



City of El Cajon California

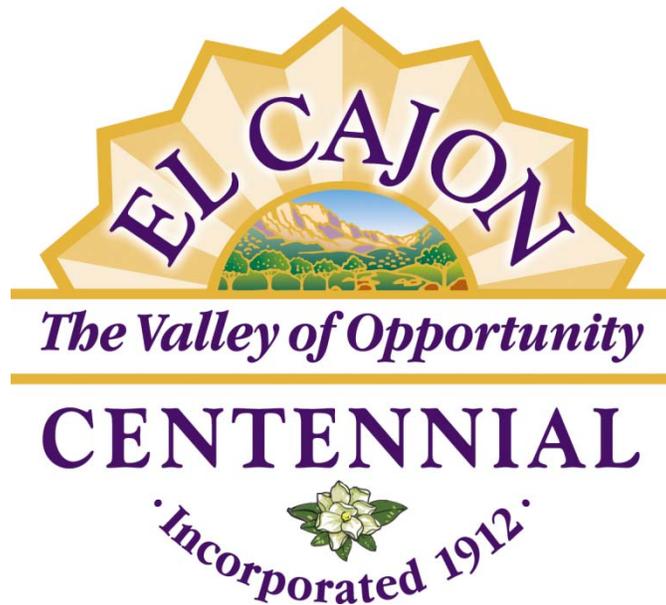


**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013**

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City of El Cajon, California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013



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

Prepared by the Finance Department

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December 23, 2013

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

The City of El Cajon annually publishes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of El Cajon ("the City") for the fiscal year ended June 30, 2013.

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, 2013, 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 unqualified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2013, 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 and is the fifth largest of 18 cities in San Diego County. The City currently occupies a land area of 14.4 square miles and serves a population of 100,460. The City has experienced limited growth of approximately 5% 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. The city council is elected at large on a non-partisan basis. The mayor is elected to serve a four-year term and councilmembers 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, emergency medical services, construction and maintenance of streets, parks, civic facilities, and other infrastructure, right-of-way regulation, city planning and building regulation, recreational activities, cultural events, housing assistance and wastewater services. The City is financially accountable for the El Cajon Housing Authority and El Cajon Public Financing Authority, both of which are reported as blended component units within the City's financial statements. Additional information on these separate entities can be found in note A.2. in the notes to the basic financial statements.

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

Local Economy

The pace of California's economic recovery continued to be slow and steady this fiscal year. In October 2013, the State unemployment rate was 8.7% compared to 10.1% the prior year. El Cajon's unemployment rate is higher at 9.7%. El Cajon's rate is higher due to the significant job losses in the construction industry and the large influx of refugees in the recent past.

Movement in the University of San Diego Index of Leading Economic Indicators has been in a positive direction for eleven of the last twelve months. None of the index components have advanced significantly, reflecting the current state of the economy. The outlook for 2014 remains positive, at least through the first half of the year. The Conference Board Leading Economic Index for the United States has recorded strong advances for the past few months and supports their forecast that the U.S. economy will continue to grow in 2014. The Board goes on to state the biggest challenge to date has been relatively weak consumer demand, which continues to be constrained by weak wage growth and slumping confidence.

Sales Tax Revenues – Sales tax revenues for the City increased \$1,861,407 from the prior fiscal year, an 8% increase. Growth in the economy has been encouraging.

Property Taxes – Property taxes collected in fiscal year 2012-13 increased \$749,118 over the prior year. An additional \$1,000,000 over that was received from two one-time events which will not recur in subsequent fiscal years. According to data from the County of San Diego Assessor's Office, the assessed valuation of taxable property in El Cajon increased 0.8% in fiscal year 2012-13 over the prior year. Projections for fiscal year 2013-14 anticipate an increase of 2.76% in the net assessed valuation.

Although the economy continues its slow but steady recovery, it is critical that the City position itself to maintain reserves and avoid cost increases that cannot be matched with equal revenues.

Long Term Financial Planning

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

As directed by City Council Policy B-12, the general fund maintains a committed fund balance equal to 20% of annual budget expenditures, \$10,614,730 at June 30, 2013. Additionally, the general fund had assigned fund balance of \$4,947,648 for SB 90 disallowed mandated cost claims and unfunded retirement obligations. The \$10,969,345 unassigned fund balance at June 30, 2013, provides resources for future economic uncertainties. Based on recent analysis and information received to date, general fund revenue and expenditure projections for fiscal year 2013-14 appear to be conservatively estimated. The City must continue to operate in a fiscally conservative manner and prioritize capital outlay expenditures based upon available funding.

In November 2004, the voters approved Proposition O, a ten-year half-cent sales tax measure, dedicated to the construction of the public safety center (PSC), replacement of the animal shelter, and upgrading of various fire stations. The proceeds from the \$25,195,000 in revenue bonds issued by the El Cajon Public Financing Authority in June 2009 have been spent for the PSC construction contract. The PSC was placed into service on August 24, 2011. Planning and design of the animal shelter will begin in earnest now that the PSC has become operational. A total of \$8,334,328 was collected in fiscal year 2012-13 as a result of Proposition O.

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 crisis needs. A total of \$8,328,374 was collected in fiscal year 2012-13 as a result of Proposition J and was vital in maintaining essential services.

Transportation related maintenance and capital projects were primarily funded by Gas Tax, TransNet, and the General Fund. A combined total of \$7,364,624 was utilized to reconstruct and resurface major thoroughfares and local residential streets, and to maintain or improve street lights and traffic signals. Projects are prioritized based upon need and available funding.

Major Fiscal Issues

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan for its employees. Each year an independent actuary, engaged by the pension plan, calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over 30 years, as part of the annual required contribution calculated by the actuary. Employer retirement contribution rates for fiscal year 2012-13 were 26.080% for miscellaneous members and 37.123% for safety members. Employer rates are expected to increase to approximately 39.2% and 54.9% for miscellaneous and safety members, respectively, by fiscal year 2019-20, under current assumptions. CalPERS has been and expects to continue to revise a number of actuarial assumptions which, in conjunction with the significant investments losses during the Great Recessing, are driving the employer rates higher. These rate increases are taken into consideration in the five-year business plan. Although the Public Employees' Pension Reform Act (PEPRA) established new retirement benefit levels and limits for "new members" effective January 1, 2013, it will be many years before PEPRA impacts the employer contribution rate.

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, the City obtains a biennial actuarial valuation of its liability for other post employment benefits (OPEB). In 2007, the City began making contributions to the California Employee Retiree Benefit Trust (CERBT) fund to transition to pre-funding the OPEB obligation rather than continue the practice of pay-as-you-go. In fiscal year 2011-12, the City adopted a fifteen-year closed amortization period to accelerate the increase in the funded percentage of the OPEB liability.

The El Cajon Redevelopment Agency was dissolved effective February 1, 2012. Its housing related assets and obligations were transferred to the El Cajon Housing Authority, and its non-housing related assets and obligations were transferred to the Successor Agency to the Former El Cajon Redevelopment Agency. The Successor Agency is charged with fulfilling the former Redevelopment Agency's enforceable obligations and winding down its affairs as expeditiously as possible. The Successor Agency receives twice yearly distributions from the Redevelopment Property Tax Trust Fund (RPTTF) administered by the county auditor-controller for recognized enforceable obligations. Any remaining monies in the RPTTF after each distribution is allocated and paid to the affected taxing entities, of which the City of El Cajon is one. This amount is significantly less than the property tax increment revenues, which were previously received by the Redevelopment Agency. Economic development activities and funding for low-moderate housing programs will be significantly hampered by the loss of the property tax increment revenues.

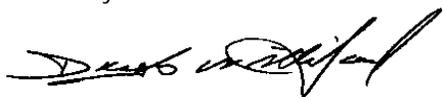
Awards and Acknowledgements

In previous years, the City applied for and was awarded the *Certificate of Achievement for Excellence* in Financial Reporting by the Government Finance Officers Association (GFOA). The City received this award for five consecutive years between fiscal years 2001 and 2006. The City has also applied for and been awarded the certificate for *Outstanding Financial Reporting* from the California Society of Municipal Finance Officers (CSMFO). Due to a change in the CSMFO award program criteria, the City was no longer eligible to apply for and receive both the *Certificate of Achievement for Excellence* from GFOA and the certificate for *Outstanding Financial Reporting* from CSMFO in a single year. Beginning fiscal year ended 2007, the City has applied for, and been awarded the CSMFO certificate, although we feel that this CAFR would also meet the criteria for the GFOA award.

The City is also a CSMFO recipient of the *Excellence in Operating Budgeting*, having received this award every year beginning in fiscal year 1996-97.

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

Sincerely,



Douglas Williford
City Manager



Nancy Palm
Deputy City Manager/Director of Finance

*California Society of
Municipal Finance Officers*

Certificate of Award

***Outstanding Financial Reporting Award
Fiscal Year Ending June 30, 2012***

Presented to the

City of El Cajon

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

February 6, 2013



Laura M Nomura

***Laura Nomura
CSMFO President***

Scott Catlett

***Scott Catlett, Chair
Professional Standards and
Recognition Committee***

Dedicated Excellence in Municipal Financial Reporting

CITY OF EL CAJON
LIST OF PRINCIPAL OFFICIALS
At Date of Issuance

Elected Officials

Mayor

Bill Wells

Councilmembers

Tony Ambrose

Star Bales

Gary Kendrick

W. E. "Bob" McClellan

Appointed Officials

City Manager

Douglas Williford

City Attorney

Morgan Foley

Management Team

Majed Al-Ghafry – Assistant City Manager

Nancy Palm – Deputy City Manager/Director of Finance/Treasurer

Kathie Rutledge – City Clerk

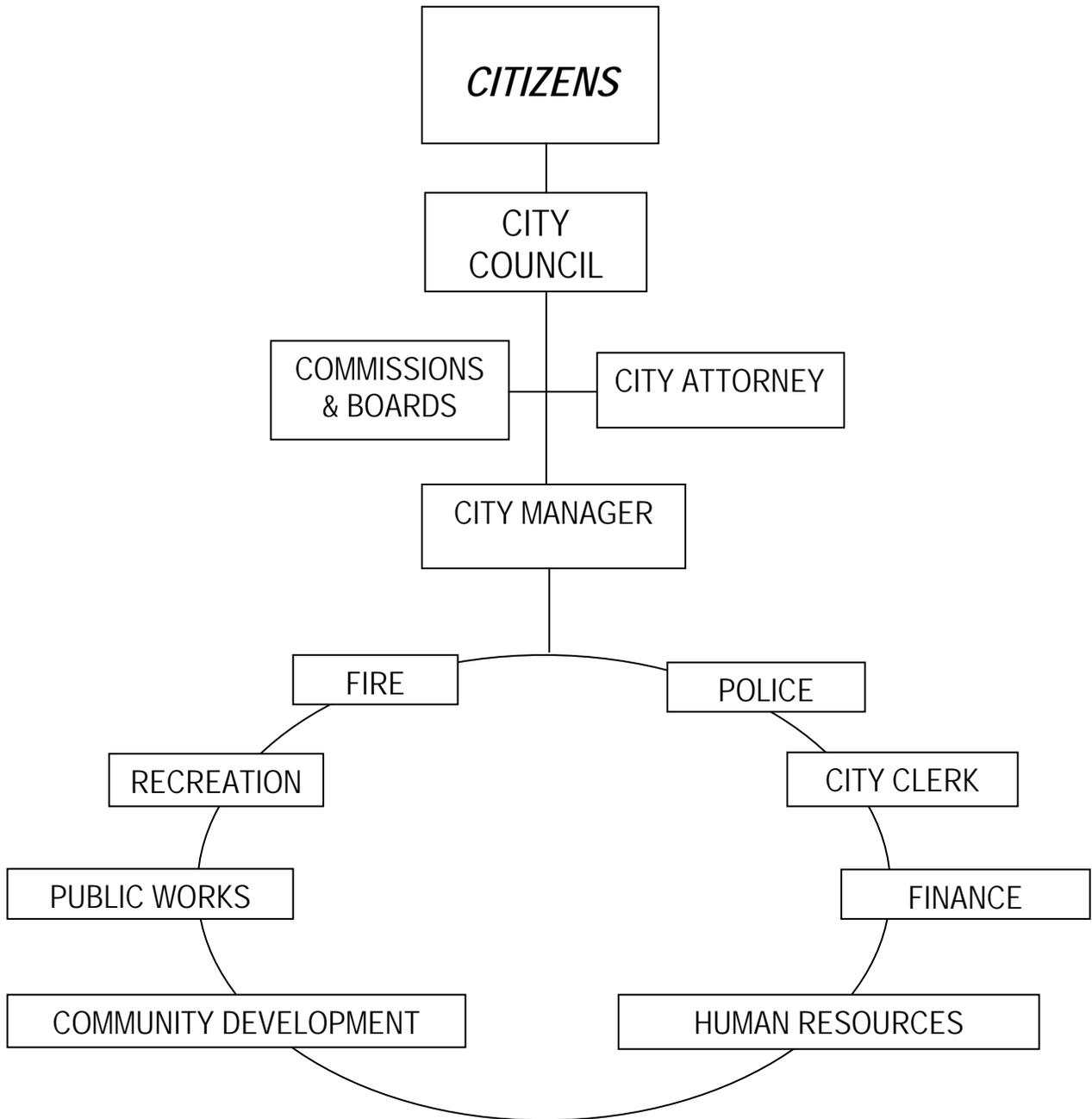
Jim Redman – Police Chief

Rick Sitta – Fire Chief

Jim Lynch – Director of Human Resources

Sara Ramirez – Director of Recreation

CITY OF EL CAJON
ORGANIZATION CHART





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

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San Bernardino, CA 92408
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Independent Auditor's Report

The Honorable City Council
City of El Cajon, California

PARTNERS

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Matthew B. Wilson, CPA, MSA, CGMA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
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Charles De Simoni, CPA
Yiann Fang, CPA
Daniel T. Turner, CPA, MSA
Derek J. Brown, CPA, MST
David D. Henwood, CPA

Report on the financial statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cajon (the City), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cajon, California, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

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

Other information

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

The combining nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers Anderson Maloney & Scott, LLP

San Bernardino, CA
December 4, 2013

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CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The assets of the City exceed its liabilities at June 30, 2013, by \$335.9 million (net position). Of this amount, \$46.2 million (unrestricted net position) may be used to meet the City's ongoing obligations to residents and creditors.
- The City's total net assets increased \$7.5 million during the fiscal year. The majority of the increase is related to land (up \$3.1 million) and long-term debt (down \$3.6 million). The land was transferred from the former redevelopment agency to the El Cajon Housing Authority, and long-term debt declined as the first principal payment was made on the 2009 revenue bonds.
- At June 30, 2013, the City's governmental funds reported combined fund balances of \$84.8 million, a \$7.7 million increase from the prior year. The cash and investments balance at June 30, 2013, is \$6.6 million higher than the prior fiscal year. Also, loans receivable increased approximately \$1.0 million due to El Cajon Housing Authority activity.
- The City's liabilities decreased \$3.6 million from the prior year. Over \$2.9 million of the decrease is the result of the first principal payment on the 2009 revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 contains certain required supplementary information, and optional supplementary information that presents combining statements for non-major governmental funds (special revenue, debt service and capital projects), enterprise funds, internal service funds, and fiduciary funds.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

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

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

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

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

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

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

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

The focus of the governmental funds is narrower than that of the government-wide financial statements; therefore, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, El Cajon Housing Authority Special Revenue Fund, and Public Safety Facilities Capital Projects Fund, all of which are considered to be major funds. These statements can be found in section D. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining* statements located in sections H, I, and J of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget in section F of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise* funds are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses an enterprise fund to account for its Wastewater activities. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Vehicle Maintenance, Vehicle and Equipment Replacement, Self-insurance, Information Technology Replacement, 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. The proprietary fund financial statements can be found in section D of this report. Individual fund data for each of the internal service funds is provided in the form of combining statements on section L.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting for these funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found in sections D and M.

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 to the basic financial statements can be found in section E of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post employment benefits to its employees, and the General Fund's budgetary comparison schedule. Required supplementary information can be found in section F.

The combining statements are presented as other supplementary information. Combining and individual fund statements and schedules can be found in sections G through M.

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2013, assets exceeded liabilities by \$335.9 million, an increase of \$11.1 million over the prior year.

City of El Cajon
Statement of Net Position
Comparative Data as of June 30, 2013 and 2012

ASSETS	Governmental activities		Business-type activities		Total	
	2013	2012 <i>as restated</i>	2013	2012	2013	2012 <i>as restated</i>
Current & other assets	\$103,730,915	\$ 96,703,585	\$ 18,985,680	\$ 20,410,827	\$ 122,716,595	\$ 117,114,412
Capital assets, net	216,379,406	213,591,040	46,931,560	47,812,824	263,310,966	261,403,864
Total assets	320,110,321	310,294,625	65,917,240	68,223,651	386,027,561	378,518,276
LIABILITIES						
Long-term liabilities	21,922,081	29,590,120	10,101,256	10,100,534	32,023,337	39,690,654
Other liabilities	17,350,750	13,423,003	698,938	632,524	18,049,688	14,055,527
Total liabilities	39,272,831	43,013,123	10,800,194	10,733,058	50,073,025	53,746,181
NET POSITION						
Net investment in capital assets	193,537,908	187,945,040	37,072,743	37,954,007	230,610,651	225,899,047
Restricted	59,087,555	58,728,019	-	-	59,087,555	58,728,019
Unrestricted	28,212,027	20,608,443	18,044,303	19,536,586	46,256,330	40,145,029
Total net position	\$ 280,837,490	\$ 267,281,502	\$ 55,117,046	\$ 57,490,593	\$ 335,954,536	\$ 324,772,095

The largest portion of the City's total net position (\$230.6 million or 69%) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$59.0 million or 18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$46.2 million or 13%) can be used for ongoing operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

Governmental activities. Net position increased by \$13.5 million during the fiscal year as a result of the City's governmental activities.

City of El Cajon
Statement of Activities
Comparative Data as of June 30

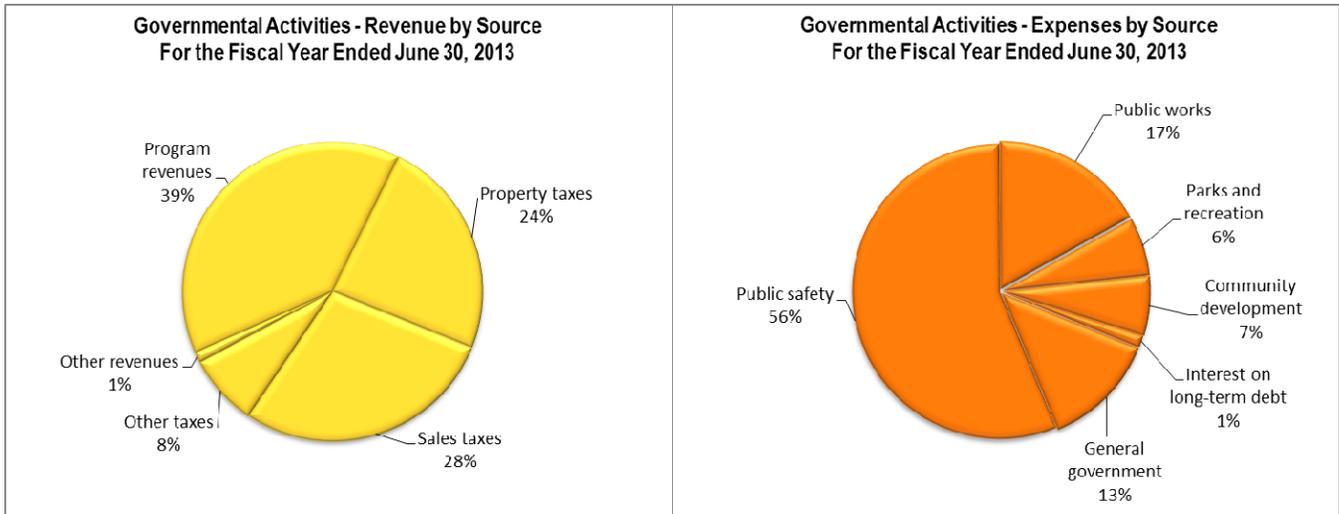
REVENUES	Governmental activities		Business-type activities		Total	
	2013	2012 <i>as restated</i>	2013	2012	2013	2012 <i>as restated</i>
Program revenues:						
Charges for services	\$ 10,423,271	\$ 9,042,953	\$ 15,369,359	\$ 13,382,226	\$ 25,792,630	\$ 22,425,179
Operating grants & contributions	6,811,610	9,264,974	-	-	6,811,610	9,264,974
Capital grants & contributions	16,162,285	9,396,184	-	-	16,162,285	9,396,184
General revenues:						
Property taxes	20,468,597	27,082,113	-	-	20,468,597	27,082,113
Sales taxes	24,328,310	22,466,903	-	-	24,328,310	22,466,903
Other taxes	6,593,424	6,515,050	-	-	6,593,424	6,515,050
Intergovernmental	51,550	-	-	-	51,550	-
Interest earnings	179,961	299,103	24,511	82,552	204,472	381,655
Other	1,352,057	1,531,970	15,015	1,465,778	1,367,072	2,997,748
Special item – net loss	(597,018)	-	(2,225)	-	(599,243)	-
Extraordinary gain	-	21,677,883	-	-	-	21,677,883
Total revenues	85,774,047	107,277,133	15,406,660	14,930,556	101,180,707	122,207,689
EXPENSES						
General government	9,148,684	7,696,562	-	-	9,148,684	7,696,562
Public safety	40,578,344	38,633,076	-	-	40,378,344	38,633,076
Public works	12,281,575	11,680,268	-	-	12,281,575	11,680,268
Parks & recreation	4,622,822	4,697,831	-	-	4,622,822	4,697,831
Community development	4,669,220	8,972,209	-	-	4,669,220	8,972,209
Interest on long-term debt	987,165	2,910,351	-	-	987,165	2,910,351
Wastewater	-	-	17,710,456	16,398,495	17,710,456	16,398,495
Total expenses	72,287,810	74,590,297	17,710,456	16,398,495	89,998,266	90,988,792
Increase (decrease) in net position						
before transfers	13,386,237	32,686,836	(2,303,796)	(1,467,939)	11,182,441	31,218,897
Transfers	69,751	5,682	(69,751)	(5,682)	-	-
Change in net position	13,555,988	32,692,518	(2,373,547)	(1,473,621)	11,182,441	31,218,897
Net position, beginning	267,281,502	234,588,984	57,490,593	58,964,214	324,772,095	293,553,198
Net position, ending	\$ 280,837,490	\$ 267,281,502	\$ 55,117,046	\$ 57,490,593	\$ 335,954,536	\$ 324,772,095

Key elements of this increase are as follows:

- Capital grants & contributions increased by \$6.7 million from the prior fiscal year. This reflects the land transferred to the El Cajon Housing Authority from the former redevelopment agency and an increase in the TransNet funds drawn down for transportation projects.

