	\$ -
2015	-	-	7,669,083	-	-
2016	-	-	8,080,807	-	-
2017	-	-	8,508,731	-	-
2018	-	-	8,989,842	-	-
2019	-	-	9,519,035	-	-
2020	-	-	10,046,923	-	-
2021	147,210,000	147,210,000	10,626,170	1.39%	1,426
2022	142,325,000	142,325,000	11,018,186	1.29%	1,347
2023	136,775,000	136,775,000	11,939,546	1.15%	1,360

Source: City of El Cajon - Finance Department
San Diego County Assessor 2013/14 - 2022/23 Combined Tax Rolls
HdL, Coren & Cone

Notes: ⁽¹⁾ Details of the City's outstanding debt can be found in note 5 of the financial statements.

CITY OF EL CAJON
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

	<u>Total Debt</u>	<u>Percent Applicable to City of El Cajon ⁽¹⁾</u>	<u>City's Share of Debt</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$ 19,215,000	0.325%	\$ 62,449
Grossmont-Cuyamaca Community College District	363,535,377	18.484%	67,195,879
Grossmont Union High School District	637,181,318	18.982%	120,949,758
Cajon Valley Union School District	173,206,112	47.328%	81,974,989
La Mesa-Spring Valley School District	52,956,610	8.471%	4,485,954
Santee School District	56,142,308	3.163%	1,775,781
Grossmont Healthcare District	236,992,076	17.433%	<u>41,314,829</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 317,759,639 ⁽²⁾
TOTAL OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	\$ 229,680,000	1.801%	\$ 4,136,537
San Diego County Pension Obligation Bonds	277,990,000	1.801%	5,006,600
San Diego County Superintendent of Schools Certificates of Participation	6,935,000	1.801%	124,899
Grossmont Union High School District General Fund Obligations	31,765,000	18.982%	6,029,632
Cajon Valley Union School District Certificates of Participation	14,382,000	47.328%	6,806,713
Santee School District Certificates of Participation	21,639,849	3.163%	<u>684,468</u>
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 22,788,849 ⁽²⁾
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	\$ 50,990,000	88.368-100%	\$ 45,825,974 ⁽²⁾
TOTAL DIRECT DEBT - City of El Cajon			
Pension Obligation Bonds	\$ 131,486,600	100.000%	\$ 131,486,600
Capital Lease Obligations	1,295,213	100.000%	<u>1,295,213</u>
TOTAL DIRECT DEBT - City of El Cajon			\$ 132,781,813
COMBINED TOTAL DEBT			<u>\$ 519,156,275</u>
Ratios to 2022-23 Assessed Valuation (in thousands of dollars):	\$ 11,939,546		
Total Overlapping Tax and Assessment Debt	2.66%		
Total Overlapping General Fund Debt	0.19%		
Overlapping Tax Increment Debt (Successor Agencies)	0.38%		
Total Direct Debt	<u>1.11%</u>		
Combined Total Debt	4.34%		

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

Notes: (1) 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.

(2) 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		
	2014	2015	2016
Net Assessed Valuation	\$ 7,328,675	\$ 7,669,083	\$ 8,080,807
State legal debt limit ⁽¹⁾	1,099,301	1,150,362	1,212,121
Less amount of debt applicable to the limit ⁽²⁾ :			
Sales Tax Revenue Bonds	15,125	7,710	-
Notes Payable	337	2,890	-
Capital Lease Obligations	-	-	-
Pension Obligation Bonds	-	-	-
Total net debt applicable to limit	15,462	10,600	-
Legal debt margin	<u>\$ 1,083,839</u>	<u>\$ 1,139,762</u>	<u>\$ 1,212,121</u>
Total net debt applicable to the limit as a percentage of debt limit	1.41%	0.92%	0.00%

Sources: San Diego County 2013/14 - 2022/23 Tax Rolls
HdL, Coren & Cone
City of El Cajon Finance Department

Notes: ⁽¹⁾ State law limits indebtedness for California cities to 15% of the assessed valuation of property within the City.

⁽²⁾ Details regarding the City's outstanding debt can be found in Note 5 of the Notes to the Basic Financial Statements on pages 72-76.

Fiscal Year						
2017	2018	2019	2020	2021	2022	2023
\$ 8,508,731	\$ 8,989,842	\$ 9,519,035	\$ 10,046,923	\$ 10,626,170	\$ 11,018,185	\$ 11,939,546
1,276,310	1,348,476	1,427,855	1,507,038	1,593,926	1,652,728	1,790,932
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,827	1,646	1,459	1,268	1,071	1,579	1,295
				141,518	136,822	131,487
1,827	1,646	1,459	1,268	142,589	138,401	132,782
<u>\$ 1,274,483</u>	<u>\$ 1,346,830</u>	<u>\$ 1,426,396</u>	<u>\$ 1,505,770</u>	<u>\$ 1,451,337</u>	<u>\$ 1,514,327</u>	<u>\$ 1,658,150</u>
0.14%	0.12%	0.10%	0.08%	8.95%	8.37%	7.41%

CITY OF EL CAJON

Pledged-Revenue Coverage

Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
NOTE PAYABLE - STATE WATER RESOURCES CONTROL BOARD				
Wastewater Revenues	\$ -	\$ -	\$ 21,431,675	\$ 19,985,038
Less: Operations and Maintenance	-	-	(12,260,836)	(14,563,908)
Net revenues	-	-	9,170,839	5,421,130
Debt Service				
Principal	-	-	-	184,664
Interest	-	-	-	64,545
Coverage	-	-	-	21.75
REVENUE BONDS ⁽¹⁾				
Sales Tax Revenues	\$ 8,447,073	\$ 7,528,077	\$ 126,155	\$ -
Debt Service				
Principal	7,130,000	7,415,000	-	-
Interest	772,600	466,700	-	-
Coverage	1.07	0.96	-	-
TAX ALLOCATION BONDS ⁽²⁾				
Property Tax Incremental Revenues	\$ -	\$ -	\$ -	\$ -
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Pass-through payments	-	-	-	-
Coverage	-	-	-	-

Source: City of El Cajon - Finance Department

Notes: ⁽¹⁾ The Sales Tax Revenue Bonds (Proposition O - Public Safety Building Bonds) were paid in full in fiscal year 2016.

⁽²⁾ The El Cajon Redevelopment Agency's outstanding tax allocation bonds were transferred to the Successor Agency on 02/01/2012.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 20,910,132	\$ 21,848,143	\$ 22,350,809	\$ 24,087,595	\$ 28,845,517	\$ 34,570,827
(13,833,983)	(14,128,459)	(20,830,199)	(21,948,424)	(21,208,600)	(18,040,354)
7,076,149	7,719,684	1,520,610	2,139,171	7,636,917	16,530,473
270,557	467,098	415,943	424,678	433,596	442,702
86,995	125,107	176,261	167,527	158,608	149,053
19.79	13.04	2.57	3.61	12.90	27.93
\$ 29,487	\$ 7,420	\$ 27,459	\$ 5,858	\$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

CITY OF EL CAJON
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	Median Age (2)	% of Population 25+ with High School Degree (2)	% of Population 25+ with Bachelor's Degree (2)
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%
2022	104,619	2,897,623	27,696	4.1%	34.8	85.8%	23.5%

Source: HdL, Coren & Cone

Notes: (1) Population: California State Department of Finance.

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

(3) Unemployment Data: California Employment Development Department.

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

Business Name	Fiscal Year 2023			Fiscal Year 2014		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Cajon Valley Union School District ⁽¹⁾	2,025	1	4.51%	1,412	1	2.63%
Grossmont-Cuyamaca Community College District ⁽²⁾	1,011	2	2.25%	712	3	1.33%
GKN Aerospace Chem-Tronics Inc	967	3	2.15%	859	2	1.60%
Grossmont UHSD	749	4	1.67%	431	5	0.80%
Taylor Guitars	478	5	1.06%	400	6	0.75%
Avocado Post Acute (Formerly El Dorado Care Center)	435	6	0.97%			
City of El Cajon	421	7	0.94%	450	4	0.84%
University Mechanical & Engineering	417	8	0.93%	352	8	0.66%
Wal-Mart Stores (2 locations)	396	9	0.88%	260	10	0.49%
Country Hills Health Care	332	10	0.74%	357	7	0.67%
The Home Depot			0.00%	339	9	0.63%
Total Top 10 Employers	7,231		16.10%	5,572		10.40%
Total City Labor Force	44,900			53,600		

Source: MuniServices, LLC /an Avenu Insights & Analytics Company (Results based on direct correspondence with City's local businesses) 2013-14 previously published City of El Cajon Annual Comprehensive Financial Report
City Labor Force: California Employment Development Department Labor Force Data.