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

- Property taxes, one of the City's largest revenue sources, decreased by \$6.6 million from the prior year, a direct result of the dissolution of the El Cajon Redevelopment Agency and resulting loss of property tax increment revenues.
- Sales taxes, the other one of the City's largest revenue sources, increased by \$1.9 million from the prior year, primarily as a result of the improvement in the economy.
- Community development expenses decreased by \$4.3 million and general government expenses increased \$1.4 million, a direct result of the dissolution of the El Cajon Redevelopment Agency.
- Interest on long-term debt decreased by \$1.9 million, another direct result of the dissolution of the El Cajon Redevelopment Agency.
- The extraordinary gain in the prior year was the also result of the dissolution of the El Cajon Redevelopment Agency.



Business-type activities. The City's business-type activities consist solely of the wastewater enterprise fund, which reported a net position of \$55.1 million at June 30, 2013, a decline of \$2.3 million from the prior fiscal year. The largest portion of the wastewater net position (\$37.0 million or 67%) reflects the investment in capital assets used to deliver wastewater services. The remaining balance of unrestricted net position (\$18.0 million or 33%) can be used for ongoing operations without constraints established by enabling legislation or other legal requirements. Expenses continued to outpace revenues again this fiscal year but at a lesser amount than the prior year. The sewer rate increases approved in November 2011 has much to do with lessening the gap between revenues and expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

At June 30, 2013, the City's governmental funds reported combined fund balances of \$84.8 million, an increase of \$7.7 million. Approximately 13% of this amount (\$10.9 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spending form (\$6,550), 2) restricted for particular purposes (\$31.0 million), 3) committed for particular purposes (\$10.6 million), and 4) assigned for particular purposes (\$32.2 million).

General Fund. This is the City's chief operating fund. As of June 30, 2013, unassigned fund balance of the General Fund was \$10.9 million, while the total fund balance was \$26.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 19% of total General Fund expenditures for the year.

El Cajon Housing Authority Special Revenue Fund. This fund accounts for the housing enforceable obligations of the former El Cajon Redevelopment Agency for the purpose of developing low to moderate income housing. As of June 30, 2013, the Housing Authority had assets of \$14.1 million, 87% of which were loans receivable.

Public Safety Facilities Capital Projects Fund. This fund accounts for activities associated with the construction or upgrade to police, fire, and animal control facilities. As of June 30, 2013, the ending fund balance was \$18.9 million, an increase of \$1.4 million from the prior fiscal year. Revenues increased 7%, as the economy as picked up, while expenditures decreased 27%, as the Public Safety Center project is closing out and the other facilities construction/renovation has not yet begun in earnest..

Non-Major Governmental Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The total ending fund balances for these funds was approximately \$26 million at June 30, 2013. Comparing this amount to the prior year non-major governmental funds is not meaningful because the composition of the non-major funds changed significantly from fiscal year 2012-13.

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. Charges for Services revenues increased \$1.9 million or (14%) in large part due to a rate increase implemented in January 2012. However, expenses continue to outpace revenues, although at a slower rate than the prior year. Overall, net position decreased by \$2.3 million during the fiscal year.

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, two internal service funds are used to accumulate resources for the replacement of vehicles, equipment and information technology. The internal service funds net position at June 30, 2013, was \$11.8 million.

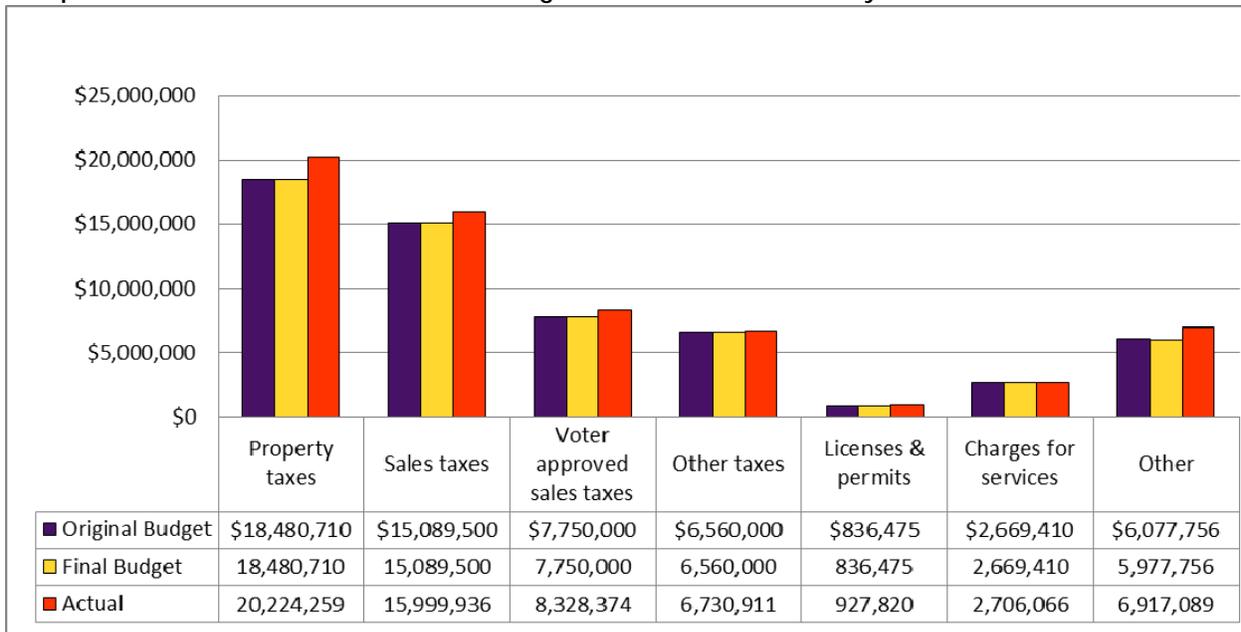
CITY OF EL CAJON
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the fiscal year ended June 30, 2013

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget anticipated General Fund revenues of \$57.3 million, expenditures of \$54.6 million, and other financing uses (transfers out) of \$2.4 million. The following graphs depict the original budget, final budget, and actual results for General Fund revenues and expenditures.

Actual revenues performed better than budgetary expectations by approximately \$4.4 million. Sales taxes and property taxes exceeded expectations, accounting for over \$3.5 million of the above improved performance. Most other revenues appeared to have improved from the general improvement in the economy.

Comparison of General Fund Revenues: Budget vs. Actual for the fiscal year ended June 30, 2013

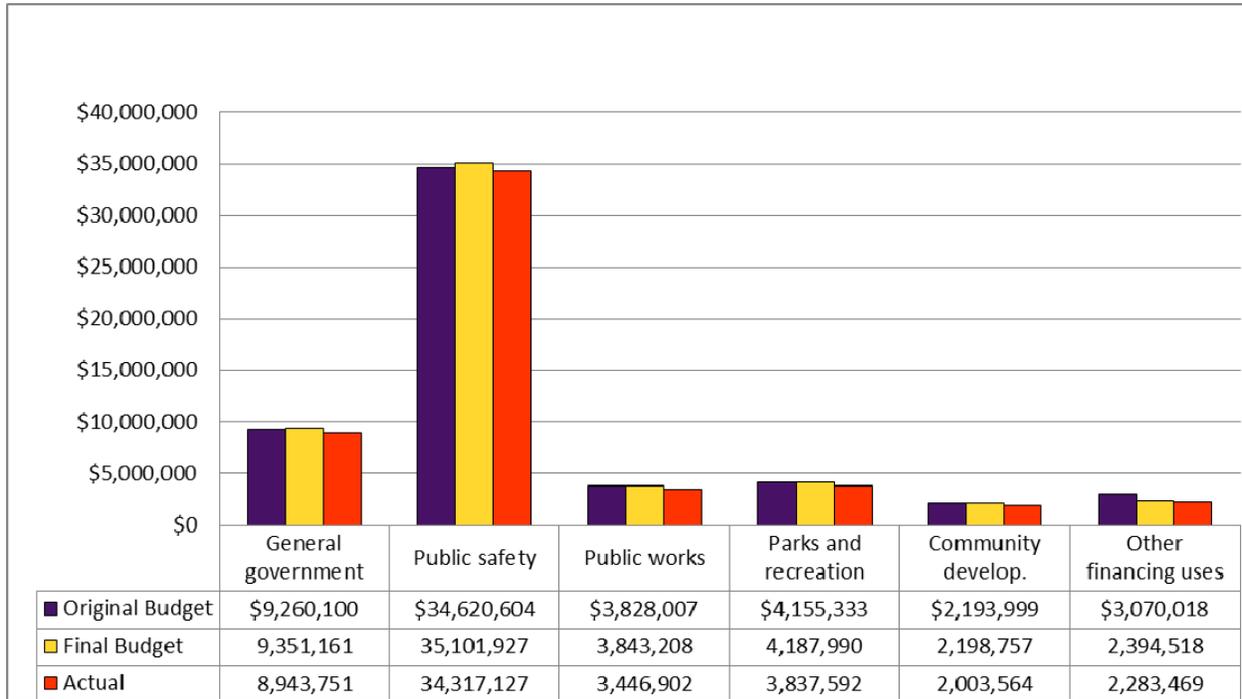


Actual expenditures were less than budget expectations by \$2.2 million. General government actuals were \$0.4 million less, public safety \$0.7 million less, and public works and parks and recreation each over \$0.3 million less than budget.

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

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

Comparison of General Fund Expenditures: Budget vs. Actual for the fiscal year ended June 30, 2013



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets as of June 30, 2013, totaled over \$263.3 million, an increase of \$1.9 million from the prior year. Additional information on the City's capital assets can be found in the notes to the financial statements.

City of El Cajon
Capital Assets (net of depreciation)
Comparative Data as of June 30

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 15,560,403	\$ 12,405,807	\$ 82,300	\$ 82,300	\$ 15,642,703	\$ 12,488,107
Rights of way	31,190,652	31,190,652	-	-	31,190,652	31,190,652
Construction in Progress	1,949,916	620,517	771,304	498,856	2,721,220	1,119,373
Land improvements	1,267,925	1,335,881	-	-	1,267,925	1,335,881
Buildings & improvements	70,338,401	70,759,672	195,027	202,250	70,533,428	70,961,922
Machinery & equipment	7,608,824	6,948,578	1,076,346	1,066,633	8,685,170	8,015,211
Interest in Mission Gorge Mains	-	-	8,462,965	8,646,943	8,462,965	8,646,943
Infrastructure	88,463,285	90,329,933	36,343,618	37,315,842	124,806,903	127,645,775
Total	\$ 216,379,406	\$ 213,591,040	46,931,560	\$ 47,812,824	263,310,966	\$261,403,864

CITY OF EL CAJON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2013

Long-term debt. The City's long-term debt decreased \$3.7 million this fiscal year. The majority of the decrease is due to the first principal payment on the 2009 revenue bonds.

City of El Cajon
Long-Term Debt
Comparative Data as of June 30

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Compensated absences	\$ 6,376,400	\$ 7,114,719	\$ 323,252	\$ 322,289	\$ 6,699,652	\$ 7,437,008
Claims payable	1,885,283	1,712,337	-	-	1,885,283	1,712,337
Revenue bonds (including premium)	22,575,828	25,644,158	-	-	22,575,828	25,644,158
Notes payable	394,000	451,000	-	-	394,000	451,000
Obligation due to SD Metro WW	-	-	9,858,817	9,858,817	9,858,817	9,858,817
Total	\$ 31,231,511	\$ 34,922,214	\$ 10,182,069	\$ 10,181,106	\$ 41,413,580	\$ 45,103,320

Compensated absences decreased in anticipation of the implementation of a vacation leave hours balance limit on July 1, 2013. Claims payable increased based upon the most recent biennial actuarial evaluation of the City's self-insurance fund. Additional information on the City's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered when preparing the City's General Fund budget for fiscal year 2013-14:

- The USD Index of leading economic indicators recorded positive monthly increases for twelve of the fifteen months between August 2012 and October 2013. The pace has been slow, but steady, and is expected to continue into 2014.
- The fiscal year 2013-14 General Fund budget expected revenues to increase modestly, 2.8% over the estimated actual revenues for fiscal year 2012-13, at the time of budget adoption.
- The General Fund expenditure budget for fiscal year 2013-14 reflects a \$2.4 million increase from the fiscal year 2012-13 actual expenditures, of which \$1.5 million is attributable to the most recent labor agreements which granted the first general salary increase since fiscal year 2006-07, and increasing benefit costs.

REQUESTS FOR INFORMATION

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

CITY OF EL CAJON
Statement of Net Position
June 30, 2013
(With Prior Year Data for Comparison Purposes Only)

	Governmental	Business-type	Totals	
	Activities	Activities	2013	2012
Assets:				
Cash and investments (note B)	\$ 69,560,793	\$ 11,811,907	\$ 81,372,700	\$ 81,863,268
Cash and investments with fiscal agent (note B)	2,642,418	-	2,642,418	2,639,328
Receivables:				
Accounts, net of allowance for bad debt (note C)	971,765	7,141,706	8,113,471	3,097,232
Interest	94,570	19,101	113,671	171,894
Intergovernmental	1,560,044	4,927	1,564,971	1,231,510
Loans (note D)	24,533,677	-	24,533,677	23,535,047
Taxes	3,368,033	8,039	3,376,072	3,840,795
Prepaid items	999,615	-	999,615	735,338
Capital assets, not being depreciated (note E):				
Land	15,560,403	82,300	15,642,703	12,488,107
Rights of way	31,190,652	-	31,190,652	31,190,652
Construction in progress	1,949,916	771,304	2,721,220	1,119,373
Capital assets, being depreciated, net (note E):				
Land improvements	1,267,925	-	1,267,925	1,335,881
Buildings and improvements	70,338,401	195,027	70,533,428	70,961,922
Machinery and equipment	7,608,824	1,076,346	8,685,170	8,015,211
Interest in Mission Gorge Mains	-	8,462,965	8,462,965	8,646,943
Infrastructure	88,463,285	36,343,618	124,806,903	127,645,775
Total assets	\$ 320,110,321	\$ 65,917,240	\$ 386,027,561	\$ 378,518,276
Liabilities:				
Accounts payable	\$ 1,905,620	\$ 307,283	\$ 2,212,903	\$ 2,564,605
Accrued interest payable	384,400	-	384,400	424,389
Accrued liabilities	1,175,302	198,806	1,374,108	1,401,838
Deposits payable	458,682	112,036	570,718	414,629
Unearned revenue	4,117,316	-	4,117,316	3,837,400
Long-term liabilities (note G):				
Due within one year	9,309,430	80,813	9,390,243	5,412,666
Due in more than one year	21,922,081	10,101,256	32,023,337	39,690,654
Total liabilities	39,272,831	10,800,194	50,073,025	53,746,181
Net position:				
Net investment in capital assets	193,537,908	37,072,743	230,610,651	225,899,047
Restricted for:				
Public safety facility project fund	18,957,380	-	18,957,380	17,539,456
Public safety	1,928,571	-	1,928,571	2,253,643
Public works	11,281,585	-	11,281,585	10,320,923
Parks and recreation	431,060	-	431,060	417,965
Community development	23,846,541	-	23,846,541	25,556,704
Debt service	2,642,418	-	2,642,418	2,639,328
Unrestricted	28,212,027	18,044,303	46,256,330	40,145,029
Total net position	\$ 280,837,490	\$ 55,117,046	\$ 335,954,536	\$ 324,772,095

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

CITY OF EL CAJON
Statement of Activities
For the fiscal year ended June 30, 2013
(With Prior Year Data For Comparison Purposes Only)

Functions/Programs:	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
Community development	\$ 4,669,220	\$ 2,166,733	\$ 2,174,299
General government	9,148,684	2,229,570	35,666
Parks and recreation	4,622,822	696,275	5,805
Public safety	40,578,344	4,145,824	1,807,203
Public works	12,281,575	1,184,869	2,788,637
Interest on long-term debt	987,165	-	-
	72,287,810	10,423,271	6,811,610
 Business-type activities:			
Wastewater	17,710,456	15,369,359	-
	17,710,456	15,369,359	-
 Total	\$ 89,998,266	\$ 25,792,630	\$ 6,811,610

General revenues:

Taxes

 Property taxes

 Sales taxes

 Franchise taxes

 Transient lodging taxes

 Business license taxes

Intergovernmental (unrestricted)

Investment earnings

Other

Special item - net loss on sale of properties

Extraordinary gain - net transfer of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning (as restated)

Net position, ending

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

Program Revenues Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		Totals	
	Governmental Activities	Business-type Activities	2013	2012
\$ 4,325,041	\$ 3,996,853	\$ -	\$ 3,996,853	\$ (3,452,484)
-	(6,883,448)	-	(6,883,448)	(6,513,877)
4,000	(3,916,742)	-	(3,916,742)	(4,003,790)
8,376,609	(26,248,708)	-	(26,248,708)	(24,188,399)
3,456,635	(4,851,434)	-	(4,851,434)	(5,817,285)
-	(987,165)	-	(987,165)	(2,910,351)
<u>16,162,285</u>	<u>(38,890,644)</u>	<u>-</u>	<u>(38,890,644)</u>	<u>(46,886,186)</u>
-	-	(2,341,097)	(2,341,097)	(3,016,269)
-	-	(2,341,097)	(2,341,097)	(3,016,269)
<u>\$ 16,162,285</u>	<u>(38,890,644)</u>	<u>(2,341,097)</u>	<u>(41,231,741)</u>	<u>(49,902,455)</u>
	20,468,597	-	20,468,597	27,082,113
	24,328,310	-	24,328,310	22,466,903
	4,767,474	-	4,767,474	4,721,291
	1,057,224	-	1,057,224	1,046,237
	768,726	-	768,726	747,522
	51,550	-	51,550	-
	179,961	24,511	204,472	381,655
	1,352,057	15,015	1,367,072	2,997,748
	(597,018)	(2,225)	(599,243)	-
	-	-	-	21,677,883
	69,751	(69,751)	-	-
	<u>52,446,632</u>	<u>(32,450)</u>	<u>52,414,182</u>	<u>81,121,352</u>
	13,555,988	(2,373,547)	11,182,441	31,218,897
	<u>267,281,502</u>	<u>57,490,593</u>	<u>324,772,095</u>	<u>293,553,198</u>
	<u>\$ 280,837,490</u>	<u>\$ 55,117,046</u>	<u>\$ 335,954,536</u>	<u>\$ 324,772,095</u>

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



CITY OF EL CAJON

Balance Sheet Governmental Funds June 30, 2013

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Housing Authority</u>	<u>Public Safety Facilities Project</u>	<u>Non-Major</u>	
Assets:					
Cash and investments (note B)	\$ 24,596,774	\$ 1,800,532	\$ 19,474,548	\$ 13,327,294	\$ 59,199,148
Cash and investments with fiscal agent	-	-	-	2,642,418	2,642,418
Receivables:					
Accounts (note C)	848,950	-	-	122,815	971,765
Interest	60,962	3,003	26,612	3,993	94,570
Intergovernmental	903,134	-	-	656,910	1,560,044
Loans (note D)	2,313,958	12,328,367	-	9,851,222	24,493,547
Taxes	2,758,204	-	581,100	28,729	3,368,033
Prepaid items	2,331	1,039	-	3,180	6,550
Total assets	<u>\$ 31,484,313</u>	<u>\$ 14,132,941</u>	<u>\$ 20,082,260</u>	<u>\$ 26,636,561</u>	<u>\$ 92,336,075</u>
Liabilities:					
Accounts payable	\$ 552,858	\$ 14,770	\$ 570,572	\$ 597,525	\$ 1,735,725
Accrued liabilities	1,126,359	1,797	1,619	29,605	1,159,380
Deposits payable	458,584	-	-	98	458,682
Unearned revenue	2,812,458	752,169	552,689	-	4,117,316
Total liabilities	<u>4,950,259</u>	<u>768,736</u>	<u>1,124,880</u>	<u>627,228</u>	<u>7,471,103</u>
Fund balance:					
Nonspendable					
Prepaid items	2,331	1,039	-	3,180	6,550
Restricted					
Animal shelter operations	-	-	-	38,237	38,237
Animal shelter project	-	-	-	241,716	241,716
Community development	-	1,034,799	-	647,280	1,682,079
Debt service	-	-	-	2,642,418	2,642,418
Loans receivable (note D)	-	12,328,367	-	9,851,222	22,179,589
Public safety	-	-	-	1,284,271	1,284,271
Public works project	-	-	-	153,022	153,022
RTCIP impact fee	-	-	-	137,848	137,848
Transportation projects	-	-	-	2,713,620	2,713,620
Committed	10,614,730	-	-	-	10,614,730
Assigned					
Capital projects	-	-	18,957,380	8,313,040	27,270,420
SB 90 disallowed costs	1,427,648	-	-	-	1,427,648
Unfunded retirement obligations	3,520,000	-	-	-	3,520,000
Unassigned	10,969,345	-	-	(16,521)	10,952,824
Total fund balance	<u>26,534,054</u>	<u>13,364,205</u>	<u>18,957,380</u>	<u>26,009,333</u>	<u>84,864,972</u>
Total liabilities and fund balance	<u>\$ 31,484,313</u>	<u>\$ 14,132,941</u>	<u>\$ 20,082,260</u>	<u>\$ 26,636,561</u>	<u>\$ 92,336,075</u>

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

CITY OF EL CAJON
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Governmental Funds
June 30, 2013

Fund balances of governmental funds (page D-1) \$ 84,864,972

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 funds.

Capital assets	324,501,146
Accumulated depreciation	(111,771,894)

Prepaid expense (net OPEB asset) that are expended in governmental funds when paid and are recorded as an asset for the purposes of the statement of net position.

993,065

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Bonds payable	(22,255,000)
Notes payable	(394,000)
Compensated absences	(6,247,231)

Bond premium that was expended in governmental funds when paid and is capitalized and amortized over the life of the corresponding bond for the purposes of the statement of net position.

(320,828)

Accrued interest receivable for the current portion of interest due on loans receivable has not been reported in the governmental funds.

40,130

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.

(384,400)

Internal service funds are used by management to charge costs to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:

Capital assets	10,753,788
Accumulated depreciation	(7,103,634)
Compensated absences	(129,169)
Claims payable	(1,885,283)
Other assets and liabilities	10,175,828

Net position of governmental activities (page C-1)	\$ 280,837,490
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The accompanying notes are an integral part of these financial statements.

CITY OF EL CAJON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2013

	Special Revenue		Capital Projects		Total Governmental Funds
	General	Housing Authority	Public Safety Facilities Project	Non-Major	
Revenues:					
Charges for services	\$ 5,964,400	\$ -	\$ -	\$ -	\$ 5,964,400
Intergovernmental	733,343	-	-	6,039,466	6,772,809
Investment earnings	179,961	22,692	34,172	80,824	317,649
Licenses and permits	959,941	-	-	-	959,941
Other	5,862,784	405,669	5,019	622,163	6,895,635
Taxes	51,769,160	-	8,334,328	2,798,900	62,902,388
Total revenues	<u>65,469,589</u>	<u>428,361</u>	<u>8,373,519</u>	<u>9,541,353</u>	<u>83,812,822</u>
Expenditures:					
Current					
Community development	2,003,564	2,058,281	-	951,693	5,013,538
General government	8,943,751	-	-	-	8,943,751
Parks and recreation	4,321,782	-	-	40,849	4,362,631
Public safety	38,641,782	-	-	574,892	39,216,674
Public works	3,446,902	-	-	2,076,522	5,523,424
Capital outlay	-	-	3,051,295	6,003,206	9,054,501
Debt service					
Interest	-	-	-	987,165	987,165
Principal	-	-	-	2,997,000	2,997,000
Total expenditures	<u>57,357,781</u>	<u>2,058,281</u>	<u>3,051,295</u>	<u>13,631,327</u>	<u>76,098,684</u>
Excess (deficiency) of revenues over (under) expenditures	8,111,808	(1,629,920)	5,322,224	(4,089,974)	7,714,138
Other financing sources (uses):					
Transfers in	1,412,033	-	-	10,143,175	11,555,208
Transfers out	<u>(2,497,501)</u>	<u>-</u>	<u>(3,904,300)</u>	<u>(5,149,889)</u>	<u>(11,551,690)</u>
Total other financing sources (uses)	<u>(1,085,468)</u>	<u>-</u>	<u>(3,904,300)</u>	<u>4,993,286</u>	<u>3,518</u>
Net change in fund balances	7,026,340	(1,629,920)	1,417,924	903,312	7,717,656
Fund balances, beginning	19,507,714	14,994,125	17,539,456	25,106,021	77,147,316
Fund balances, ending	<u>\$ 26,534,054</u>	<u>\$ 13,364,205</u>	<u>\$ 18,957,380</u>	<u>\$ 26,009,333</u>	<u>\$ 84,864,972</u>

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

CITY OF EL CAJON

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Governmental Funds For the fiscal year ended June 30, 2013

Net changes in fund balances - total governmental funds (page D-3)	\$ 7,717,656
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays excluding the internal service funds exceeded depreciation in the current period.	
Capital outlay	9,674,333
Depreciation expense	(7,773,721)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	259,352
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Notes payable	3,125,330
The statement of net position includes accrued interest on long term debt.	39,989
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.	724,135
The statement of net position includes accrued interest on loans receivable.	(13,233)
Internal service funds are not governmental funds. However, they are used by management to charge the net costs of certain activities such as insurance, vehicle maintenance and replacement, information technology replacement to individual governmental funds. The net expense of the internal service funds is reported with governmental activities.	<u>(197,853)</u>
Changes in net position of governmental activities (page C-3)	<u>\$ 13,555,988</u>

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

CITY OF EL CAJON
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
	Wastewater	
Assets:		
Current assets:		
Cash and investments (note B)	\$ 11,811,907	\$ 10,361,645
Receivables:		
Accounts, net of allowance for bad debt (note C)	7,141,706	-
Intergovernmental	4,927	-
Interest	19,101	-
Taxes	8,039	-
Total current assets	<u>18,985,680</u>	<u>10,361,645</u>
Non-current assets:		
Capital assets, not being depreciated (note E):		
Land	82,300	-
Construction in progress	771,304	-
Capital assets, being depreciated, net (note E):		
Buildings and improvements	195,027	-
Machinery and equipment	1,076,346	3,650,154
Interest in Mission Gorge Mains	8,462,965	-
Infrastructure	36,343,618	-
Total non-current assets	<u>46,931,560</u>	<u>3,650,154</u>
Total assets	<u>\$ 65,917,240</u>	<u>\$ 14,011,799</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 307,283	\$ 169,895
Accrued liabilities	198,806	15,922
Claims payable-current (note K)	-	400,000
Compensated absences payable (note G)	80,813	32,292
Deposits payable	112,036	-
Total current liabilities	<u>698,938</u>	<u>618,109</u>
Non-current liabilities:		
Claims payable (note K)	-	1,485,283
Compensated absences payable (note G)	242,439	96,877
SD Metro Wastewater (note G)	9,858,817	-
Total non-current liabilities	<u>10,101,256</u>	<u>1,582,160</u>
Total liabilities	<u>10,800,194</u>	<u>2,200,269</u>
Net position:		
Net investment in capital assets	37,072,743	3,650,154
Unrestricted	<u>18,044,303</u>	<u>8,161,376</u>
Total net position	<u>\$ 55,117,046</u>	<u>\$ 11,811,530</u>

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, 2013

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
	Wastewater	Internal Service Funds
Operating revenues:		
Charges for services	\$ 15,353,284	\$ 5,214,746
Fines	8,800	-
Licenses and permits	7,275	-
	15,369,359	5,214,746
Operating expenses:		
Salaries and benefits	2,768,668	1,796,358
Materials, services and supplies	13,208,667	2,594,005
Insurance claims/premiums	-	788,403
Depreciation	1,733,121	577,298
	17,710,456	5,756,064
Operating income (loss)	(2,341,097)	(541,318)
Non-operating revenues (expenses):		
Investment earnings	24,511	-
Other revenue	15,015	277,232
(Loss) on disposal of assets	(2,225)	-
	37,301	277,232
Income (loss) before operating transfers	(2,303,796)	(264,086)
Transfers:		
Transfers in	-	66,233
Transfers out	(69,751)	-
	(69,751)	66,233
Change in net position	(2,373,547)	(197,853)
Net position, beginning	57,490,593	12,009,383
Net position, ending	\$ 55,117,046	\$ 11,811,530

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, 2013

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
	Wastewater	
Cash flows from operating activities:		
Receipts from customers and charges to other funds	\$ 10,632,182	\$ 5,214,746
Payments to suppliers	(13,289,746)	(3,263,580)
Payments to employees	(2,620,453)	(1,794,620)
Net cash provided by (used for) operating activities	<u>(5,278,017)</u>	<u>156,546</u>
Cash flows from noncapital financing activities:		
Transfer in from other funds	-	66,233
Other revenue	15,015	277,232
Net cash provided by noncapital financing activities	<u>15,015</u>	<u>343,465</u>
Cash flows from capital and related financing activities:		
Acquisitions of infrastructure, machinery and equipment	(923,833)	(1,465,052)
Net cash provided by (used for) capital and related financing activities	<u>(923,833)</u>	<u>(1,465,052)</u>
Cash flows from investing activities:		
Interest and dividends received	45,730	-
Net cash provided by investing activities	<u>45,730</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	(6,141,105)	(965,041)
Cash and cash equivalents - July 1	17,953,012	11,326,686
Cash and cash equivalents - June 30	<u>\$ 11,811,907</u>	<u>\$ 10,361,645</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (2,341,097)	\$ (541,318)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	1,733,121	577,298
Changes in assets and liabilities:		
(Increase) in accounts receivable, net of allowance for bad debt	(4,872,715)	-
Decrease in intergovernmental receivable	141,853	-
Decrease in taxes receivable	(6,315)	-
(Decrease) in accounts payable	(84,329)	(54,118)
Increase in accrued liabilities	147,252	15,922
Increase in deposits payable	3,250	-
Increase in claims payable	-	172,946
Increase (decrease) in compensated absences payable	963	(14,184)
Total adjustments	<u>(2,936,920)</u>	<u>697,864</u>
Net cash provided by (used for) operating activities	<u>\$ (5,278,017)</u>	<u>\$ 156,546</u>
Noncash investing, capital, and financing activities:		
Loss on disposal of sewer infrastructure	\$ -	\$ -

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

CITY OF EL CAJON
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>	<u>Successor Agency to the Former El Cajon Redevelopment Agency</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 1,338,378	\$ 6,718,033	\$ 8,056,411
Cash with fiscal agent	-	6,357,881	6,357,881
Receivables:			
Accounts	217,798	-	217,798
Interest	2,147	1,575	3,722
Loans	3,500	4,527,304	4,530,804
Prepaid bond insurance	585	146,974	147,559
Assets held for resale	-	20,445,918	20,445,918
Capital assets:			
Land and nondepreciable capital assets	-	1,934,508	1,934,508
Depreciable assets, net	-	5,190,263	5,190,263
 Total assets	 <u>\$ 1,562,408</u>	 <u>\$ 45,322,456</u>	 <u>\$ 46,884,864</u>
 Liabilities:			
Accounts payable	\$ 229,631	\$ 724,247	\$ 953,878
Accrued liabilities	28,776	-	28,776
Interest payable	-	853,857	853,857
Deposits payable	-	2,000	2,000
Deferred revenue	320,000	-	320,000
Long-term debt	-	64,949,852	64,949,852
Sundry agency liabilities	984,001	-	984,001
 Total liabilities	 <u>\$ 1,562,408</u>	 <u>66,529,956</u>	 <u>68,092,364</u>
 Net position:			
Held in trust for Successor Agency to the El Cajon Redevelopment Agency		<u>\$ (21,207,500)</u>	<u>\$ (21,207,500)</u>

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

City of El Cajon
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the fiscal year ended June 30, 2013

	<u>Successor Agency to the Former El Cajon Redevelopment Agency</u>
ADDITIONS:	
Property taxes	\$ 7,833,273
Intergovernmental	1,737,912
Investment earnings	36,284
Others	<u>43,412</u>
Total additions	<u>9,650,881</u>
 DEDUCTIONS:	
Administrative expenses	253,016
Program expenses of former redevelopment agency	2,287,345
Payments to affected taxing entities	3,170,390
Interest and fiscal agency expenses of former redevelopment agency	<u>3,460,346</u>
Total deductions	<u>9,171,097</u>
Change in net position	479,784
Net position, beginning, as restated (note P)	<u>(21,687,284)</u>
Net position, ending	<u><u>\$ (21,207,500)</u></u>

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



CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of El Cajon have been prepared in conformity with generally accepted accounting principles in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. Reporting entity

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

2. Component units

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

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

El Cajon Housing Authority

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

El Cajon Public Financing Authority

The El Cajon Public Financing Authority (ECPFA) is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement (JPA Agreement), dated as of November 9, 2004, between the City and the former Redevelopment Agency. The JPA Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of aiding the financing of projects for the City and the former Redevelopment Agency. A five-member Board governs the Authority. The City's council members constitute the Board of the Authority. Separately issued financial statements may be obtained from ECPFA, 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, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Component units (continued)

The following entity is not considered a component unit of the City of El Cajon.

Successor Agency to the Former El Cajon Redevelopment Agency

The Successor Agency to the Former El Cajon Redevelopment Agency (Successor Agency) operates under the auspices of a legislatively formed Oversight Board comprised of representatives of the affected taxing entities of the redevelopment project area. The Oversight Board, in its fiduciary capacity, has authority over the operations and the timely dissolution of the former Redevelopment Agency. It 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. Separately issued financial statements can be obtained from the Successor Agency, c/o City of El Cajon Finance Department, 200 Civic Center Way, El Cajon, CA 92020.

3. Basic financial statements

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-Wide Statements

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

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

Fund Financial Statements

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

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basic financial statements (continued)

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

Major Funds

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

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

Ten percent criterion – Any governmental fund that reports at least 10 percent of *any* of the following: total governmental fund assets; total governmental fund liabilities; total governmental fund revenues; or total governmental fund expenditures.

Five percent criterion – Any individual governmental fund that reports at least 5 percent of the total for both governmental and *enterprise* funds of any one of the items for which it met the 10 percent criterion above.

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

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

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

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

The City reports the following major enterprise fund:

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

The City also reports the following fund types:

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

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basic financial statements (continued)

Fiduciary Funds. These funds account for assets held by the City in a purely custodial capacity for other funds, governments or individuals.

4. Basis of accounting

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

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The primary revenue sources susceptible to accrual are taxes and earnings on investments.

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

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

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Positions*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the accompanying financial statements as of June 30, 2013.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. State and local governments enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflow of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The beginning net position of governmental activities has been restated to reflect the change in accounting principles as follows:

GOVERNMENTAL ACTIVITIES

Beginning balance	\$271,211,529
Amount previously included in Assets in the Government Wide Financial Statements has been restated as a prior year expenditure	
Unamortized bond issuance cost	(207,191)
Unearned revenue from sale of facility and interest on loans receivable that were previously eliminated in the Government Wide Financial Statements	
Sale of facility	(3,062,497)
Interest on loans receivable	(660,339)
	\$267,281,502
Beginning balance, as restated	\$267,281,502

6. Property taxes

The County of San Diego (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the City. The City's current year tax collection is received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on the property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

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

7. Budgetary information

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) by the City Council annually prior to the beginning of the fiscal year. The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager and a final recommended budget that is transmitted to the City Council for its review before the required date of adoption. Once transmitted to the City Council, the proposed budget is made available for inspection. Prior to adoption, a budget workshop meeting is held by the City Council. A public hearing is held to give the public the opportunity to comment upon the proposed budget. Notice of such public hearing is given in a newspaper of general circulation.

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

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Encumbrances

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

9. Cash and cash equivalents

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

10. Investments

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

11. Capital assets

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Improvements are capitalized and depreciated (if applicable) over the remaining useful lives of the related capital assets.

Capital assets and the related obligations acquired under lease/purchase agreements, if any, are capitalized and accounted for in accordance with the FASB Codification.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Interfund transactions and balances

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

13. Claims and judgments

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

14. Fund balances

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

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

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

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

Assigned fund balance – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Manager is the designated official for establishing fund balance assignments per City Council Policy B-12.

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

City Council Policy B-12 also establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by assigned amounts, then the unassigned amounts.

In the General Fund, Committed fund balance represents the operating reserve equal to 20% of annual expenditures, adjusted each year in conjunction with the City Council's adoption of the annual budget. Assigned fund balance is composed of an amount to repay disallowed mandated cost claims filed with the State of California (Note L) and an amount to assist in accelerating the reduction of the unfunded pension liability. Unassigned fund balance represents the residual fund balance and is intended to stabilize delivery of City services during periods of operational budget deficits and to mitigate the effects of major economic uncertainties resulting from unforeseen changes in revenues and/or expenditures.

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

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

15. 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.

16. 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.

17. Prepaid items

Prepaid items represent expenses paid late in the current fiscal year for services to be provided early in the following fiscal year.

18. Prior year data

The information included in the accompanying government-wide financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. To enhance the comparability of prior year data with current year figures, prior year data was restated to reflect implementation of GASB Statement Nos. 63 and 65, and certain minor reclassifications have been made

NOTE B: CASH AND INVESTMENTS

Cash and investments as of June 30, 2013, totaled \$98,429,410, and are reflected in the accompanying financial statements and consist of the following:

Cash and investments in the financial statements	Cash and investments consist of the following
STATEMENT OF NET POSITION-	
Cash and investments \$ 81,372,700	Cash on hand \$ 5,202
Cash and investments with fiscal agent 2,642,418	Deposits with financial institutions 2,526,579
FIDUCIARY FUNDS-	
Cash and investments 8,056,411	Investments 95,897,629
Cash and investments with fiscal agent 6,357,881	
Total cash and investments <u>\$ 98,429,410</u>	Total cash and investments <u>\$ 98,429,410</u>

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE B: CASH AND INVESTMENTS (continued)

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

The table below 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.

<u>Investment Types Authorized by State Law and the City's Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
US Treasury Obligations	5 years	None	None
US Agency Securities	5 years	None	None
Commercial Paper	270 days	25%	10%
Repurchase Agreements	30 days	30%	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	15%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Certificates of Deposit	1 year	20%	None
JPA Pools (other investment pools)/CAMP	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 50,000,000 <i>per LAIF account</i>

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
General Obligations of States	None	None	None
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 50,000,000 <i>per LAIF account</i>

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE B: CASH AND INVESTMENTS (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in months)</u>			
		<u>12 or less</u>	<u>13 to 24</u>	<u>25 to 60</u>	<u>> 60</u>
US Agency securities	\$ 34,898,096	\$ 5,546,405	\$ 6,003,000	\$ 23,348,691	\$ -
US Treasuries	1,498,477	1,498,477	-	-	-
CAMP cash pool	208,209	208,209	-	-	-
LAIF (3 accounts)	55,333,109	55,333,109	-	-	-
Held by fiscal agent:					
US Agency securities	2,634,287	-	2,634,287	-	-
CAMP cash pool	8,131	8,131	-	-	-
Invesco Treasury Private Fund	<u>1,317,320</u>	<u>1,317,320</u>	-	-	-
Total	<u>\$ 95,897,629</u>	<u>\$ 63,911,651</u>	<u>\$ 8,637,287</u>	<u>\$ 23,348,691</u>	<u>\$ -</u>

Investments with Fair Value Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2013, 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 provided above).

Disclosures Relating to 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>Not Rated</u>
US Agency securities	\$ 34,898,096	N/A	AA+	\$ -
US Treasuries	1,498,477	N/A	AA+	-
CAMP cash pool	208,209	N/A	AAAm	-
LAIF (3 accounts)	55,333,109	N/A	Not Rated	55,333,109
Held by fiscal agent:				
US Agency securities	2,634,287	N/A	AA+	-
CAMP cash pool	8,131	N/A	AAAm	-
Invesco Treasury Private Fund	<u>1,317,320</u>	AAA	AAAm	-
Total	<u>\$ 95,897,629</u>			

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE B: CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Type</u>	<u>Amount</u>
Federal Home Loan Mortgage Corp.	Federal Agency Securities	\$ 9,989,720
Federal National Mortgage Association	Federal Agency Securities	22,933,316

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 Entity'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, 2013, \$0 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is \$50,000,000 per account.

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE B: CASH AND INVESTMENTS (continued)

Investment in JPA Pool/CAMP

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

NOTE C: ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD DEBT

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

Governmental Activities:		Business-type Activities:	
General Fund	\$ 848,950	Wastewater	\$8,291,706
Non-major special revenue fund	109,432		
Non-major capital projects fund	<u>13,383</u>	Less allowance for bad debt	<u>(1,150,000)</u>
Total Governmental Activities	<u>\$ 971,765</u>	Total Business-type Activities	<u>\$7,141,706</u>

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

NOTE D: LOANS RECEIVABLE

Lexington Avenue Senior Apartments \$ 288,750

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

El Cajon Gardens, L.P. (Laurel Village Project), Loan #1 \$ 831,994

In fiscal year 1998, the City loaned \$832,000 of HOME Program funds to the El Cajon Gardens, L.P., for the purpose of acquiring and rehabilitating forty-two apartment units on Leslie Road. The loan is secured by a Deed of Trust. The original note, due and payable on September 11, 2012, was modified on February 14, 2013, extending the due date to July 1, 2014. The balance outstanding includes principal and accrued interest of \$831,896 and \$98, respectively, as of June 30, 2013.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE D: LOANS RECEIVABLE (continued)

El Cajon Gardens, L.P. (Laurel Village Project), Loan #2 **\$ 1,312,134**

Additionally, in fiscal year 1998, the former Redevelopment Agency entered into an Affordable Housing Agreement with El Cajon Gardens, L.P. for the same project. Under the agreement, which was subsequently amended on June 1, 1999, the Agency agreed to loan up to \$690,000, at an interest rate of 6%. The loan is secured by a Deed of Trust. The loan is to be repaid on or about May 31, 2014, unless certain other conditions as outlined in the amendment allow the repayment date to be later. The balance outstanding includes principal and accrued interest of \$690,000 and \$622,134, respectively, as of June 30, 2013. This loan is now an asset of the El Cajon Housing Authority as the successor housing entity.

Chambers Senior Residences, L.P. **\$ 4,628,872**

In fiscal year 2010, the former Redevelopment Agency entered into a Disposition Development Agreement with Chambers Senior Residences, L.P. for the development and construction of affordable housing units for forty-eight senior households with very low income and family households with moderate income. The former Redevelopment Agency agreed to provide a loan up to \$4,500,000, secured by a Deed of Trust. The loan bears interest at the rate of 3%. Loan repayments will be based on residual receipts from the monies earned on the property once it is built. As of June 30, 2013, the Housing Authority, as the successor for housing assets and obligations, had disbursed \$4,500,000 to the developer for development and construction costs. The balance outstanding includes principal and accrued interest of \$4,500,000 and \$128,872, respectively, at June 30, 2013. This loan is now an asset of the El Cajon Housing Authority as the successor housing entity.

Bay Kitchen and Bath Remodelers **\$ 252,679**

On March 14, 2011, the former Redevelopment Agency entered into an Affordable Housing Agreement with James and Marcia Miller (dba Bay Kitchen and Bath Remodelers) for participation in the former Agency's Greenovation Program. The program was established to eliminate blight throughout the inner city by substantially rehabilitating substandard housing properties, while providing affordable housing opportunities to the citizens of El Cajon. The former Agency agreed to provide up to \$550,000 of low and moderate income housing funds as program loan, secured by a Deed of Trust. The loan bears at the rate of 3.25%. Principal and interest payment are due and payable six (6) months from the date of the recordation of Deed of Trust. As of June 30, 2013, the Housing Authority, as the successor for housing assets and obligations, had disbursed \$251,516 for the acquisition of a property to be rehabilitated. The balance outstanding of the loan includes principal and accrued interest of \$251,516 and \$1,163, respectively, at June 30, 2013. This loan is now an asset of the El Cajon Housing Authority as the successor housing entity.