Notes: ⁽¹⁾ Includes full-time classified and certificated employees in El Cajon only and the district office.
⁽²⁾ 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	2014	2015	2016	2017	2018 ⁽¹⁾	2019 ⁽²⁾	2020	2021	2022	2023
General Government										
City Manager	9.35	14.20	14.75	3.05	3.85	6.35	6.75	5.50	6.00	6.00
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
City Attorney	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	14.00	11.30	11.50	12.40	13.00	15.50	15.09	13.55	14.00	16.00
Human Resources ⁽²⁾	0.00	0.00	0.00	0.00	0.00	5.50	5.00	4.00	4.00	5.00
Information Technology ⁽²⁾	0.00	0.00	0.00	0.00	0.00	9.00	8.00	7.00	7.00	7.00
Administrative Services ⁽²⁾	4.00	4.00	3.80	16.50	17.00	0.00	0.00	0.00	0.00	0.00
Police										
Officers	122.00	122.00	122.00	122.00	124.00	126.00	126.00	126.00	126.00	136.00
Civilians	69.20	70.20	66.20	66.20	65.20	63.20	64.00	63.00	62.00	63.00
Animal Control	5.00	5.00	5.00	5.00	7.00	7.00	6.00	7.00	0.00	0.00
Fire										
Firefighters and Officers	72.00	72.00	73.00	59.00	56.00	57.00	57.00	58.00	60.00	60.00
Civilians	2.20	2.20	2.20	2.20	2.70	2.70	3.00	3.00	2.00	2.00
Public Works										
Administration and Engineering	14.10	13.80	14.70	14.30	14.40	14.00	13.40	10.70	12.30	12.40
Traffic and Streets Maintenance	24.85	25.05	26.90	22.90	27.95	27.20	26.65	23.45	21.50	15.20
Parks, Facilities, and Vehicle Maintenance	43.10	42.65	40.40	26.65	25.80	25.05	26.20	24.65	25.00	22.80
Wastewater	29.75	30.30	29.70	33.05	33.35	28.25	28.25	30.65	23.70	35.10
Recreation	15.00	16.00	16.00	16.00	41.55	41.55	43.50	43.50	15.50	16.00
Community Development	20.5	18.8	18.9	18.9	21.50	22.00	23.00	19.00	20.00	18.00
Total	<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>	<u>420.50</u>

Source: City of El Cajon - Finance Department

Note: ⁽¹⁾ Beginning in fiscal year 2018, part-time and seasonal employees were included in total full-time equivalent employee count.
⁽²⁾ Beginning in fiscal year 2019, Administrative Services was split into Human Resources and Information Technology.

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

Function/Program	Fiscal Year			
	2014	2015	2016	2017
Community Development				
Building permits issued	1,534	1,971	2,016	2,063
Building inspections conducted	2,522	9,529	9,608	5,631
Police				
Physical arrests	5,088	6,589	5,121	4,861
Traffic violations	3,653	3,100	2,953	2,434
Parking violations	2,764	3,191	2,498	2,411
Animal Control ⁽²⁾				
Licenses issued	2,025	1,985	1,978	1,819
Adoptions	951	971	816	1,071
Fire				
Emergency responses	12,087	12,833	13,616	14,462
Fires extinguished ⁽¹⁾	368	348	409	279
Fires investigated ⁽¹⁾	368	96	165	38
Inspections	535	813	632	1,827
Abatement compliance	418	2,770	88	146
Public works				
Street resurfacing (miles)	6	5	9	4
Recreation				
Facility rentals	367	334	348	362
Classes and other bookings	1,704	1,596	1,134	1,218
Attendance	88,875	113,924	92,871	96,455
Wastewater				
Average daily sewage transportation (thousands of gallons)	7,941	7,728	6,980	7,421

Source: City of El Cajon Departments

Notes: ⁽¹⁾ Data presented are for fires within El Cajon city limits.
⁽²⁾ As of October 2020, San Diego Humane Society was contracted to provide animal shelter care and services at the El Cajon Animal Shelter.

Fiscal Year						
2018	2019	2020	2021	2022	2023	
2,208	2,501	2,520	1,976	2,064	2,401	
6,919	11,142	9,580	4,500	3,687	6,122	
4,754	6,385	6,432	4,208	4,462	5,720	
2,244	2,003	1,907	1,593	1,186	1,905	
2,443	2,797	2,266	1,955	2,026	2,157	
1,679	1,340	1,471	510	0	0	
1,064	1,054	1,530	491	0	0	
15,562	15,802	14,993	15,753	16,840	17,334	
157	125	360	496	407	443	
10	125	360	2	6	5	
1,849	609	106	864	670	270	
73	230	228	49	47	89	
5	8	27	19	17	10	
378	386	182	8	397	390	
1,281	1,433	811	3,487	1,255	1,480	
100,677	105,226	113,552	117,600	106,887	111,298	
6,458	7,321	7,630	6,420	6,486	7,779	

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

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	59	59	59	59	59	53	58
Undercover vehicles	30	34	34	31	31	31	31	31	46	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	9	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	4	1	1	1	0	0	1	1
Public works										
Streets (miles)	194	194	194	194	194	194	194	194	194	196
Streetlights	2,356	2,360	2,360	2,688	2,732	2,732	2,732	2,732	3,267	3,350
Traffic signals	112	112	112	112	113	113	113	113	113	113
Parks and recreation										
Acreage	120	120	120	120	120	120	120	120	120	120
Community/recreation centers	6	6	6	7	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	7	7	7	7	8	8	8
Outdoor gym	0	0	0	2	2	2	2	2	2	3
Tennis courts	1	1	1	1	1	1	1	1	2	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	4	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	2	2	2	2	2	2	2
Outdoor multi-use sports area	0	0	0	0	0	0	0	1	2	2
Dog park	1	1	1	3	3	3	3	4	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	82	82	82	82	82	82	82

Source: City of El Cajon Departments

Notes: ⁽¹⁾ Three (3) ambulances were sold in fiscal year 2017.

CITY OF EL CAJON

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The Valley of Opportunity



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