Successor Agency to the Former El Cajon Redevelopment Agency, Land Sale **\$ 2,354,088**

The City entered into an agreement with the former Redevelopment Agency to sell the property at 100 Fletcher Parkway on June 15, 2011. The property was the site of the former police facility. The appraisal was for \$4,850,000, which was the purchase price of the property. The former Redevelopment Agency made a \$1,000,000 down payment and executed a Promissory Note secured by a Deed of Trust for \$3,850,000. The note bears an interest rate of 3% and requires annual payments of \$840,665 for five years. The balance outstanding includes principal and accrued interest of \$2,313,958 and \$40,130, respectively. See Note O, Subsequent Events, for additional information regarding this loan.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE D: LOANS RECEIVABLE (continued)

Successor Agency to the Former El Cajon Redevelopment Agency, Operations Loan **\$ 705,945**

On May 16, 2012, the City entered into a Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan with the Successor Agency to the former El Cajon Redevelopment Agency. The agreement provided for the City advancing funds to the Successor Agency when allocation of property tax from the Redevelopment Property Tax Trust Fund (RPTTF) is not received or adequate to fund the Successor Agency's project and administrative costs. In fiscal year 2012-13, the City made two loans to the Successor Agency in the amounts of \$662,382 and \$42,750 to fund unanticipated project costs. These loans were placed in the Successor Agency's Recognized Obligation Payment Schedules (ROPS) and have been approved for repayment in fiscal year 2013-14. The total amount due includes accrued interest of \$813 as of June 30, 2013.

Other Various Rehabilitation Loans **\$ 14,159,215**

The City and former Redevelopment Agency have made various rehabilitation loans to low income households during the past few years. Provided that the Borrower continues to occupy the property as their primary residence, the principal sum is to be repaid upon the sale, transfer or change in title to the property. A few of the loans are forgivable if the Borrower meets certain criteria. The loans are secured by a Deed of Trust and bear no interest. The outstanding balances on these loans are as follows: CDBG \$353,890; HOME program \$8,191,164; CAL HOME \$474,174; and Housing Authority (Low/Moderate Income Housing Assets) \$5,139,987.

Total Loans Receivable **\$ 24,533,677**

NOTE E: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 12,405,807	\$4,519,614	\$(1,365,018)	\$ 15,560,403
Rights of way	31,190,652	-	-	31,190,652
Construction in progress	620,517	3,918,929	(2,589,530)	1,949,916
Total assets, not being depreciated	<u>44,216,976</u>	<u>8,438,543</u>	<u>(3,954,548)</u>	<u>48,700,971</u>
Capital assets being depreciated:				
Land improvements	1,945,293	56,440	-	2,001,733
Buildings and improvements	82,135,833	2,311,963	-	84,447,796
Machinery and equipment	18,860,999	1,697,459	(51,631)	20,506,827
Infrastructure	177,008,077	2,589,530	-	179,597,607
Total assets being depreciated	<u>279,950,202</u>	<u>6,655,392</u>	<u>(51,631)</u>	<u>286,553,963</u>
Less accumulated depreciation for:				
Land improvements	(609,412)	(124,396)	-	(733,808)
Buildings and improvements	(11,376,161)	(2,733,234)	-	(14,109,395)
Machinery and equipment	(11,912,421)	(1,037,213)	51,631	(12,898,003)
Infrastructure	(86,678,144)	(4,456,178)	-	(91,134,322)
Total accumulated depreciation	<u>(110,576,138)</u>	<u>(8,351,021)</u>	<u>51,631</u>	<u>(118,875,528)</u>
Total capital assets being depreciated, net	<u>169,374,064</u>	<u>(1,695,629)</u>	<u>-</u>	<u>167,678,435</u>
Governmental activity capital assets, net	<u>\$ 213,591,040</u>	<u>6,742,914</u>	<u>(3,954,548)</u>	<u>\$ 216,379,406</u>

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE E: CAPITAL ASSETS (continued)

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Business-type activities				
Land	\$ 82,300	\$ -	\$ -	\$ 82,300
Construction in progress	498,856	625,994	(353,546)	771,304
Total assets, not being depreciated	<u>581,156</u>	<u>625,994</u>	<u>(353,546)</u>	<u>853,604</u>
Capital assets being depreciated:				
Buildings and improvements	427,527	-	-	427,527
Machinery and equipment	2,262,781	228,088	(14,831)	2,476,038
Interest in Mission Gorge Mains	11,038,654	-	-	11,038,654
Infrastructure	76,467,926	353,546	-	76,821,472
Total assets being depreciated	<u>90,196,888</u>	<u>581,634</u>	<u>(14,831)</u>	<u>90,763,691</u>
Less accumulated depreciation for:				
Buildings and improvements	(225,277)	(7,223)	-	(232,500)
Machinery and equipment	(1,196,148)	(216,150)	12,606	(1,399,692)
Interest in Mission Gorge Mains	(2,391,711)	(183,978)	-	(2,575,689)
Infrastructure	(39,152,084)	(1,325,770)	-	(40,477,854)
Total accumulated depreciation	<u>(42,965,220)</u>	<u>(1,733,121)</u>	<u>12,606</u>	<u>(44,685,735)</u>
Total capital assets being depreciated, net	<u>47,231,668</u>	<u>(1,151,487)</u>	<u>(2,225)</u>	<u>46,077,956</u>
Business-type activity capital assets, net	<u>\$ 47,812,824</u>	<u>(525,493)</u>	<u>(355,771)</u>	<u>\$ 46,931,560</u>

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

Governmental Activities:		Business Type Activities:	
General government	\$ 478,121	Wastewater	\$ 1,733,121
Public safety	2,940,511		
Public works	4,608,139		
Parks and recreation	324,250		
Total depreciation expense	<u>\$ 8,351,021</u>	Total depreciation expense	<u>\$ 1,733,121</u>

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE F: INTERFUND TRANSACTIONS AND BALANCES

Transfers to and from funds for the year ended June 30, 2013, were as follows:

Transfers to General Fund from:		
NON-MAJOR SPECIAL REVENUE FUNDS		
Local Public Safety	\$ 95,000	(a)
CDBG	59,982	(a)
NON-MAJOR CAPITAL PROJECTS FUNDS		
Transportation Projects	59,050	(a)
Transfers to Non-Major Governmental Funds from:		
GENERAL FUND	1,299,500	(a)
CAPITAL PROJECTS FUND-PUBLIC SAFETY FACILITIES PROJECT	3,904,300	(b)
NON-MAJOR SPECIAL REVENUE FUNDS		
Gas Tax	380,000	(a)
Local Public Safety	13,730	(a)
Federal, State, and Local Grants	119,420	(a)
CDBG	1,007,514	(a)
NON-MAJOR CAPITAL PROJECTS FUNDS		
Park Impact Fees	9,744	(a)
Capital Improvement Program	106,039	(a)
Transportation Projects	3,233,177	(a)
BUSINESS-TYPE ACTIVITY ENTERPRISE FUND-WASTEWATER	69,751	(a)
Transfers to Internal Service Funds from:		
NON-MAJOR SPECIAL REVENUE FUNDS		
Federal, State, and Local Grants	66,233	(a)
Transfers to General Fund (Emergency Medical Service) from:		
GENERAL FUND	1,198,001	(c)
	<u>\$ 11,621,441</u>	

Transfers are used to (a) subsidize various programs and capital projects; (b) debt service payment obligation of the El Cajon Public Financing Authority as further explained in Note G; or (c) subsidy of Emergency Medical Service that is accounted for as a separate fund by the City but reported as General Fund for financial statement purposes in accordance with GASB Statement No. 54.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE G: LONG-TERM LIABILITIES

Summary of the changes in long-term liabilities for the fiscal year ended June 30, 2013, is as follows:

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Compensated absences	\$ 7,114,719	\$2,450,554	\$ (3,188,873)	\$ 6,376,400	\$ 1,594,100
Claims payable (note K)	1,712,337	961,349	(788,403)	1,885,283	400,000
Revenue bond	25,195,000	-	(2,940,000)	22,255,000	7,130,000
Bond issuance premium	449,158	-	(128,330)	320,828	128,330
Notes payable	451,000	-	(57,000)	394,000	57,000
Total governmental activities	<u>\$ 34,922,214</u>	<u>\$ 3,411,903</u>	<u>\$ (7,102,606)</u>	<u>\$ 31,231,511</u>	<u>\$ 9,309,430</u>
BUSINESS-TYPE ACTIVITIES					
Compensated absences	\$ 322,289	\$ 323,252	\$ (322,289)	\$ 323,252	\$ 80,813
SD Metro Wastewater	9,858,817	-	-	9,858,817	-
Total business-type activities	<u>\$ 10,181,106</u>	<u>\$ 323,252</u>	<u>\$ (322,289)</u>	<u>\$10,182,069</u>	<u>\$ 80,813</u>

Compensated absences:

Compensated absences balances for the fiscal year ended June 30, 2013 are as follows:

Governmental Activities:		Business Type Activities:	
MAJOR FUNDS		Wastewater enterprise	\$ 323,252
General Fund	\$ 6,073,161		
Housing Authority special revenue fund	7,927		
NON-MAJOR SPECIAL REVENUE FUNDS			
Gas Tax	141,123		
Transit	10,027		
CDBG	13,361		
HOME	1,632		
INTERNAL SERVICE FUNDS	129,169		
Total	<u>\$ 6,376,400</u>	Total	<u>\$ 323,252</u>

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE G: LONG-TERM LIABILITIES (continued)

Revenue bond:

El Cajon Public Financing Authority, 2009 Series A **\$ 22,255,000**

In June 2009, the El Cajon Public Financing Authority (ECPFA) issued \$25,195,000 of Revenue Bonds. The Bonds are special obligations of ECPFA payable from revenue consisting primarily of lease payments payable by the City under a lease agreement dated as of June 1, 2009, between the ECPFA, as lessor, and the City as lessee. The City pledges and will pay the lease payments from sales tax revenues received by the City pursuant to Proposition O, a ballot measure approved by 68.92% of the voters of the City voting on the matter on November 2, 2004, which imposes a ½% sales tax in the City, which will expire on March 31, 2015. The Bonds were issued to finance a portion of the costs of the public safety facility. The Bonds are term bonds maturing on August 1, 2015, and are subject to mandatory redemption from minimum sinking account payments. Interest is payable semi-annually on February 1 and August 1 at interest rates ranging from 3.00% to 5.00%.

Pledged revenues: The City has pledged future sales tax revenues received by the City pursuant to Proposition O (estimated at \$45,082,650 at date of issuance) as security for the bonds equivalent to the total principal and interest of the bonds at issuance. The pledge is considered outstanding for the duration of the debt service requirements (6 years). Pledged sales tax revenues and required debt service for the fiscal year ended June 30, 2013, are \$8,334,328 and \$3,904,300, respectively.

The revenue bonds reserve fund is to be held on deposit with a fiscal agent (trustee) in an amount equal to the least of (i) maximum annual debt service, (ii) 125% of average annual debt service, or (iii) 10% of the principal amount on the Bonds. The amount of restricted cash and investments held with fiscal agent at June 30, 2013, was \$2,642,418.

Debt service requirements to maturity of the revenue bond are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 7,130,000	\$ 772,600	\$ 7,902,600
2015	7,415,000	466,700	7,881,700
2016	7,710,000	154,200	7,864,200
Totals	\$ 22,255,000	\$ 1,393,500	\$ 23,648,500

Note payable:

HUD Section 108 Series 2004-A **\$ 394,000**

In June 2004, the City entered into a note payable for \$850,000 with HUD under Section 108 for the acquisition of a fire engine ladder truck that serves the entire City. This note payable is an advance of future CDBG grants. Interest is payable semi-annually in February and August, at an annual rate of approximately 5.5%. This note is secured by a deed of trust and matures in August 2019.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE G: LONG-TERM LIABILITIES (continued)

Debt service requirements to maturity of the notes payable are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 57,000	\$ 20,004	\$ 77,004
2015	57,000	17,077	74,077
2016	57,000	14,070	71,070
2017	57,000	10,981	67,981
2018	57,000	7,826	64,826
2019-2020	109,000	6,112	115,112
Totals	\$ 394,000	\$ 76,070	\$ 470,070

Obligation due to San Diego Metro Wastewater **\$ 9,858,817**

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

NOTE H: PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description: California Public Employees' Retirement System (CalPERS) Defined Benefit Pension Plan. The City contributes to 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. All City employees who work at least 1,000 hours per fiscal year are eligible to participate in CalPERS. Participants in the plan vest after five years of creditable service. When eligible for retirement, annual retirement benefits are calculated on a sliding scale based on age, years of service, and final compensation based on highest one year or three-year average, depending on membership type, class and hire date. CalPERS also provides death and disability benefits. These 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. Copies of CalPERS' annual report may be obtained from their executive office located at 400 P Street, Sacramento, CA 95814.

Funding Policy:

The City's covered payroll for employees enrolled in CalPERS for the year ended June 30, 2013, was \$28,596,559 out of total payroll of \$33,044,455. The contribution rates as a percentage of wages for the year ended June 30, 2013, were as detailed below.

	<u>CLASSIC MEMBER</u>		<u>PEPRA MEMBER</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety</u>
MEMBER CONTRIBUTION RATE:				
Member Paid Member Contribution Rate	8.000%	9.000%	8.000%	9.000%
Employer Paid Member Contribution Rate	-	-	-	3.250%
Total Member Contribution Rate	8.000%	9.000%	8.000%	12.250%
EMPLOYER CONTRIBUTION RATE	26.080%	37.123%	24.330%	37.123%

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE H: PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Actuarially-Determined Contributions Requirements and Contribution Made:

CalPERS uses the Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount, which would fund the projected benefit if it were paid annually from date of employment until retirement.

CalPERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll, on a closed basis to amortize any unfunded actuarial liabilities.

The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The significant actuarial assumptions included (a) investment return of 7.75% compounded annually (net of expenses), (b) overall payroll growth of 3.25% compounded annually, and (c) inflation of 3% compounded annually. All gains and losses are tracked and amortized over a rolling 30-year period with the exception of special gains and losses in fiscal years 2008-09, 2009-10, and 2010-11. Each of these years' gains or losses will be isolated and amortized over fixed and declining 30-year periods (as opposed to the current open 30-year amortization).

Readers of this document are advised to refer directly to the full disclosure of actuarial and funding practices of the multi-employer PERS system, which this agency does not control. PERS may employ actuarial techniques such as extended smoothing and amortization periods that would result in future increases in required employer contributions which are not reflected in these financial statements, particularly in the event of any future changes in governmental financial reporting standards and system-wide funding practices. Further information on its financial practices should be requested from CalPERS.

Funded Status and Funding Progress:

The funded status and funding progress below presents multi-year trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. Multiyear trend information regarding the funding progress is required supplemental information and is presented here for the convenience of the reader.

The funded status of the Miscellaneous and Safety Plans were 78.4% and 75.8%, respectively, as of the most recent actuarial valuation date of June 30, 2012.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

MISCELLANEOUS PLAN						
Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
06/30/2010	\$159,651,502	\$124,499,566	\$35,151,936	78.0%	\$16,170,728	217.4%
06/30/2011	166,665,778	130,784,030	35,881,748	78.5%	15,696,037	228.6%
06/30/2012	173,408,473	135,912,231	37,496,242	78.4%	15,296,698	245.1%

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE H: PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

SAFETY PLAN						
Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
06/30/2010	\$223,289,069	\$172,692,315	\$50,596,754	77.3%	\$15,098,489	335.1%
06/30/2011	234,599,761	179,562,619	55,037,142	76.5%	15,548,494	354.0%
06/30/2012	243,043,472	184,332,132	58,711,340	75.8%	14,900,163	394.0%

Annual Pension Cost:

For fiscal year 2012-13, the City's annual pension cost of \$10,811,604 for CalPERS was equal to the City's required and actual contributions. This amount includes both the required employer contribution and the employee contribution made by the City. The three-year trend is presented below.

Fiscal Year	Miscellaneous Plan Annual Pension Cost (APC)	Safety Plan Annual Pension Cost (APC)	Total Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2011	\$ 4,266,516	\$ 5,821,110	\$ 10,087,626	100%	\$ -
06/30/2012	4,669,093	6,171,873	10,840,966	100%	-
06/30/2013	4,642,069	6,169,535	10,811,604	100%	-

NOTE I: DEFINED CONTRIBUTION PLAN

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

Eligible employees are fully vested effective their dates of hire. If participating employees become eligible for participation in PERS, 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, 2013, the City's total payroll and covered payroll was \$371,883. The City made employer contributions of \$27,891. The assets held in trust by the plan administrator had a fair value of \$357,267 at June 30, 2013.

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.

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE J: OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City provides a monthly contribution towards certain health benefits for retired miscellaneous and safety members who retired on or after July 14, 1988. The monthly contribution was \$112 and \$115 during calendar years 2012 and 2013, respectively, in accordance with the Public Employees Medical and Health Care Act (PEMCHA). The healthcare benefit meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

Funding Policy

The annual contribution is a combination of projected pay-as-you-go and an additional amount to prefund benefits as determined annually by the City Council. The total contribution shall not be less than the annual required contribution, based on the most recent valuation. For fiscal year 2012-13, the City contributed a total of \$512,946: \$257,946 pay-as-you-go and \$255,000 towards prefunding.

Annual OPEB Cost and Net OPEB Asset

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. Beginning with fiscal year 2011-12, the City elected to reduce the amortization period to fifteen years.

The following table shows the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB asset.

	<u>June 30, 2013</u>
Annual required contribution	\$ 255,000
Interest on net OPEB obligation	(32,754)
Adjustment to annual required contribution	37,629
Annual OPEB cost (expense)	259,875
Contributions made	(512,946)
Decrease in net OPEB obligation (asset)	(253,071)
Net OPEB obligation (asset) – beginning of year	(739,994)
Net OPEB obligation (asset) – end of year	\$ (993,065)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2013 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2011	\$ 145,998	216.8%	\$ (499,319)
6/30/2012	244,985	192.5%	(739,994)
6/30/2013	259,875	197.4%	(993,065)

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE J: OTHER POST EMPLOYMENT BENEFITS (continued)

Funded Status and Progress

The funded status and funding progress below presents multi-year trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Multi-year trend information regarding the funding progress is required supplemental information and is presented here for the convenience of the reader.

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
7/01/2007	\$ 3,510,000	\$ -	\$ 3,510,000	- %	\$ 33,359,283	10.5%
7/01/2009	3,031,000	81,000	2,950,000	2.7%	31,846,334	9.3%
6/30/2011	3,441,000	559,000	2,882,000	16.2%	30,806,019	9.4%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

For the most recent valuation, the actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.61% investment rate of return, which is the assumed rate of expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 0%, and assumed payroll increases of 0%. The UAAL is being amortized as a level percentage of projected payroll over a closed 15-year period.

NOTE K: RISK MANAGEMENT

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

Worker's Compensation Insurance

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

Property Insurance

The City participates in the Public Entity Property Insurance Program (PEPIP) through Alliant Insurance Services for coverage on the City's physical assets. This includes all real and personal property owned by the City or for which the City has assumed responsibility to insure, e.g. buildings, structures, computer equipment, heavy duty equipment, mechanical equipment, vehicles, furniture and fixtures. The deductible is \$50,000 per occurrence.

CITY OF EL CAJON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2013

NOTE K: RISK MANAGEMENT (continued)

Liability Insurance

The City is self-insured for liability insurance through CSAC EIA with a self-insured retention (SIR) of \$250,000. The total general liability policy limit is \$25,000,000, including the \$250,000 SIR. The Director of Human Resources/Risk Manager administers claims against the City. The estimated liability for pending and incurred but not reported (IBNR) claims at June 30, 2013, has been incorporated in the financial statements as claims payable in the Self Insurance Internal Service Fund and is based on history and actuarial studies.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Claims payable, beginning of year	\$1,712,337	\$ 1,586,000	\$ 1,413,000
Current year claims & changes in estimates	961,349	542,000	538,027
Claim payments	<u>(788,403)</u>	<u>(415,663)</u>	<u>(365,027)</u>
Claims payable, end of year	<u>\$1,885,283</u>	<u>\$ 1,712,337</u>	<u>\$ 1,586,000</u>

NOTE L: COMMITMENTS AND CONTINGENCIES

Operating Leases

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

Federal and State Grants

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

Litigation

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

Significant Encumbrances

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

Sewer System Inspection	\$ 402,938
Intersection Improvements	339,000
Johnson Avenue Sewer Trunk Line Replacement	242,325

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE L: COMMITMENTS AND CONTINGENCIES (continued)

Audits of Certain Mandated Cost Claims Filed with the State of California

The California State Controller, Division of Audits, conducted an audit of the costs claimed by the City of El Cajon. The result of the audits was a disallowance of costs claimed as unsupported, resulting in overpaid claims to the City. For the Animal Adoption Program, a time study was submitted to the State Controller in September 2010 and is currently under review. The result of the time study may result in a reduction of the overpaid claims. The overpaid amount will be offset from future claims submitted and allowed by the State Controller. These audit reports are published on the California State Controller's Office, State Mandated Costs website, http://www.sco.ca.gov/ard_mancost.html.

<u>Program Audited</u>	<u>Period Audited</u>	<u>Audit Report Date</u>	<u>Total Disallowed</u>
Animal Adoption	7/01/1998-6/30/2007	09/04/2009	\$1,530,967
Photographic Record of Evidence	7/01/2002-6/30/2007	12/04/2009	319,507
Total before offsetting claims			1,850,474
Offsetting claims FY 2009-10 through FY 2012-13			(422,826)
Total			<u>\$1,427,648</u>

NOTE M: JOINT VENTURES

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

Heartland Fire Training Authority

The purpose of Heartland Fire Training Authority (HFTA) is to provide a fire-fighting training facility and training courses for personnel of the member agencies. HFTA was created on October 1, 1999, as amended, by a Joint Powers Agreement (JPA) between a number of cities and fire protection districts in San Diego County. For the current fiscal year, the JPA members consist of the Cities of El Cajon, La Mesa, Lemon Grove, and Santee, the County of San Diego, the Fire Protection Districts of Alpine, Bonita-Sunnyside, Lakeside, and San Miguel, and the Viejas Band of Kumeyaay 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 20.32% for fiscal year 2012-13.

On October 27, 2009, HFTA entered into a Facility Lease Agreement with the City of El Cajon. The executed agreement included a proposed capital improvement project based on a prioritized list of capital improvement needs. The lease agreement provides for annual rent payments of \$66,500 that was utilized by the City of El Cajon to fund the capital improvement project. The City also provides clerical and accounting services for HFTA. Charges for services were \$23,837 for the fiscal year ending June 30, 2013.

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

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE M: JOINT VENTURES (continued)

Heartland Communications Facility Authority

The purpose of the Heartland Communication Facility Authority (HCFA) is to equip, maintain, operate and staff a facility to provide emergency call receiving and dispatching services to member agencies. HCFA was created on June 25, 1986, as amended, by a Joint Powers Agreement (JPA) between a number of cities and fire protection districts in San Diego County. For the current fiscal year, the JPA members consist of the Cities of Coronado, El Cajon, La Mesa, Lemon Grove, National City, and Santee, and the Fire Protection Districts of Alpine, Bonita-Sunnyside, San Miguel, and Lakeside. 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 20.94% for fiscal year 2012-13.

HCFA leases a portion of the property located at 100 E. Lexington Avenue from the City. Lease payments totaled \$44,520 for the fiscal year ending June 30, 2013. The City also provides clerical and accounting services for HCFA. Charges for services were \$46,371 for the fiscal year ending June 30, 2013.

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

NOTE N: SIGNIFICANT CONSTRUCTION IN PROGRESS PROJECTS

The City has active construction projects in progress as of June 30, 2013. At year end, the City's commitments are as follows:

<u>Project Name</u>	<u>Total Project Budget</u>	<u>Costs Incurred To Date</u>	<u>Estimated Remaining Project Costs</u>
Johnson Avenue Sewer Trunk Line Replacement	\$8,510,500	\$702,855	\$7,807,645
City Hall & Council Chambers ADA Improvements	1,019,000	902,821	116,179

NOTE O: SUBSEQUENT EVENTS

Loan Receivable from the Successor Agency to the Former El Cajon Redevelopment Agency for the Land Sale

The State Department of Finance denied the Successor Agency's funding request for the third installment payment of \$840,665 due to the City on December 1, 2013. Based on AB1484 requirements, loan payments by the Successor Agency to the City must be recalculated at an interest rate not to exceed the LAIF interest rate, and loan payments cannot begin until fiscal year 2014-15 with the maximum payments strictly limited by a statutory formula.

State Controller's Office Asset Transfer Review

On June 24, 2013, pursuant to HSC Section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the former El Cajon Redevelopment Agency (RDA) to the City of El Cajon or any public agency after January 1, 2011. In the final report, dated December 11, 2013, the SCO made a preliminary determination that the former RDA made "unallowable asset transfers" totaling \$23,096,415 (\$21,255,750 to the El Cajon Housing Authority and \$1,840,665 to the City of El Cajon) after January 1, 2011.

CITY OF EL CAJON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2013

NOTE O: SUBSEQUENT EVENTS (continued)

The asset transfer of \$21,255,750 to the El Cajon Housing Authority on February 1, 2012, consisted of cash, loan receivables, and real properties that were acquired with Low and Moderate Income Housing funds for housing purposes. The SCO acknowledged corrective actions were taken by the Successor Agency subsequent to the transfer, and prior to SCO's review; therefore, the SCO made no recommendation for further action.

The asset transfer of \$1,840,665 was comprised of the \$1,000,000 down payment and the first installment payment of \$840,665 on a promissory note for the former RDA's purchase of real property from the City for \$4,850,000 on June 16, 2011. The SCO ordered the City to turn over the \$1,840,665 of cash assets to the Successor Agency for remittance to the county auditor-controller.

NOTE P: PRIOR PERIOD ADJUSTMENT

The Successor Agency Private Purpose Trust Fund restated the beginning balance of net position due to a change in accounting principle with the implementation of GASB Statement No. 65. Unamortized bond issuance costs, except for the portion related to prepaid bond insurance costs, were reclassified as expenses in the period incurred.

Fiduciary Fund Financial Statements:

Net position, beginning as previously reported	\$ (21,483,047)
Restatements	<u>(204,237)</u>
Net position, beginning as restated	<u>\$ (21,687,284)</u>



MAJOR GOVERNMENTAL FUNDS

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

Ten percent criterion - Any governmental fund that reports at least 10 percent of any of the following: total governmental fund assets; total governmental fund liabilities; total governmental fund revenues; or total governmental fund expenditures.

Five percent criterion - Any individual governmental fund that reports at least 5 percent of the total for both governmental and enterprise funds of any one of the items for which it met the 10 percent criterion above.

The General Fund is always a major fund.

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

SPECIAL REVENUE FUNDS

The funds listed below are major Special Revenue Funds. Budgetary to actual comparison schedules are not presented for these funds as explained below.

Housing Authority - This fund accounts for the committed, housing set-aside funds that were transferred from the former Redevelopment Agency when it was dissolved by State law on February 1, 2012. This fund is used to increase, improve, and preserve affordable housing for low and moderate income residents of El Cajon. This fund is not annually budgeted because its fund activities (housing loans), are of a long-term basis.

Required Supplementary Information
CITY OF EL CAJON
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes:				
Sales and use	\$ 22,839,500	\$ 22,839,500	\$ 24,328,310	\$ 1,488,810
Property	18,480,710	18,480,710	20,224,259	1,743,549
Franchise	4,650,000	4,650,000	4,767,474	117,474
Transient lodging	975,000	975,000	1,057,224	82,224
Business licenses	750,000	750,000	768,726	18,726
Property transfer	185,000	185,000	244,338	59,338
Total taxes	47,880,210	47,880,210	51,390,331	3,510,121
Intergovernmental:				
Motor vehicle license fees	-	-	51,550	51,550
Reimbursements	505,000	505,000	673,226	168,226
Total intergovernmental	505,000	505,000	724,776	219,776
Licenses and permits	836,475	836,475	959,919	123,444
Charges for services:				
Planning and engineering	325,000	325,000	395,834	70,834
Public safety	432,300	432,300	470,382	38,082
All others	1,912,110	1,912,110	1,922,201	10,091
Total charges for services	2,669,410	2,669,410	2,788,417	119,007
Investment earnings	190,000	190,000	179,961	(10,039)
Other:				
Fines	938,500	938,500	948,898	10,398
Sale of property	1,252,500	1,252,500	1,192,751	(59,749)
Rental income	773,600	773,600	757,502	(16,098)
Miscellaneous	2,418,156	2,318,156	2,891,900	573,744
Total other	5,382,756	5,282,756	5,791,051	508,295
Total revenues	57,463,851	57,363,851	61,834,455	4,470,604

Required Supplementary Information
CITY OF EL CAJON
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2013
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government:				
City council	\$ 224,197	\$ 224,197	\$ 211,436	\$ 12,761
Community services and events	402,835	452,835	378,519	74,316
Contingency	100,000	50,000	44,800	5,200
For the convenience of the reader, this info	502,570	502,570	455,528	47,042
City clerk and elections	397,764	397,764	350,355	47,409
City manager	645,083	645,083	583,150	61,933
Membership and publications	70,956	70,956	69,858	1,098
Finance	1,252,030	1,252,030	1,243,158	8,872
Post retirement benefits	2,193,568	2,193,568	2,193,568	-
Human resources	618,438	618,438	597,691	20,747
Information systems	540,295	632,041	632,041	-
Business service	178,213	171,808	159,860	11,948
Facilities maintenance	2,066,561	2,072,281	1,981,007	91,274
ECPAC administrative services	67,590	67,590	42,780	24,810
Total general government	<u>9,260,100</u>	<u>9,351,161</u>	<u>8,943,751</u>	<u>407,410</u>
Public safety:				
Police:				
Administration	1,647,090	1,634,544	1,583,815	50,729
Inspection and training	1,427,282	1,427,282	1,266,295	160,987
Records	848,532	848,532	700,330	148,202
Information systems	917,079	1,069,335	958,341	110,994
Communications	1,938,097	1,938,097	1,928,303	9,794
Patrol	9,593,719	9,670,436	9,558,923	111,513
Special operations unit	1,923,233	2,246,434	2,246,434	-
Traffic enforcement	1,949,803	1,987,264	1,940,302	46,962
Investigation	3,941,013	3,673,053	3,668,205	4,848
Laboratory	504,060	506,673	503,106	3,567
Auxillary	128,056	140,313	135,305	5,008
Animal control	750,271	772,546	772,546	-
Total police	<u>25,568,235</u>	<u>25,914,509</u>	<u>25,261,905</u>	<u>652,604</u>
Fire:				
Administration	1,117,657	1,113,886	1,085,839	28,047
Suppression	6,562,114	6,700,934	6,700,934	-
Prevention	26,873	26,873	21,462	5,411
Heartland Fire and Rescue	1,345,725	1,345,725	1,246,987	98,738
Total fire	<u>9,052,369</u>	<u>9,187,418</u>	<u>9,055,222</u>	<u>132,196</u>
Total public safety	<u>34,620,604</u>	<u>35,101,927</u>	<u>34,317,127</u>	<u>784,800</u>

Required Supplementary Information
CITY OF EL CAJON
Budgetary Comparison Schedule
General Fund
For the fiscal year ended June 30, 2013
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works:				
Administration	\$ 271,524	\$ 271,524	\$ 253,156	\$ 18,368
Engineering	1,598,127	1,600,950	1,456,162	144,788
Traffic engineering and maintenance	1,401,551	1,413,929	1,237,700	176,229
Street maintenance	556,805	556,805	499,884	56,921
Total public works	<u>3,828,007</u>	<u>3,843,208</u>	<u>3,446,902</u>	<u>396,306</u>
Parks and recreation				
Parks	1,926,212	1,958,869	1,760,234	198,635
Recreation	2,229,121	2,229,121	2,077,358	151,763
Total parks and recreation	<u>4,155,333</u>	<u>4,187,990</u>	<u>3,837,592</u>	<u>350,398</u>
Community development:				
Administration	182,253	198,684	198,683	1
Planning	1,012,816	997,436	879,881	117,555
Building and fire safety	998,930	1,002,637	925,000	77,637
Total community development	<u>2,193,999</u>	<u>2,198,757</u>	<u>2,003,564</u>	<u>195,193</u>
Total expenditures	<u>54,058,043</u>	<u>54,683,043</u>	<u>52,548,936</u>	<u>2,134,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,405,808</u>	<u>2,680,808</u>	<u>9,285,519</u>	<u>6,604,711</u>
Other financing sources (uses):				
Transfers in	154,982	254,982	214,032	40,950
Transfers out	<u>(3,225,000)</u>	<u>(2,649,500)</u>	<u>(2,497,501)</u>	<u>151,999</u>
Total other financing sources (uses)	<u>(3,070,018)</u>	<u>(2,394,518)</u>	<u>(2,283,469)</u>	<u>111,049</u>
Net change in fund balance	<u>335,790</u>	<u>286,290</u>	<u>7,002,050</u>	<u>6,715,760</u>
Fund balance, beginning	<u>18,775,367</u>	<u>18,775,367</u>	<u>18,775,367</u>	<u>-</u>
Fund balance, ending	<u>\$ 19,111,157</u>	<u>\$ 19,061,657</u>	<u>\$ 25,777,417</u>	<u>\$ 6,715,760</u>

CITY OF EL CAJON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2013

1. Budgetary control and accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) by the City Council annually prior to the beginning of the fiscal year. The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager and a final recommended budget that is transmitted to the City Council for its review before the required date of adoption. Once transmitted to the City Council, the proposed budget is made available for inspection. Prior to adoption, a budget workshop meeting is held by the City Council. A public hearing is held to give the public the opportunity to comment upon the proposed budget. Notice of such public hearing is given in a newspaper of general circulation.

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

2. Expenditures in excess of appropriations

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

3. Public Employees' Retirement System Funded Status

For the convenience of the reader, this information has been incorporated into the Notes to the Financial Statements, Note H, Public Employees' Retirement System.

4. Other Post Employment Benefits Funded Status

For the convenience of the reader, this information has been incorporated into the notes to the basic financial statements, Note J, Other Post Employment Benefits.



CITY OF EL CAJON
Combined Balance Sheet
General Fund
June 30, 2013

	General Fund	Emergency Medical Service	Recreation Special Programs	Total
Assets:				
Cash and investments	\$ 24,056,268	\$ -	\$ 540,506	\$ 24,596,774
Receivables:				
Accounts	359,770	456,100	33,080	848,950
Interest	60,962	-	-	60,962
Intergovernmental	902,970	164	-	903,134
Loans	2,313,958	-	-	2,313,958
Taxes	2,756,968	1,236	-	2,758,204
Prepaid items	2,331	-	-	2,331
Total assets	\$ 30,453,227	\$ 457,500	\$ 573,586	\$ 31,484,313
Liabilities:				
Accounts payable	\$ 524,079	\$ 25,907	\$ 2,872	\$ 552,858
Accrued liabilities	1,042,567	70,072	13,720	1,126,359
Deposits payable	315,655	-	142,929	458,584
Unearned revenue	2,793,509	-	18,949	2,812,458
Total liabilities	4,675,810	95,979	178,470	4,950,259
Fund balance				
Nonspendable:				
Prepaid items	2,331	-	-	2,331
Committed	10,614,730	-	-	10,614,730
Assigned:				
SB90 disallowed costs	1,427,648	-	-	1,427,648
Unfunded retirement obligations	3,520,000	-	-	3,520,000
Unassigned	10,212,708	361,521	395,116	10,969,345
Total fund balance	25,777,417	361,521	395,116	26,534,054
Total liabilities and fund balance	\$ 30,453,227	\$ 457,500	\$ 573,586	\$ 31,484,313

CITY OF EL CAJON
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance
General Fund
For the fiscal year ended June 30, 2013

	General Fund	Emergency Medical Service	Recreation Special Programs	Total
Revenues:				
Charges for services	\$ 2,788,417	\$ 2,748,209	\$ 427,774	\$ 5,964,400
Intergovernmental	724,776	5,067	3,500	733,343
Investment earnings	179,961	-	-	179,961
Licenses and permits	959,919	-	22	959,941
Other	5,791,051	-	71,733	5,862,784
Taxes	51,390,331	378,829	-	51,769,160
Total revenues	61,834,455	3,132,105	503,029	65,469,589
Expenditures:				
Community development	2,003,564	-	-	2,003,564
General government	8,943,751	-	-	8,943,751
Parks and recreation	3,837,592	-	484,190	4,321,782
Public safety	34,317,127	4,324,655	-	38,641,782
Public works	3,446,902	-	-	3,446,902
Total expenditures	52,548,936	4,324,655	484,190	57,357,781
Excess (deficiency) of revenues over (under) expenditures	9,285,519	(1,192,550)	18,839	8,111,808
Other financing sources (uses):				
Transfers in	214,032	1,198,001	-	1,412,033
Transfers out	(2,497,501)	-	-	(2,497,501)
Total other financing sources (uses)	(2,283,469)	1,198,001	-	(1,085,468)
Net change in fund balance	7,002,050	5,451	18,839	7,026,340
Fund balance, beginning	18,775,367	356,070	376,277	19,507,714
Fund balance, ending	\$ 25,777,417	\$ 361,521	\$ 395,116	\$ 26,534,054

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Emergency Medical Service
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 2,859,392	\$ 2,859,392	\$ 2,748,209	\$ (111,183)
Intergovernmental	-	-	5,067	5,067
Taxes	378,000	378,000	378,829	829
Total revenues	3,237,392	3,237,392	3,132,105	(105,287)
Expenditures:				
Current:				
Public safety	4,615,109	4,615,109	4,324,655	290,454
Total expenditures	4,615,109	4,615,109	4,324,655	290,454
Excess (deficiency) of revenues over (under) expenditures	(1,377,717)	(1,377,717)	(1,192,550)	185,167
Other financing sources:				
Transfers in	1,350,000	1,350,000	1,198,001	(151,999)
Total other financing sources	1,350,000	1,350,000	1,198,001	(151,999)
Net change in fund balance	(27,717)	(27,717)	5,451	33,168
Fund balance, beginning	356,070	356,070	356,070	-
Fund balance, ending	\$ 328,353	\$ 328,353	\$ 361,521	\$ 33,168

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Recreation Special Programs
Budget and Actual
For the fiscal year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 448,318	\$ 448,318	\$ 427,774	\$ (20,544)
Intergovernmental	10,800	10,800	3,500	(7,300)
Licenses and permits	-	-	22	22
Other	77,430	77,430	71,733	(5,697)
	<u>536,548</u>	<u>536,548</u>	<u>503,029</u>	<u>(33,519)</u>
Total revenues				
Expenditures:				
Current:				
Parks and recreation	513,317	513,317	470,370	42,947
Capital outlay	22,000	22,000	13,820	8,180
	<u>535,317</u>	<u>535,317</u>	<u>484,190</u>	<u>51,127</u>
Total expenditures				
Net change in fund balance	1,231	1,231	18,839	17,608
Fund balance, beginning	<u>376,277</u>	<u>376,277</u>	<u>376,277</u>	<u>-</u>
Fund balance, ending	<u>\$ 377,508</u>	<u>\$ 377,508</u>	<u>\$ 395,116</u>	<u>\$ 17,608</u>

CITY OF EL CAJON
Combined Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds	Debt Service Fund <u>El Cajon Public Financing Authority</u>	Capital Projects Funds	Total
Assets:				
Cash and investments	\$ 4,662,008	\$ -	\$ 8,665,286	\$ 13,327,294
Cash and investments with fiscal agent	-	2,642,418	-	2,642,418
Receivables:				
Accounts	109,432	-	13,383	122,815
Interest	3,497	-	496	3,993
Intergovernmental	481,244	-	175,666	656,910
Loans	9,851,222	-	-	9,851,222
Taxes	28,729	-	-	28,729
Prepaid items	3,180	-	-	3,180
Total assets	\$ 15,139,312	\$ 2,642,418	\$ 8,854,831	\$ 26,636,561
Liabilities:				
Accounts payable	\$ 193,582	\$ -	\$ 403,943	\$ 597,525
Accrued liabilities	29,605	-	-	29,605
Deposits payable	98	-	-	98
Total liabilities	223,285	-	403,943	627,228
Fund balance				
Nonspendable:				
Prepaid items	3,180	-	-	3,180
Restricted:				
Animal shelter	38,237	-	-	38,237
Animal shelter project	241,716	-	-	241,716
Community development	647,280	-	-	647,280
Debt service	-	2,642,418	-	2,642,418
Loans receivable	9,851,222	-	-	9,851,222
Public safety	1,284,271	-	-	1,284,271
Public works projects	153,022	-	-	153,022
RTCIP impact fee	-	-	137,848	137,848
Streets projects	2,713,620	-	-	2,713,620
Assigned:				
Capital projects	-	-	8,313,040	8,313,040
Unassigned	(16,521)	-	-	(16,521)
Total fund balance	14,916,027	2,642,418	8,450,888	26,009,333
Total liabilities and fund balance	\$ 15,139,312	\$ 2,642,418	\$ 8,854,831	\$ 26,636,561

CITY OF EL CAJON
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance
Non-Major Governmental Funds
For the fiscal year ended June 30, 2013

	Special Revenue Funds	Debt Service Fund <u>El Cajon Public Financing Authority</u>	Capital Projects Funds	Total
Revenues:				
Intergovernmental	\$ 5,769,574	\$ -	\$ 269,892	\$ 6,039,466
Investment earnings	76,505	3,090	1,229	80,824
Other	157,815	-	464,348	622,163
Taxes	-	-	2,798,900	2,798,900
Total revenues	<u>6,003,894</u>	<u>3,090</u>	<u>3,534,369</u>	<u>9,541,353</u>
Expenditures:				
Current:				
Community development	951,693	-	-	951,693
Parks and recreation	-	-	40,849	40,849
Public safety	574,892	-	-	574,892
Public works	2,076,522	-	-	2,076,522
Capital outlay	417,158	-	5,586,048	6,003,206
Debt service:				
Interest	22,865	964,300	-	987,165
Principal	57,000	2,940,000	-	2,997,000
Total expenditures	<u>4,100,130</u>	<u>3,904,300</u>	<u>5,626,897</u>	<u>13,631,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,903,764</u>	<u>(3,901,210)</u>	<u>(2,092,528)</u>	<u>(4,089,974)</u>
Other financing sources (uses):				
Transfers in	59,565	3,904,300	6,179,310	10,143,175
Transfers out	<u>(1,741,879)</u>	<u>-</u>	<u>(3,408,010)</u>	<u>(5,149,889)</u>
Total other financing sources (uses)	<u>(1,682,314)</u>	<u>3,904,300</u>	<u>2,771,300</u>	<u>4,993,286</u>
Net change in fund balance	221,450	3,090	678,772	903,312
Fund balance, beginning	<u>14,694,577</u>	<u>2,639,328</u>	<u>7,772,116</u>	<u>25,106,021</u>
Fund balance, ending	<u>\$ 14,916,027</u>	<u>\$ 2,642,418</u>	<u>\$ 8,450,888</u>	<u>\$ 26,009,333</u>

NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

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

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

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

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

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

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

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

CITY OF EL CAJON
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
Assets:				
Cash and investments	\$ 1,645,861	\$ 745,936	\$ 489,128	\$ 583,696
Receivables:				
Accounts	-	-	-	-
Interest	-	1,079	692	779
Intergovernmental	197,576	161,782	-	-
Loans	-	-	-	-
Taxes	-	-	-	28,729
Prepaid items	-	-	1,102	-
Total assets	<u>\$ 1,843,437</u>	<u>\$ 908,797</u>	<u>\$ 490,922</u>	<u>\$ 613,204</u>
Liabilities:				
Accounts payable	\$ 5,394	\$ 8,789	\$ 3,500	\$ 2,334
Accrued liabilities	22,981	1,450	-	-
Deposits payable	-	-	-	-
Total liabilities	<u>28,375</u>	<u>10,239</u>	<u>3,500</u>	<u>2,334</u>
Fund balance				
Restricted:				
Animal shelter	-	-	-	-
Animal shelter project	-	-	-	-
Community development	-	-	-	-
Loans receivable	-	-	-	-
Public safety	-	-	487,422	610,870
Public works projects	-	-	-	-
Streets projects	1,815,062	898,558	-	-
Assigned:				
Emergency medical service	-	-	-	-
Recreation programs	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>1,815,062</u>	<u>898,558</u>	<u>487,422</u>	<u>610,870</u>
Total liabilities and fund balance	<u>\$ 1,843,437</u>	<u>\$ 908,797</u>	<u>\$ 490,922</u>	<u>\$ 613,204</u>

Budgeted		Unbudgeted			Total Non-Major Special Revenue Funds
Federal, State, and Local Grants	Housing In Lieu Fees	CDBG	HOME	Various Donations	
\$ 268,413	\$ 283,883	\$ 4,182	\$ 358,131	\$ 282,778	\$ 4,662,008
109,432	-	-	-	-	109,432
544	403	-	-	-	3,497
-	-	120,183	1,703	-	481,244
474,174	-	353,890	9,023,158	-	9,851,222
-	-	-	-	-	28,729
-	-	1,039	1,039	-	3,180
<u>\$ 852,563</u>	<u>\$ 284,286</u>	<u>\$ 479,294</u>	<u>\$ 9,384,031</u>	<u>\$ 282,778</u>	<u>\$ 15,139,312</u>
\$ 38,617	\$ -	\$ 134,920	\$ 28	\$ -	\$ 193,582
771	-	3,825	578	-	29,605
-	-	-	98	-	98
<u>39,388</u>	<u>-</u>	<u>138,745</u>	<u>704</u>	<u>-</u>	<u>223,285</u>
-	-	-	-	38,237	38,237
-	-	-	-	241,716	241,716
-	284,286	-	360,169	2,825	647,280
474,174	-	353,890	9,023,158	-	9,851,222
185,979	-	-	-	-	1,284,271
153,022	-	-	-	-	153,022
-	-	-	-	-	2,713,620
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(13,341)	-	-	(13,341)
<u>813,175</u>	<u>284,286</u>	<u>340,549</u>	<u>9,383,327</u>	<u>282,778</u>	<u>14,916,027</u>
<u>\$ 852,563</u>	<u>\$ 284,286</u>	<u>\$ 479,294</u>	<u>\$ 9,384,031</u>	<u>\$ 282,778</u>	<u>\$ 15,139,312</u>

CITY OF EL CAJON
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds
For the fiscal year ended June 30, 2013

	Budgeted			
	Gas Tax	Transit	Federal/ County Asset Forfeiture	Local Public Safety
Revenues:				
Intergovernmental	\$ 2,293,860	\$ 383,052	\$ -	\$ 371,104
Investment earnings	5,182	1,749	847	1,475
Other	8,287	-	137,489	-
Total revenues	<u>2,307,329</u>	<u>384,801</u>	<u>138,336</u>	<u>372,579</u>
Expenditures:				
Current:				
Community development	-	-	-	-
Public safety	-	-	102,693	26,040
Public works	1,847,817	162,925	-	-
Capital outlay	48,664	-	21,414	165,420
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	<u>1,896,481</u>	<u>162,925</u>	<u>124,107</u>	<u>191,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>410,848</u>	<u>221,876</u>	<u>14,229</u>	<u>181,119</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(380,000)</u>	<u>-</u>	<u>-</u>	<u>(108,730)</u>
Total other financing sources (uses)	<u>(380,000)</u>	<u>-</u>	<u>-</u>	<u>(108,730)</u>
Net change in fund balances	30,848	221,876	14,229	72,389
Fund balances, beginning	<u>1,784,214</u>	<u>676,682</u>	<u>473,193</u>	<u>538,481</u>
Fund balances, ending	<u>\$ 1,815,062</u>	<u>\$ 898,558</u>	<u>\$ 487,422</u>	<u>\$ 610,870</u>

Budgeted		Unbudgeted			Total Non-Major Special Revenue Funds
Federal, State, and Local Grants	Housing In Lieu Fees	CDBG	HOME	Various Donations	
\$ 769,722	\$ -	\$ 1,582,565	\$ 369,271	\$ -	\$ 5,769,574
1,302	604	-	65,346	-	76,505
-	-	-	1,025	11,014	157,815
<u>771,024</u>	<u>604</u>	<u>1,582,565</u>	<u>435,642</u>	<u>11,014</u>	<u>6,003,894</u>
-	-	463,451	488,242	-	951,693
446,159	-	-	-	-	574,892
65,780	-	-	-	-	2,076,522
181,660	-	-	-	-	417,158
-	-	22,865	-	-	22,865
-	-	57,000	-	-	57,000
<u>693,599</u>	<u>-</u>	<u>543,316</u>	<u>488,242</u>	<u>-</u>	<u>4,100,130</u>
<u>77,425</u>	<u>604</u>	<u>1,039,249</u>	<u>(52,600)</u>	<u>11,014</u>	<u>1,903,764</u>
59,565	-	-	-	-	59,565
(185,653)	-	(1,067,496)	-	-	(1,741,879)
(126,088)	-	(1,067,496)	-	-	(1,682,314)
(48,663)	604	(28,247)	(52,600)	11,014	221,450
<u>861,838</u>	<u>283,682</u>	<u>368,796</u>	<u>9,435,927</u>	<u>271,764</u>	<u>14,694,577</u>
<u>\$ 813,175</u>	<u>\$ 284,286</u>	<u>\$ 340,549</u>	<u>\$ 9,383,327</u>	<u>\$ 282,778</u>	<u>\$ 14,916,027</u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Gas Tax Special Revenue Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,591,174	\$ 2,591,174	\$ 2,293,860	\$ (297,314)
Investment earnings	-	-	5,182	5,182
Other	-	-	8,287	8,287
Total revenues	<u>2,591,174</u>	<u>2,591,174</u>	<u>2,307,329</u>	<u>(283,845)</u>
Expenditures:				
Current:				
Public works	2,057,355	2,057,355	1,847,817	209,538
Capital outlay	<u>74,000</u>	<u>74,000</u>	<u>48,664</u>	<u>25,336</u>
Total expenditures	<u>2,131,355</u>	<u>2,131,355</u>	<u>1,896,481</u>	<u>234,874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>459,819</u>	<u>459,819</u>	<u>410,848</u>	<u>(48,971)</u>
Other financing sources (uses):				
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(380,000)</u>	<u>20,000</u>
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(380,000)</u>	<u>20,000</u>
Net change in fund balance	59,819	59,819	30,848	(28,971)
Fund balance, beginning	<u>1,784,214</u>	<u>1,784,214</u>	<u>1,784,214</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,844,033</u>	<u>\$ 1,844,033</u>	<u>\$ 1,815,062</u>	<u>\$ (28,971)</u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Transit Special Revenue Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 340,385	\$ 340,385	\$ 383,052	\$ 42,667
Investment earnings	3,700	3,700	1,749	(1,951)
Total revenues	<u>344,085</u>	<u>344,085</u>	<u>384,801</u>	<u>40,716</u>
Expenditures:				
Current:				
Public works	210,558	210,558	162,925	47,633
Capital outlay	<u>251,500</u>	<u>251,500</u>	-	<u>251,500</u>
Total expenditures	<u>462,058</u>	<u>462,058</u>	<u>162,925</u>	<u>299,133</u>
Net change in fund balance	(117,973)	(117,973)	221,876	339,849
Fund balance, beginning	<u>676,682</u>	<u>676,682</u>	<u>676,682</u>	-
Fund balance, ending	<u><u>\$ 558,709</u></u>	<u><u>\$ 558,709</u></u>	<u><u>\$ 898,558</u></u>	<u><u>\$ 339,849</u></u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Federal/County Asset Forfeiture Special Revenue Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 1,210	\$ 1,210	\$ 847	(363)
Other	41,000	41,000	137,489	96,489
Total revenues	<u>42,210</u>	<u>42,210</u>	<u>138,336</u>	<u>96,126</u>
Expenditures:				
Current:				
Public safety	128,309	128,309	102,693	25,616
Capital outlay	29,550	29,550	21,414	8,136
Total expenditures	<u>157,859</u>	<u>157,859</u>	<u>124,107</u>	<u>33,752</u>
Net change in fund balance	(115,649)	(115,649)	14,229	129,878
Fund balance, beginning	<u>473,193</u>	<u>473,193</u>	<u>473,193</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 357,544</u></u>	<u><u>\$ 357,544</u></u>	<u><u>\$ 487,422</u></u>	<u><u>\$ 129,878</u></u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Local Public Safety Special Revenue Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 315,000	\$ 315,000	\$ 371,104	\$ 56,104
Investment earnings	2,000	2,000	1,475	(525)
Total revenues	<u>317,000</u>	<u>317,000</u>	<u>372,579</u>	<u>55,579</u>
Expenditures:				
Current:				
Public safety	26,090	26,090	26,040	50
Capital outlay	<u>201,605</u>	<u>201,176</u>	<u>165,420</u>	<u>35,756</u>
Total expenditures	<u>227,695</u>	<u>227,266</u>	<u>191,460</u>	<u>35,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>89,305</u>	<u>89,734</u>	<u>181,119</u>	<u>91,385</u>
Other financing sources (uses):				
Transfers out	<u>(108,362)</u>	<u>(110,315)</u>	<u>(108,730)</u>	<u>1,585</u>
Total other financing sources (uses)	<u>(108,362)</u>	<u>(110,315)</u>	<u>(108,730)</u>	<u>1,585</u>
Net change in fund balance	(19,057)	(20,581)	72,389	92,970
Fund balance, beginning	<u>538,481</u>	<u>538,481</u>	<u>538,481</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 519,424</u></u>	<u><u>\$ 517,900</u></u>	<u><u>\$ 610,870</u></u>	<u><u>\$ 92,970</u></u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Federal, State, and Local Grants Special Revenue Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 746,104	\$ 986,842	\$ 769,722	\$ (217,120)
Investment earnings	500	500	1,302	802
Total revenues	<u>746,604</u>	<u>987,342</u>	<u>771,024</u>	<u>(216,318)</u>
Expenditures:				
Current:				
Public safety	609,749	782,283	446,159	336,124
Public works	134,972	135,011	65,780	69,231
Capital outlay	<u>184,363</u>	<u>259,533</u>	<u>181,660</u>	<u>77,873</u>
Total expenditures	<u>929,084</u>	<u>1,176,827</u>	<u>693,599</u>	<u>483,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(182,480)</u>	<u>(189,485)</u>	<u>77,425</u>	<u>266,910</u>
Other financing sources (uses):				
Transfers in	57,612	59,565	59,565	-
Transfers out	<u>(204,750)</u>	<u>(246,170)</u>	<u>(185,653)</u>	<u>60,517</u>
Total other financing sources (uses)	<u>(147,138)</u>	<u>(186,605)</u>	<u>(126,088)</u>	<u>60,517</u>
Net change in fund balance	(329,618)	(376,090)	(48,663)	327,427
Fund balance, beginning	<u>861,838</u>	<u>861,838</u>	<u>861,838</u>	<u>-</u>
Fund balance, ending	<u>\$ 532,220</u>	<u>\$ 485,748</u>	<u>\$ 813,175</u>	<u>\$ 327,427</u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Housing In Lieu Fees Special Revenue Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 604	\$ (396)
Total revenues	1,000	1,000	604	(396)
Expenditures:				
Capital outlay	284,856	284,856	-	284,856
Total expenditures	284,856	284,856	-	284,856
Net change in fund balance	(283,856)	(283,856)	604	284,460
Fund balance, beginning	283,682	283,682	283,682	-
Fund balance, ending	<u>\$ (174)</u>	<u>\$ (174)</u>	<u>\$ 284,286</u>	<u>\$ 284,460</u>



DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

NON-MAJOR DEBT SERVICE FUND

El Cajon Public Financing Authority - This fund accounts for the monies to be utilized for the payment of revenue bonds which are financed by 1/2% sales tax revenues received by the City pursuant to Proposition O, passed by the voters in November 2004.

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for this fund are displayed on pages G-5 and G-6 as it is the sole debt service fund.

CITY OF EL CAJON

Schedule of Revenues, Expenditures and Changes in Fund Balance El Cajon Public Financing Authority Debt Service Fund Budget and Actual For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 20,000	\$ 20,000	\$ 3,090	\$ (16,910)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>3,090</u>	<u>(16,910)</u>
Expenditures:				
Debt service:				
Interest	964,300	964,300	964,300	-
Principal	<u>2,940,000</u>	<u>2,940,000</u>	<u>2,940,000</u>	<u>-</u>
Total expenditures	<u>3,904,300</u>	<u>3,904,300</u>	<u>3,904,300</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,884,300)</u>	<u>(3,884,300)</u>	<u>(3,901,210)</u>	<u>(16,910)</u>
Other financing sources:				
Transfers in	<u>3,904,300</u>	<u>3,904,300</u>	<u>3,904,300</u>	<u>-</u>
Total other financing sources	<u>3,904,300</u>	<u>3,904,300</u>	<u>3,904,300</u>	<u>-</u>
Net change in fund balance	20,000	20,000	3,090	(16,910)
Fund balance, beginning	<u>2,639,328</u>	<u>2,639,328</u>	<u>2,639,328</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,659,328</u>	<u>\$ 2,659,328</u>	<u>\$ 2,642,418</u>	<u>\$ (16,910)</u>

MAJOR CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds). The following Capital Projects Funds have been classified as major funds in the accompanying financial statements and budgetary to actual comparison schedules are presented.

Public Safety Facilities - This fund was established to account for activities associated with the construction of a new public safety center and animal shelter, as well as upgrades to existing fire stations. These projects are funded by a ½% sales tax that was approved by voters in November 2004 and will be in place for ten years.

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Public Safety Facilities Project Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 50,000	\$ 50,000	\$ 34,172	\$ (15,828)
Other	-	-	5,019	5,019
Taxes	7,750,000	7,750,000	8,334,328	584,328
Total revenues	<u>7,800,000</u>	<u>7,800,000</u>	<u>8,373,519</u>	<u>573,519</u>
Expenditures:				
Capital outlay	6,421,670	6,421,670	3,051,295	3,370,375
Total expenditures	<u>6,421,670</u>	<u>6,421,670</u>	<u>3,051,295</u>	<u>3,370,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,378,330</u>	<u>1,378,330</u>	<u>5,322,224</u>	<u>3,943,894</u>
Other financing sources (uses):				
Transfers out	(3,904,300)	(3,904,300)	(3,904,300)	-
Total other financing sources (uses)	<u>(3,904,300)</u>	<u>(3,904,300)</u>	<u>(3,904,300)</u>	<u>-</u>
Net change in fund balance	(2,525,970)	(2,525,970)	1,417,924	3,943,894
Fund balance, beginning	<u>17,539,456</u>	<u>17,539,456</u>	<u>17,539,456</u>	<u>-</u>
Fund balance, ending	<u>\$ 15,013,486</u>	<u>\$ 15,013,486</u>	<u>\$ 18,957,380</u>	<u>\$ 3,943,894</u>

NON-MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds). The following Capital Projects Funds have been classified as non-major funds in the accompanying financial statements.

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

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

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

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

Transportation Projects - This fund was established to account for major street construction projects funded through TransNet (½% special sales tax), Specific Street Obligations, and Gas Tax. Expenditures in this fund are restricted to improvements in the City's transit and street system.

CITY OF EL CAJON
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2013

	Public Works Projects	Parks and Recreation Improvement Grants	Parks Impact Fees	City Capital Improvement Program	Transportation Projects	Total Non-major Capital Projects Funds
Assets:						
Cash and investments	\$ 137,663	\$ -	\$ 41,437	\$ 7,817,281	\$ 668,905	\$ 8,665,286
Receivables:						
Accounts	-	-	-	-	13,383	13,383
Intergovernmental	-	-	-	-	175,666	175,666
Interest	185	-	62	-	249	496
Total assets	<u>\$ 137,848</u>	<u>\$ -</u>	<u>\$ 41,499</u>	<u>\$ 7,817,281</u>	<u>\$ 858,203</u>	<u>\$ 8,854,831</u>
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 5,555	\$ 156,646	\$ 241,742	\$ 403,943
Total liabilities	<u>-</u>	<u>-</u>	<u>5,555</u>	<u>156,646</u>	<u>241,742</u>	<u>403,943</u>
Fund balance						
Restricted:						
RTCIP impact fee	137,848	-	-	-	-	137,848
Assigned:						
Capital projects	-	-	35,944	7,660,635	616,461	8,313,040
Total fund balance	<u>137,848</u>	<u>-</u>	<u>35,944</u>	<u>7,660,635</u>	<u>616,461</u>	<u>8,450,888</u>
Total liabilities and fund balance	<u>\$ 137,848</u>	<u>\$ -</u>	<u>\$ 41,499</u>	<u>\$ 7,817,281</u>	<u>\$ 858,203</u>	<u>\$ 8,854,831</u>

CITY OF EL CAJON
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Capital Projects Funds
For the fiscal year ended June 30, 2013

	Public Works Projects	Parks and Recreation Improvement Grants	Parks Impact Fees	City Capital Improvement Program	Transportation Projects	Total Non-major Capital Projects Funds
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 269,892	\$ 269,892
Investment earnings	272	-	100	-	857	1,229
Other	19,485	-	-	73,733	371,130	464,348
Taxes	-	-	3,900	-	2,795,000	2,798,900
Total revenues	19,757	-	4,000	73,733	3,436,879	3,534,369
Expenditures:						
Current:						
Parks and recreation	-	40,849	-	-	-	40,849
Capital outlay	3,769,985	58,881	-	1,757,182	-	5,586,048
Total expenditures	3,769,985	99,730	-	1,757,182	-	5,626,897
Excess (deficiency) of revenues over (under) expenditures	(3,750,228)	(99,730)	4,000	(1,683,449)	3,436,879	(2,092,528)
Other financing sources (uses):						
Transfers in	3,769,985	99,730	-	2,309,595	-	6,179,310
Transfers out	-	-	(9,744)	(106,039)	(3,292,227)	(3,408,010)
Total other financing sources (uses)	3,769,985	99,730	(9,744)	2,203,556	(3,292,227)	2,771,300
Net change in fund balance	19,757	-	(5,744)	520,107	144,652	678,772
Fund balance, beginning	118,091	-	41,688	7,140,528	471,809	7,772,116
Fund balance, ending	\$ 137,848	\$ -	\$ 35,944	\$ 7,660,635	\$ 616,461	\$ 8,450,888

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Public Works Project Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 500	\$ 500	\$ 272	\$ (228)
Other	30,000	30,000	19,485	(10,515)
Total revenues	<u>30,500</u>	<u>30,500</u>	<u>19,757</u>	<u>(10,743)</u>
Expenditures:				
Capital outlay	7,612,920	7,718,920	3,769,985	3,948,935
Total expenditures	<u>7,612,920</u>	<u>7,718,920</u>	<u>3,769,985</u>	<u>3,948,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,582,420)</u>	<u>(7,688,420)</u>	<u>(3,750,228)</u>	<u>3,938,192</u>
Other financing sources (uses):				
Transfers in	7,612,920	7,718,920	3,769,985	(3,948,935)
Transfers out	(90,000)	(90,000)	-	90,000
Total other financing sources (uses)	<u>7,522,920</u>	<u>7,628,920</u>	<u>3,769,985</u>	<u>(3,858,935)</u>
Net change in fund balance	(59,500)	(59,500)	19,757	79,257
Fund balance, beginning	<u>118,091</u>	<u>118,091</u>	<u>118,091</u>	<u>-</u>
Fund balance, ending	<u>\$ 58,591</u>	<u>\$ 58,591</u>	<u>\$ 137,848</u>	<u>\$ 79,257</u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Parks and Recreation Improvement Grants Project Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Parks and recreation	61,300	61,300	40,849	20,451
Capital outlay	388,450	388,450	58,881	329,569
Total expenditures	449,750	449,750	99,730	350,020
Excess (deficiency) of revenues over (under) expenditures	(449,750)	(449,750)	(99,730)	350,020
Other financing sources:				
Transfers in	449,750	449,750	99,730	(350,020)
Total other financing sources	449,750	449,750	99,730	(350,020)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Park Impact Fees Project Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 150	\$ 150	\$ 100	\$ (50)
Taxes	5,000	5,000	3,900	(1,100)
Total revenues	<u>5,150</u>	<u>5,150</u>	<u>4,000</u>	<u>(1,150)</u>
Other financing sources (uses):				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(9,744)</u>	<u>256</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(9,744)</u>	<u>256</u>
Net change in fund balance	(4,850)	(4,850)	(5,744)	(894)
Fund balance, beginning	<u>41,688</u>	<u>41,688</u>	<u>41,688</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 36,838</u></u>	<u><u>\$ 36,838</u></u>	<u><u>\$ 35,944</u></u>	<u><u>\$ (894)</u></u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
City Capital Improvement Program Project Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other	\$ 76,500	\$ 76,500	\$ 73,732	\$ (2,768)
Total revenues	76,500	76,500	73,732	(2,768)
Expenditures:				
Capital outlay	2,914,719	3,320,434	1,757,182	1,563,252
Total expenditures	2,914,719	3,320,434	1,757,182	1,563,252
Excess (deficiency) of revenues over (under) expenditures	(2,838,219)	(3,243,934)	(1,683,450)	1,560,484
Other financing sources (uses):				
Transfers in	2,374,516	2,556,429	2,309,595	(246,834)
Transfers out	(718,370)	(718,370)	(106,038)	612,332
Total other financing sources (uses)	1,656,146	1,838,059	2,203,557	365,498
Net change in fund balance	(1,182,073)	(1,405,875)	520,107	1,925,982
Fund balance, beginning	7,140,528	7,140,528	7,140,528	-
Fund balance, ending	<u>\$ 5,958,455</u>	<u>\$ 5,734,653</u>	<u>\$ 7,660,635</u>	<u>\$ 1,925,982</u>

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Transportation Project Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,684,255	\$ 1,684,255	\$ 269,892	\$ (1,414,363)
Investment earnings	1,500	1,500	857	(643)
Other	24,000	124,000	371,130	247,130
Taxes	4,649,595	4,755,595	2,795,000	(1,960,595)
Total revenues	<u>6,359,350</u>	<u>6,565,350</u>	<u>3,436,879</u>	<u>(3,128,471)</u>
Other financing sources (uses):				
Transfers out	<u>(6,457,850)</u>	<u>(6,663,850)</u>	<u>(3,292,227)</u>	<u>3,371,623</u>
Total other financing sources (uses)	<u>(6,457,850)</u>	<u>(6,663,850)</u>	<u>(3,292,227)</u>	<u>3,371,623</u>
Net change in fund balance	(98,500)	(98,500)	144,652	243,152
Fund balance, beginning	<u>471,809</u>	<u>471,809</u>	<u>471,809</u>	<u>-</u>
Fund balance, ending	<u>\$ 373,309</u>	<u>\$ 373,309</u>	<u>\$ 616,461</u>	<u>\$ 243,152</u>

ENTERPRISE FUND

Enterprise Funds are used to account for activities where fees are charged to external users for goods or services.

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

The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows for this fund are displayed on pages D-5, D-6, and D-7 as it is the sole enterprise fund.

CITY OF EL CAJON
Schedule of Revenues, Expenditures and Changes in Net Position
Wastewater Enterprise Fund
Budget and Actual
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services	\$ 15,850,000	\$ 15,850,000	\$ 15,353,284	\$ (496,716)
Fines	5,000	5,000	8,800	3,800
Licenses and permits	9,000	9,000	7,275	(1,725)
Total operating revenues	<u>15,864,000</u>	<u>15,864,000</u>	<u>15,369,359</u>	<u>(494,641)</u>
Operating expenses:				
Salaries and benefits	3,152,087	3,152,087	2,768,668	383,419
Materials, services and supplies	14,899,772	15,279,957	13,208,667	2,071,290
Depreciation	-	-	1,733,121	(1,733,121)
Total operating expenses	<u>18,051,859</u>	<u>18,432,044</u>	<u>17,710,456</u>	<u>721,588</u>
Operating (loss)	<u>(2,187,859)</u>	<u>(2,568,044)</u>	<u>(2,341,097)</u>	<u>226,947</u>
Non-operating revenues (expenses):				
Investment earnings	100,000	100,000	24,511	(75,489)
Other	-	-	15,015	15,015
(Loss) on disposal of assets	-	-	(2,225)	(2,225)
Total non-operating revenues	<u>100,000</u>	<u>100,000</u>	<u>37,301</u>	<u>(62,699)</u>
(Loss) before operating transfers	<u>(2,087,859)</u>	<u>(2,468,044)</u>	<u>(2,303,796)</u>	<u>164,248</u>
Operating transfers:				
Transfers out	(137,000)	(137,000)	(69,751)	67,249
Total operating transfers	<u>(137,000)</u>	<u>(137,000)</u>	<u>(69,751)</u>	<u>67,249</u>
Change in net position	(2,224,859)	(2,605,044)	(2,373,547)	231,497
Net position, beginning	<u>57,490,593</u>	<u>57,490,593</u>	<u>57,490,593</u>	<u>-</u>
Net position, ending	<u><u>\$ 55,265,734</u></u>	<u><u>\$ 54,885,549</u></u>	<u><u>\$ 55,117,046</u></u>	<u><u>\$ 231,497</u></u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the 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.

IT Replacement - This fund accounts for the replacement of the City's information technology equipment.

Other Post-Employment Benefits - This fund accounts for post-employment benefits of the City including annual required contribution in accordance with GASB Statement 45 and terminal conversions of vacation and sick time.

CITY OF EL CAJON
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>Vehicle Maintenance</u>	<u>Vehicle and Equipment Replacement</u>	<u>Self Insurance</u>	<u>IT Replacement</u>	<u>Other Post Employment Benefits</u>	<u>Total</u>
Assets:						
Current assets:						
Cash and investments	\$ 293,359	\$ 3,349,856	\$ 4,803,893	\$ 1,583,822	\$ 330,715	\$ 10,361,645
Total current assets	<u>293,359</u>	<u>3,349,856</u>	<u>4,803,893</u>	<u>1,583,822</u>	<u>330,715</u>	<u>10,361,645</u>
Non-current assets:						
Capital assets, being depreciated net:						
Machinery and equipment	6,361	3,632,231	-	11,562	-	3,650,154
Total non-current assets	<u>6,361</u>	<u>3,632,231</u>	<u>-</u>	<u>11,562</u>	<u>-</u>	<u>3,650,154</u>
Total assets	<u>\$ 299,720</u>	<u>\$ 6,982,087</u>	<u>\$ 4,803,893</u>	<u>\$ 1,595,384</u>	<u>\$ 330,715</u>	<u>\$ 14,011,799</u>
Liabilities:						
Current liabilities:						
Accounts payable	\$ 61,874	\$ 40,616	\$ 46,270	\$ 21,135	\$ -	\$ 169,895
Accrued liabilities	13,353	-	2,569	-	-	15,922
Compensated absences	32,292	-	-	-	-	32,292
Claims payable-current	-	-	400,000	-	-	400,000
Total current liabilities	<u>107,519</u>	<u>40,616</u>	<u>448,839</u>	<u>21,135</u>	<u>-</u>	<u>618,109</u>
Non-current liabilities:						
Claims payable	-	-	1,485,283	-	-	1,485,283
Compensated absences	96,877	-	-	-	-	96,877
Total non-current liabilities	<u>96,877</u>	<u>-</u>	<u>1,485,283</u>	<u>-</u>	<u>-</u>	<u>1,582,160</u>
Total liabilities	<u>204,396</u>	<u>40,616</u>	<u>1,934,122</u>	<u>21,135</u>	<u>-</u>	<u>2,200,269</u>
Net position:						
Net investment in capital assets	6,361	3,632,231	-	11,562	-	3,650,154
Unrestricted	<u>88,963</u>	<u>3,309,240</u>	<u>2,869,771</u>	<u>1,562,687</u>	<u>330,715</u>	<u>8,161,376</u>
Total net position	<u>\$ 95,324</u>	<u>\$ 6,941,471</u>	<u>\$ 2,869,771</u>	<u>\$ 1,574,249</u>	<u>\$ 330,715</u>	<u>\$ 11,811,530</u>

CITY OF EL CAJON
Combining Statement of Revenues, Expenditures and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2013

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	IT Replacement	Other Post Employment Benefits	Total
Operating revenues:						
Charges for services	\$ 2,400,000	\$ 471,297	\$ 993,449	\$ 250,000	\$ 1,100,000	\$ 5,214,746
Total operating revenues	<u>2,400,000</u>	<u>471,297</u>	<u>993,449</u>	<u>250,000</u>	<u>1,100,000</u>	<u>5,214,746</u>
Operating expenses:						
Salaries and benefits	709,812	-	114,913	-	971,633	1,796,358
Materials, services and supplies	1,596,022	174,879	230,303	588,061	4,740	2,594,005
Insurance claims/premiums	-	-	788,403	-	-	788,403
Depreciation	1,468	569,798	-	6,032	-	577,298
Total operating expenses	<u>2,307,302</u>	<u>744,677</u>	<u>1,133,619</u>	<u>594,093</u>	<u>976,373</u>	<u>5,756,064</u>
Operating income (loss)	<u>92,698</u>	<u>(273,380)</u>	<u>(140,170)</u>	<u>(344,093)</u>	<u>123,627</u>	<u>(541,318)</u>
Non-operating revenues (expenses):						
Other revenue	392	-	183,169	-	93,671	277,232
Total non-operating revenues	<u>392</u>	<u>-</u>	<u>183,169</u>	<u>-</u>	<u>93,671</u>	<u>277,232</u>
Income before operating transfers	<u>93,090</u>	<u>(273,380)</u>	<u>42,999</u>	<u>(344,093)</u>	<u>217,298</u>	<u>(264,086)</u>
Operating transfers:						
Transfers in	-	66,233	-	-	-	66,233
Total operating transfers	<u>-</u>	<u>66,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,233</u>
Change in net position	93,090	(207,147)	42,999	(344,093)	217,298	(197,853)
Net position, beginning	<u>2,234</u>	<u>7,148,618</u>	<u>2,826,772</u>	<u>1,918,342</u>	<u>113,417</u>	<u>12,009,383</u>
Net position, ending	<u>\$ 95,324</u>	<u>\$ 6,941,471</u>	<u>\$ 2,869,771</u>	<u>\$ 1,574,249</u>	<u>\$ 330,715</u>	<u>\$ 11,811,530</u>

CITY OF EL CAJON
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2013

	Vehicle Maintenance	Vehicle and Equipment Replacement	Self Insurance	IT Replacement	Other Post Employment Benefits	Total
Cash flows from operating activities:						
Receipts from charges to other funds	\$ 2,400,000	\$ 471,297	\$ 993,449	\$ 250,000	\$ 1,100,000	\$ 5,214,746
Payments to suppliers	(1,611,202)	(225,313)	(826,951)	(590,274)	(9,840)	(3,263,580)
Payments to employees	(710,643)	-	(112,344)	-	(971,633)	(1,794,620)
Net cash provided by (used for) operating activities	<u>78,155</u>	<u>245,984</u>	<u>54,154</u>	<u>(340,274)</u>	<u>118,527</u>	<u>156,546</u>
Cash flows from noncapital financing activities:						
Transfer in from other funds	-	66,233	-	-	-	66,233
Other revenue	392	-	183,169	-	93,671	277,232
Net cash provided by noncapital financing activities	<u>392</u>	<u>66,233</u>	<u>183,169</u>	<u>-</u>	<u>93,671</u>	<u>343,465</u>
Cash flows from capital and related financing activities:						
Acquisitions of vehicles and equipment	-	(1,465,052)	-	-	-	(1,465,052)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(1,465,052)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,465,052)</u>
Net increase (decrease) in cash and cash equivalents	78,547	(1,152,835)	237,323	(340,274)	212,198	(965,041)
Cash and cash equivalents, beginning	<u>214,812</u>	<u>4,502,691</u>	<u>4,566,570</u>	<u>1,924,096</u>	<u>118,517</u>	<u>11,326,686</u>
Cash and cash equivalents, ending	<u>\$ 293,359</u>	<u>\$ 3,349,856</u>	<u>\$ 4,803,893</u>	<u>\$ 1,583,822</u>	<u>\$ 330,715</u>	<u>\$ 10,361,645</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 92,698	\$ (273,380)	\$ (140,170)	\$ (344,093)	\$ 123,627	\$ (541,318)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	1,468	569,798	-	6,032	-	577,298
Changes in current assets and liabilities:						
Increase (decrease) in accounts payable	(15,180)	(50,434)	18,809	(2,213)	(5,100)	(54,118)
Increase in accrued liabilities	13,353	-	2,569	-	-	15,922
Increase in claims payable	-	-	172,946	-	-	172,946
(Decrease) in compensated absences payable	(14,184)	-	-	-	-	(14,184)
Total adjustments	<u>(14,543)</u>	<u>519,364</u>	<u>194,324</u>	<u>3,819</u>	<u>(5,100)</u>	<u>697,864</u>
Net cash provided by (used for) operating activities	<u>\$ 78,155</u>	<u>\$ 245,984</u>	<u>\$ 54,154</u>	<u>\$ (340,274)</u>	<u>\$ 118,527</u>	<u>\$ 156,546</u>

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a purely custodial capacity for other funds, governments or individuals.

AGENCY FUNDS:

Miscellaneous Deposits - These funds account for various types of deposits.

Heartland Communication Facility Authority - This fund accounts for activities to provide emergency call receiving and dispatching services to participating agencies.

Heartland Fire Training Authority - This fund accounts for activities of fire fighting and training of personnel for the participating agencies.

PRIVATE-PURPOSE TRUST FUND:

Successor Agency to the Former El Cajon Redevelopment Agency - This fund accounts for the operations and timely dissolution of the former Redevelopment Agency.

The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position for this fund are displayed on pages D-8 and D-9 as it is the sole private purpose trust fund.

CITY OF EL CAJON
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

	Miscellaneous Deposits	Heartland Communications Facility Authority	Heartland Fire Training Authority	Total
Assets:				
Cash and investments	\$ 163,388	\$ 710,078	\$ 464,912	\$ 1,338,378
Receivables:				
Accounts	3,031	155,115	59,652	217,798
Loans	-	-	3,500	3,500
Interest	-	1,382	765	2,147
Prepaid expenses	-	585	-	585
Total assets	\$ 166,419	\$ 867,160	\$ 528,829	\$ 1,562,408
Liabilities:				
Accounts payable	\$ 30,161	\$ 153,441	\$ 46,029	\$ 229,631
Accrued liabilities	-	28,776	-	28,776
Deferred revenue	-	-	320,000	320,000
Sundry agency liabilities	136,258	684,943	162,800	984,001
Total liabilities	\$ 166,419	\$ 867,160	\$ 528,829	\$ 1,562,408

CITY OF EL CAJON
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Miscellaneous Deposits				
Assets:				
Cash and investments	\$ 140,058	\$ 678,946	\$ (655,616)	\$ 163,388
Receivables:				
Accounts	-	3,031	-	3,031
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 140,058</u>	<u>\$ 681,977</u>	<u>\$ (655,616)</u>	<u>\$ 166,419</u>
Liabilities:				
Accounts payable	\$ 2,578	\$ 30,161	\$ (2,578)	\$ 30,161
Sundry agency liabilities	137,480	651,816	(653,038)	136,258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 140,058</u>	<u>\$ 681,977</u>	<u>\$ (655,616)</u>	<u>\$ 166,419</u>
 Heartland Communications Facility Authority				
Assets:				
Cash and investments	\$ 387,852	\$ 3,631,527	\$ (3,309,301)	\$ 710,078
Receivables:				
Accounts	165,518	330,314	(340,717)	155,115
Interest	1,310	1,382	(1,310)	1,382
Prepaid expenses	502	585	(502)	585
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 555,182</u>	<u>\$ 3,963,808</u>	<u>\$ (3,651,830)</u>	<u>\$ 867,160</u>
Liabilities:				
Accounts payable	\$ 9,950	\$ 153,441	\$ (9,950)	\$ 153,441
Accrued liabilities	37,696	28,776	(37,696)	28,776
Deferred revenue	79,800	-	(79,800)	-
Sundry agency liabilities	427,736	3,781,591	(3,524,384)	684,943
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 555,182</u>	<u>\$ 3,963,808</u>	<u>\$ (3,651,830)</u>	<u>\$ 867,160</u>

CITY OF EL CAJON
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds (continued)
For the fiscal year ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Heartland Fire Training Authority				
Assets:				
Cash and investments	\$ 218,108	\$ 781,583	\$ (534,779)	\$ 464,912
Receivables:				
Accounts	153,303	59,652	(153,303)	59,652
Loans	-	3,500	-	3,500
Interest	763	765	(763)	765
	<u>\$ 372,174</u>	<u>\$ 845,500</u>	<u>\$ (688,845)</u>	<u>\$ 528,829</u>
Liabilities:				
Accounts payable	\$ 21,189	\$ 46,029	\$ (21,189)	\$ 46,029
Deferred revenue	400,000	-	(80,000)	320,000
Sundry agency liabilities	(49,015)	799,471	(587,656)	162,800
	<u>\$ 372,174</u>	<u>\$ 845,500</u>	<u>\$ (688,845)</u>	<u>\$ 528,829</u>
Total Agency Funds				
Assets:				
Cash and investments	\$ 746,018	\$ 5,092,056	\$ (4,499,696)	\$ 1,338,378
Receivables:				
Accounts	318,821	392,997	(494,020)	217,798
Loans	-	3,500	-	3,500
Interest	2,073	2,147	(2,073)	2,147
Prepaid expenses	502	585	(502)	585
	<u>\$ 1,067,414</u>	<u>\$ 5,491,285</u>	<u>\$ (4,996,291)</u>	<u>\$ 1,562,408</u>
Liabilities:				
Accounts payable	\$ 33,717	\$ 229,631	\$ (33,717)	\$ 229,631
Accrued liabilities	37,696	28,776	(37,696)	28,776
Deferred revenue	479,800	-	(159,800)	320,000
Sundry agency liabilities	516,201	5,232,878	(4,765,078)	984,001
	<u>\$ 1,067,414</u>	<u>\$ 5,491,285</u>	<u>\$ (4,996,291)</u>	<u>\$ 1,562,408</u>

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

	Fiscal Year					Fiscal Year				
	2004	2005	2006	2007	2008	2009	2010	2011	2012 <i>as restated</i>	2013
Governmental activities										
Net investment in capital assets	\$ 147,900,462	\$ 147,351,227	\$ 148,556,520	\$ 156,282,116	\$ 161,827,481	\$ 162,657,834	\$ 171,879,175	\$ 184,845,829	\$ 187,945,040	\$ 193,537,908
Restricted	32,507,994	30,256,264	42,169,594	58,098,218	67,921,281	82,298,521	63,263,584	60,158,904	58,728,019 ^a	59,087,555
Unrestricted	<u>(25,937,006)</u>	<u>(22,920,789)</u>	<u>(23,676,154)</u>	<u>(28,324,073)</u>	<u>(29,726,473)</u>	<u>(32,573,207)</u>	<u>(12,336,332)</u>	<u>(4,176,060)</u>	<u>20,608,443</u>	<u>28,212,027</u>
Total governmental activities net position	<u>\$ 154,471,450</u>	<u>\$ 154,686,702</u>	<u>\$ 167,049,960</u>	<u>\$ 186,056,261</u>	<u>\$ 200,022,289</u>	<u>\$ 212,383,148</u>	<u>\$ 222,806,427</u>	<u>\$ 240,828,673</u>	<u>\$ 267,281,502</u>	<u>\$ 280,837,490</u>
Business-type activities										
Net investment in capital assets	\$ 45,323,866	\$ 51,948,046	\$ 49,699,412	\$ 38,297,123	\$ 36,149,131	\$ 37,622,872	\$ 36,625,278	\$ 37,372,058	\$ 37,954,007	\$ 37,072,743
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>20,148,483</u>	<u>16,246,873</u>	<u>17,718,411</u>	<u>30,309,060</u>	<u>30,556,232</u>	<u>28,264,958</u>	<u>26,124,508</u>	<u>21,592,156</u>	<u>19,536,586</u>	<u>18,044,303</u>
Total business-type activities net position	<u>\$ 65,472,349</u>	<u>\$ 68,194,919</u>	<u>\$ 67,417,823</u>	<u>\$ 68,606,183</u>	<u>\$ 66,705,363</u>	<u>\$ 65,887,830</u>	<u>\$ 62,749,786</u>	<u>\$ 58,964,214</u>	<u>\$ 57,490,593</u>	<u>\$ 55,117,046</u>
Primary government										
Invested in capital assets, net of related del	\$ 193,224,328	\$ 199,299,273	\$ 198,255,932	\$ 194,579,239	\$ 197,976,612	\$ 200,280,706	\$ 208,504,453	\$ 222,217,887	\$ 225,899,047	\$ 230,610,651
Restricted	32,507,994	30,256,264	42,169,594	58,098,218	67,921,281	82,298,521	63,263,584	60,158,904	58,728,019	59,087,555
Unrestricted	<u>(5,788,523)</u>	<u>(6,673,916)</u>	<u>(5,957,743)</u>	<u>1,984,987</u>	<u>829,759</u>	<u>(4,308,249)</u>	<u>13,788,176</u>	<u>17,416,096</u>	<u>40,145,029</u>	<u>46,256,330</u>
Total primary government net position	<u>\$ 219,943,799</u>	<u>\$ 222,881,621</u>	<u>\$ 234,467,783</u>	<u>\$ 254,662,444</u>	<u>\$ 266,727,652</u>	<u>\$ 278,270,978</u>	<u>\$ 285,556,213</u>	<u>\$ 299,792,887</u>	<u>\$ 324,772,095</u>	<u>\$ 335,954,536</u>

Notes:

^a The El Cajon Redevelopment Agency was dissolved effective 02/01/2012 and its non-housing assets and obligations were transferred to the Successor Agency. See the notes to the financial statements for more information.

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

	Fiscal Year					Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u> <i>as restated</i>	<u>2013</u>
Expenses										
Governmental activities:										
General government	\$ 6,082,985	\$ 6,802,886	\$ 5,667,586	\$ 6,003,403	\$ 7,125,818	\$ 7,033,654	\$ 6,616,137	\$ 6,496,555	\$ 7,696,562	\$ 9,148,684
Public safety	38,681,232	37,888,372	40,650,308	41,376,479	40,313,529	39,346,691	37,384,609	37,649,169	38,633,076	40,578,344
Public works	8,628,950	9,918,408	9,591,062	11,462,970	10,242,033	11,458,980	10,514,171	10,695,592	11,680,268	12,281,575
Parks and recreation	5,245,169	5,246,931	5,306,786	5,416,545	5,424,920	5,222,743	5,011,660	4,811,375	4,697,831	4,622,822
Community development	3,681,858	7,755,036	8,227,494	5,333,452	8,187,798	9,987,043	10,510,062	7,085,610	8,972,209	4,669,220
Interest on long-term debt	3,127,986	3,063,181	3,361,098	3,546,884	3,914,799	3,713,294	4,145,067	4,426,180	2,910,351	987,165
Total governmental activities expenses	<u>65,448,180</u>	<u>70,674,814</u>	<u>72,804,334</u>	<u>73,139,733</u>	<u>75,208,897</u>	<u>76,762,405</u>	<u>74,181,706</u>	<u>71,164,481</u>	<u>74,590,297</u>	<u>72,287,810</u>
Business-type activities:										
Wastewater	11,657,734	12,804,910	13,018,024	12,916,675	15,843,902	14,595,817	15,455,843	15,413,470	16,398,495	17,710,456
Total business-type activities expenses	<u>11,657,734</u>	<u>12,804,910</u>	<u>13,018,024</u>	<u>12,916,675</u>	<u>15,843,902</u>	<u>14,595,817</u>	<u>15,455,843</u>	<u>15,413,470</u>	<u>16,398,495</u>	<u>17,710,456</u>
Total primary government expenses	<u>\$ 77,105,914</u>	<u>\$ 83,479,724</u>	<u>\$ 85,822,358</u>	<u>\$ 86,056,408</u>	<u>\$ 91,052,799</u>	<u>\$ 91,358,222</u>	<u>\$ 89,637,549</u>	<u>\$ 86,577,951</u>	<u>\$ 90,988,792</u>	<u>\$ 89,998,266</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 192,094	\$ 73,430	\$ 1,236,844	\$ 975,695	\$ 1,092,456	\$ 1,169,914	\$ 1,144,209	\$ 1,124,120	\$ 1,175,685	\$ 2,229,570
Public safety	5,344,381	6,351,522	7,145,060	6,661,314	5,060,425	5,516,765	5,141,582	5,039,668	4,758,621	4,145,824
Public works	330,632	839,899	1,254,521	855,308	1,500,292	1,621,632	1,346,452	1,477,824	1,303,160	1,184,869
Parks and recreation	581,974	899,079	549,021	533,257	527,238	511,609	693,490	657,618	677,070	696,275
Community development	1,811,848	98,969	275,913	43,335	1,112,047	1,052,738	1,292,549	1,172,847	1,128,417	2,166,733
Operating grants and contributions	8,513,565	8,080,317	6,957,456	10,704,487	7,977,621	8,179,454	6,744,073	6,827,345	9,264,974	6,811,610
Capital grants and contributions	462,000	2,708,921	11,926,534	13,538,092	13,590,499	14,385,324	12,503,710	11,290,298	9,396,184	16,162,285
Total governmental activities revenues	<u>17,236,494</u>	<u>19,052,137</u>	<u>29,345,349</u>	<u>33,311,488</u>	<u>30,860,578</u>	<u>32,437,436</u>	<u>28,866,065</u>	<u>27,589,720</u>	<u>27,704,111</u>	<u>33,397,166</u>
Business-type activities:										
Charges for services:										
Wastewater	11,647,955	11,703,427	11,444,031	12,273,490	12,226,547	12,072,058	11,940,997	11,456,017	13,382,226	15,369,359
Capital grants and contributions	-	126,200	-	392,100	-	39,100	15,900	-	-	-
Total business-type activities revenues	<u>11,647,955</u>	<u>11,829,627</u>	<u>11,444,031</u>	<u>12,665,590</u>	<u>12,226,547</u>	<u>12,111,158</u>	<u>11,956,897</u>	<u>11,456,017</u>	<u>13,382,226</u>	<u>15,369,359</u>
Total primary government revenues	<u>\$ 28,884,449</u>	<u>\$ 30,881,764</u>	<u>\$ 40,789,380</u>	<u>\$ 45,977,078</u>	<u>\$ 43,087,125</u>	<u>\$ 44,548,594</u>	<u>\$ 40,822,962</u>	<u>\$ 39,045,737</u>	<u>\$ 41,086,337</u>	<u>\$ 48,766,525</u>
Net (expense)/revenue										
Governmental activities	\$ (48,211,686)	\$ (51,622,677)	\$ (43,458,985)	\$ (39,828,245)	\$ (44,348,319)	\$ (44,324,969)	\$ (45,315,641)	\$ (43,574,761)	\$ (46,886,186)	\$ (38,890,644)
Business-type activities	(9,779)	(975,283)	(1,573,993)	(251,085)	(3,617,355)	(2,484,659)	(3,498,946)	(3,957,453)	(3,016,269)	(2,341,097)
Total primary government net expense	<u>\$ (48,221,465)</u>	<u>\$ (52,597,960)</u>	<u>\$ (45,032,978)</u>	<u>\$ (40,079,330)</u>	<u>\$ (47,965,674)</u>	<u>\$ (46,809,628)</u>	<u>\$ (48,814,587)</u>	<u>\$ (47,532,214)</u>	<u>\$ (49,902,455)</u>	<u>\$ (41,231,741)</u>

(Continued on next page)

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

	Fiscal Year					Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u> <i>as restated</i>	<u>2013</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 12,158,223	\$ 23,911,292	\$ 27,829,776	\$ 31,116,242	\$ 32,680,311	\$ 32,527,556	\$ 28,896,570	\$ 28,873,349	\$ 27,082,113	\$ 20,468,597
Sales taxes	21,921,582	18,472,188	18,254,639	17,761,028	17,127,144	15,602,550	19,148,882	22,278,251	22,466,903	24,328,310
Franchise taxes	3,500,702	3,657,639	3,739,375	3,897,928	4,207,443	4,603,755	4,630,306	5,163,453	4,721,291	4,767,474
Transient lodging taxes	997,661	1,015,956	1,091,977	1,119,762	1,127,839	925,865	824,676	900,298	1,046,237	1,057,224
Business license taxes	790,154	792,554	795,641	770,951	786,182	784,047	744,613	751,196	747,522	768,726
Intergovernmental, unrestricted	4,427,599	2,274,612	583,233	619,730	536,303	542,808	289,199	502,955	-	51,550
Investment earnings	(138,375)	692,586	2,211,144	3,233,882	1,830,475	881,530	374,277	234,385	299,103	179,961
Contribution from Civic Center Authority	929,517	-	-	-	-	-	-	-	-	-
Other	89,678	18,264	498,739	315,026	18,650	703,767	811,138	646,937	1,531,970	1,352,057
Special item - net gain(loss) on sale	-	-	-	-	-	-	-	2,167,485	-	(597,018)
Extraordinary gain - net transfer of assets	-	-	-	-	-	-	-	-	21,677,883	-
Transfer in(out)	-	441,075	(324,466)	-	-	113,950	19,259	78,697	5,682	69,751
Total governmental activities	44,676,741	51,276,166	54,680,058	58,834,549	58,314,347	56,685,828	55,738,920	61,597,006	79,578,704	52,446,632
Business-type activities:										
Investment earnings	23,943	753,434	876,421	1,436,923	1,572,301	877,025	372,139	160,435	82,552	24,511
Other	-	1,355	95,923	2,522	144,234	904,051	8,022	90,143	1,465,778	15,015
Special item - net loss on sale of properties	-	-	-	-	-	-	-	-	-	(2,225)
Transfer in(out)	-	(441,075)	(175,447)	-	-	(113,950)	(19,259)	(78,697)	(5,682)	(69,751)
Total business-type activities	23,943	313,714	796,897	1,439,445	1,716,535	1,667,126	360,902	171,881	1,542,648	(32,450)
Total primary government	\$ 44,700,684	\$ 51,589,880	\$ 55,476,955	\$ 60,273,994	\$ 60,030,882	\$ 58,352,954	\$ 56,099,822	\$ 61,768,887	\$ 81,121,352	\$ 52,414,182
Changes in Net Position										
Governmental activities	\$ (3,534,945)	\$ (346,511)	\$ 11,221,073	\$ 19,006,304	\$ 13,966,028	\$ 12,360,859	\$ 10,423,279	\$ 18,022,245	\$ 32,692,518	\$ 13,555,988
Business-type activities	14,164	(661,569)	(777,096)	1,188,360	(1,900,820)	(817,533)	(3,138,044)	(3,785,572)	(1,473,621)	(2,373,547)
Total primary government	\$ (3,520,781)	\$ (1,008,080)	\$ 10,443,977	\$ 20,194,664	\$ 12,065,208	\$ 11,543,326	\$ 7,285,235	\$ 14,236,673	\$ 31,218,897	\$ 11,182,441

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

	Fiscal Year					Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund										
Reserved	\$ 2,390,577	\$ 1,445,119	\$ 1,236,423	\$ 1,058,476	\$ 476,697	\$ 27,822	\$ 287,021	\$ -	\$ -	\$ -
Unreserved	19,189,795	19,558,962	18,227,337	18,507,286	16,691,900	16,521,049	15,492,150	-	-	-
Nonspendable	-	-	-	-	-	-	-	11,610	-	2,331
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	10,058,304	10,003,509	10,614,730
Assigned	-	-	-	-	-	-	-	-	5,370,474	4,947,648
Unassigned	-	-	-	-	-	-	-	10,009,181	3,401,384	10,969,345
Total general fund	<u>\$ 21,580,372</u>	<u>\$ 21,004,081</u>	<u>\$ 19,463,760</u>	<u>\$ 19,565,762</u>	<u>\$ 17,168,597</u>	<u>\$ 16,548,871</u>	<u>\$ 15,779,171</u>	<u>\$ 20,079,095</u>	<u>\$ 18,775,367</u>	<u>\$ 26,534,054</u>
All other governmental funds										
Reserved	\$ 29,776,231	\$ 27,444,814	\$ 41,801,680	\$ 53,052,832	\$ 50,578,716	\$ 62,695,222	\$ 84,028,150	\$ -	\$ -	\$ -
Unreserved										
Special revenue funds	7,091,541	6,093,280	4,046,965	4,631,285	2,886,920	4,071,055	2,792,790	-	-	-
Capital projects funds	2,651,802	6,253,755	15,720,367	29,516,819	38,108,095	60,774,373	24,086,294	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	4,219
Restricted	-	-	-	-	-	-	-	60,309,471	32,917,930	31,072,800
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	29,265,577	25,454,019	27,270,420
Unassigned	-	-	-	-	-	-	-	-	-	(16,521)
Total all other governmental funds	<u>\$ 39,519,574</u>	<u>\$ 39,791,849</u>	<u>\$ 61,569,012</u>	<u>\$ 87,200,936</u>	<u>\$ 91,573,731</u>	<u>\$ 127,540,650</u>	<u>\$ 110,907,234</u>	<u>\$ 89,575,048</u>	<u>\$ 58,371,949</u>	<u>\$ 58,330,918</u>
Total fund balance	<u>\$ 61,099,946</u>	<u>\$ 60,795,930</u>	<u>\$ 81,032,772</u>	<u>\$ 106,766,698</u>	<u>\$ 108,742,328</u>	<u>\$ 144,089,521</u>	<u>\$ 126,686,405</u>	<u>\$ 109,654,143</u>	<u>\$ 77,147,316</u>	<u>\$ 84,864,972</u>

Note:

The City implemented GASB 54 for the fiscal year ended June 30, 2011. The categories of fund balance for governmental funds have been changed as described more fully in the notes to the financial statements. Prior year fund balances reflect the guidance in effect when those financial statements were prepared.

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

	Fiscal Year					Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Taxes	\$ 43,702,717	\$ 54,550,833	\$ 64,763,484	\$ 68,361,796	\$ 67,870,489	\$ 65,732,725	\$ 68,651,590	\$ 72,117,599	\$ 65,375,715	\$ 62,902,388
Intergovernmental	11,375,095	9,277,882	8,369,421	10,783,152	9,933,670	9,248,805	9,101,752	7,187,549	8,477,915	6,772,809
Licenses and permits	994,993	1,279,818	1,381,874	1,202,371	816,696	948,842	1,170,501	873,243	927,820	959,941
Charges for services	4,978,638	4,311,267	5,598,387	5,891,070	6,025,170	6,261,265	6,045,741	5,821,898	6,248,868	5,964,400
Investment earnings	1,147,951	2,076,919	3,320,605	5,980,521	4,034,880	3,046,843	1,086,786	818,018	387,216	317,649
Other	1,808,159	2,506,240	3,195,414	3,359,342	4,854,042	8,052,494	2,660,351	5,286,670	5,047,901	6,895,635
Total revenues	<u>64,007,553</u>	<u>74,002,959</u>	<u>86,629,185</u>	<u>95,578,252</u>	<u>93,534,947</u>	<u>93,290,974</u>	<u>88,716,721</u>	<u>92,104,977</u>	<u>86,465,435</u>	<u>83,812,822</u>
Expenditures										
General government	5,394,005	6,569,726	5,379,635	6,493,789	7,120,918	6,830,628	6,578,500	6,554,545	7,446,595	8,943,751
Public safety	33,656,241	37,496,000	40,448,381	41,101,006	42,187,380	39,105,822	37,934,714	38,078,503	38,458,168	39,216,674
Public works	3,861,550	5,735,251	6,184,025	5,935,035	5,961,454	6,085,158	6,201,848	5,940,300	5,553,901	5,523,424
Parks and recreation	4,672,930	4,946,623	5,191,900	5,037,440	5,318,846	5,039,113	4,810,458	4,608,809	4,426,742	4,362,631
Community development	3,532,624	7,760,406	8,087,533	8,267,328	11,706,510	8,993,226	14,380,697	9,685,291	5,906,316	5,013,538
Capital outlay	5,206,315	4,740,098	5,212,603	14,455,898	13,213,187	12,903,731	29,010,180	37,803,738	13,997,614	9,054,501
Debt service: principal	2,980,969	1,595,788	30,083,343	967,269	2,194,227	1,397,167	2,873,736	1,312,000	1,362,000	2,997,000
Debt service: interest & fiscal charges	3,179,622	3,067,338	1,986,537	3,206,498	3,855,980	3,667,869	4,348,963	4,479,711	2,742,813	987,165
Pass-through payments	2,345,142	2,836,820	2,314,388	-	-	-	-	-	-	-
Total expenditures	<u>64,829,398</u>	<u>74,748,050</u>	<u>104,888,345</u>	<u>85,464,263</u>	<u>91,558,502</u>	<u>84,022,714</u>	<u>106,139,096</u>	<u>108,462,897</u>	<u>79,894,149</u>	<u>76,098,684</u>
Excess/deficiency of revenues over (under) expenditures	(821,845)	(745,091)	(18,259,160)	10,113,989	1,976,445	9,268,260	(17,422,375)	(16,357,920)	6,571,286	7,714,138
Other financing sources (uses)										
Issuance of long-term debt	850,000	-	40,000,000	15,750,000	-	25,195,000	-	-	-	-
Premium (Discount) on issuance of bonds	-	-	(1,335,791)	(135,550)	-	769,983	-	-	-	-
Contribution from Civic Center Authority	929,517	-	-	-	-	-	-	-	-	-
Transfers in	7,069,092	6,037,322	9,420,667	29,281,591	15,109,639	11,182,389	28,484,035	15,836,395	30,436,534	11,555,208
Transfers out	(7,063,815)	(5,596,247)	(9,745,133)	(29,276,104)	(15,109,639)	(11,068,439)	(28,464,776)	(16,510,737)	(32,542,205)	(11,551,690)
Total other financing sources (uses)	<u>1,784,794</u>	<u>441,075</u>	<u>38,339,743</u>	<u>15,619,937</u>	<u>-</u>	<u>26,078,933</u>	<u>19,259</u>	<u>(674,342)</u>	<u>(2,105,671)</u>	<u>3,518</u>
Extraordinary loss	-	-	-	-	-	-	-	-	(36,972,442)	-
Net change in fund balances	<u>\$ 962,949</u>	<u>\$ (304,016)</u>	<u>\$ 20,080,583</u>	<u>\$ 25,733,926</u>	<u>\$ 1,976,445</u>	<u>\$ 35,347,193</u>	<u>\$ (17,403,116)</u>	<u>\$ (17,032,262)</u>	<u>\$ (32,506,827)</u>	<u>\$ 7,717,656</u>
Debt service as percentage of noncapital expenditures	14.3%	10.7%	34.5%	5.9%	7.7%	7.1%	9.4%	8.2%	6.2%	5.9%

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

	Fiscal Year					Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Property	\$ 14,102,943	\$ 25,601,244	\$ 29,757,108	\$ 33,209,047	\$ 35,451,016	\$ 35,528,950	\$ 32,056,420	\$ 31,858,255	\$ 26,866,252 ^a	\$ 20,224,259
Sales and use	23,497,603	22,481,821	26,098,943	26,177,608	25,704,453	23,302,544	25,968,174	29,928,327	30,141,782	32,662,638
Franchise	3,500,702	3,657,639	3,739,375	3,897,928	4,207,443	4,603,755	4,630,306	5,163,453	4,721,291	4,767,474
Occupancy	997,661	1,015,957	1,091,977	1,119,762	1,127,839	925,865	824,676	900,298	1,046,237	1,057,224
Property transfer	400,423	608,903	387,057	405,000	211,639	206,897	183,345	193,141	215,861	244,338
Other	1,203,385	1,185,269	3,689,024	3,552,451	1,168,100	1,164,714	4,988,669	4,074,125	2,384,292	3,946,455
	<u>\$ 43,702,717</u>	<u>\$ 54,550,833</u>	<u>\$ 64,763,484</u>	<u>\$ 68,361,796</u>	<u>\$ 67,870,490</u>	<u>\$ 65,732,725</u>	<u>\$ 68,651,590</u>	<u>\$ 72,117,599</u>	<u>\$ 65,375,715</u>	<u>\$ 62,902,388</u>

Notes:

^a The El Cajon Redevelopment Agency was dissolved effective 02/01/2012 and its non-housing assets and obligations were transferred to the Successor Agency.

CITY OF EL CAJON
Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2012-13	
Taxpayer	Business Type
Arco AM/PM Mini Marts	Service Stations
Best Buy Stores	Furniture/Appliance
Chevron Service Stations	Service Stations
Cunningham BMW	Auto Sales-New
El Cajon Ford Isuzu	Auto Sales-New
El Cajon Mitsubishi	Auto Sales-New
Enterprise Rent-A-Car	Leasing
Exxon Service Stations	Service Stations
Ferguson Enterprises	Bldg.Matls-Whsle
Home Depot	Bldg.Matls-Retail
JC Penney Company	Department Stores
Lexus El Cajon	Auto Sales-New
Macy's Department Store	Department Stores
Mossy Nissan	Auto Sales-New
Sears Roebuck & Company	Department Stores
Shell Service Stations	Service Stations
Subaru El Cajon	Auto Sales-New
Super Star Service Stations	Service Stations
Target Stores	Department Stores
Team KIA of El Cajon	Auto Sales-New
The Soco Group	Energy Sales
Tipton Honda	Auto Sales-New
Toyota of El Cajon	Auto Sales-New
Truck & SUV Superstore	Auto Sales-Used
Wal Mart Stores	Department Stores

2003-04	
Taxpayer	Business Type
Arco AM/PM Mini Marts	Service Stations
Auto Finance Specialists	Leasing
Best Buys Stores	Furniture/Appliance
Bob Baker Chevrolet/ Subaru	Auto Sales-New
Chevron Service Stations	Service Stations
Cunningham BMW	Auto Sales-New
De La Fuente Cadillac	Auto Sales-New
El Cajon Ford Isuzu	Auto Sales-New
El Cajon Mazda KIA	Auto Sales-New
Ferguson Enterprises	Bldg.Matls-Whsle
Home Depot	Bldg.Matls-Retail
JC Penney Company	Department Stores
K Mart Stores	Department Stores
Lexus of El Cajon	Auto Sales-New
Mervyn's Department Store	Department Stores
Mor Furniture For Less	Furniture/Appliance
Mossy Nissan	Auto Sales-New
Motoworld	Misc. Vehicle Sales
Robinsons May Department Store	Department Stores
San Diego Saturn Retailers	Auto Sales-New
Sears Roebuck & Company	Department Stores
Target Stores	Department Stores
The Soco Group	Energy Sales
Tipton Honda	Auto Sales-New
Toyota of El Cajon	Auto Sales-New

Source: SBOE data, MuniServices, LLC
Top Sales Tax Producers listed in alphabetical order.

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

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Taxable Assessed Value	Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value
2003-04	\$ 3,289,983	\$ 909,864	\$ 439,487	\$ 108,751	\$ 321,715	\$ 5,069,800	0.111730	-	-
2004-05	3,683,527	961,055	456,728	92,482	350,913	5,544,705	0.111730	-	-
2005-06	4,210,849	1,032,525	476,495	108,613	457,638	6,286,120	0.111740	-	-
2006-07	4,809,681	1,156,882	542,027	123,845	439,552	7,071,987	0.111740	-	-
2007-08	5,181,940	1,250,041	617,180	201,378	486,538	7,737,077	0.111740	-	-
2008-09	5,146,788	1,306,707	587,244	205,868	486,778	7,733,385	0.111740	-	-
2009-10	4,681,464	1,332,879	605,729	203,425	531,835	7,355,332	0.111700	-	-
2010-11	4,589,686	1,315,121	603,660	195,491	506,113	7,210,071	0.111740	-	-
2011-12	4,625,723	1,320,497	601,910	189,333	508,860	7,246,323	0.111700	-	-
2012-13	4,548,093	1,339,676	624,668	104,634	439,823	7,056,894	0.111736	9,143,319	1.295658

Source: San Diego County Assessor data, MuniServices, LLC

Source: 2011-12 and prior, previously published CAFR Report

(1.) Total Direct Tax Rate is represented by TRA 003-001

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a factor was extrapolated and applied to current assessed values.

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

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Basic City and County Levy										
City of El Cajon	0.111730	0.111730	0.111740	0.111740	0.111740	0.111740	0.111700	0.111740	0.111700	0.111736
Cajon Valley Union Elementary	0.224910	0.224910	0.224910	0.224910	0.224910	0.224910	0.224900	0.224900	0.224900	0.224913
Cajon Valley Union County Building Aid	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020	0.000020
Children's Institute Tuition	0.001460	0.001500	0.001460	0.001460	0.001460	0.001460	0.001460	0.001460	0.001460	0.001464
Chula Vista Project	0.000170	0.000220	0.000180	0.000180	0.000180	0.000180	0.000180	0.000180	0.000180	0.000179
County General	0.132090	0.144080	0.144250	0.144250	0.144250	0.144250	0.132100	0.132100	0.132100	0.132090
County Library	0.025120	0.013000	0.012960	0.012960	0.012960	0.012960	0.025100	0.025100	0.025100	0.025124
County School Service	0.006860	0.006900	0.006860	0.006860	0.006860	0.006860	0.006860	0.006860	0.006860	0.006862
County School Service Capital Outlay	0.001730	0.001700	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730	0.001730
CWA Helix Water District	0.003450	0.003450	0.003450	0.003450	0.003450	0.003450	0.003450	0.003450	0.003450	0.003448
Educational Revenue Augmentation Fund	0.129250	0.129250	0.129250	0.129250	0.129250	0.129250	0.129300	0.129300	0.129300	0.129255
Grossmont-Cuyamaca Community College	0.094190	0.094190	0.094190	0.094190	0.094190	0.094190	0.094200	0.094200	0.094200	0.094191
Grossmont Healthcare District	0.016250	0.016250	0.016250	0.016250	0.016250	0.016250	0.016250	0.016250	0.016250	0.016246
Grossmont Union High School District	0.248360	0.248360	0.248370	0.248370	0.248370	0.248370	0.248400	0.248400	0.248400	0.248366
Regional Occupational Centers	0.004370	0.004400	0.004380	0.004380	0.004380	0.004380	0.004380	0.004380	0.004380	0.004377
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
Cajon Valley School Bond	0.028670	0.026320	0.031260	0.034280	0.031410	0.049010	0.052240	0.052500	0.060840	0.062740
Grossmont Healthcare District prop G 6-06-06	0.000000	0.000000	0.000000	0.013150	0.013150	0.013150	0.013150	0.013150	0.020050	0.020050
Grossmont Union High Bond	0.000000	0.026650	0.023180	0.021210	0.021770	0.027950	0.058670	0.059430	0.061210	0.061030
Grossmont-Cuyamaca Community College	0.023070	0.020060	0.020040	0.020670	0.007700	0.022570	0.027980	0.029290	0.030820	0.031730
La Mesa Spring Valley Elementary	0.023530	0.025010	0.022050	0.020530	0.019590	0.020230	0.023660	0.024930	0.025560	0.000000
Metropolitan Water District	0.006100	0.005800	0.005200	0.004700	0.004500	0.004300	0.004300	0.003700	0.003700	0.003500
Padre Dam Muni. Water Imp.Dist. C-Debt Serv	0.000830	0.001490	0.001370	0.001210	0.001080	0.000000	0.000000	0.000000	0.000000	0.000000
San Diego Water Authority	0.000670	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Santee Elementary Bond	0.000000	0.000000	0.000000	0.000000	0.024050	0.028080	0.029160	0.034040	0.033080	0.000000
TOTAL	0.082870	0.105330	0.103100	0.115750	0.123250	0.165290	0.209160	0.217040	0.235260	0.179050
TOTAL TAX RATE	1.082870	1.105330	1.103100	1.115750	1.123250	1.165290	1.209160	1.217040	1.235260	1.179050

Source: San Diego County Auditor/Controller data, MuniServices, LLC

Source: 2011-12 and prior, previously published CAFR Report

TRA 03-001 is represented for this report

CITY OF EL CAJON
Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2012-13		2003-04	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Parkway Plaza LLC	225,512,853	3.20%	195,690,113	3.86%
Preby's Conrad Trust	68,596,522	0.97%	33,265,749	0.66%
GKN Aerospace Chem-Tronics	56,492,760	0.80%	44,085,698	0.87%
Kaiser	48,562,930	0.69%	39,461,608	0.78%
El Cajon Energy LLC	37,170,034	0.53%	0	0.00%
Cumberland Club Apts LP	32,048,191	0.45%	0	0.00%
Sears Roebuck & Co	26,469,957	0.38%	11,455,884	0.23%
Helf Properties Inc	26,303,624	0.37%	0	0.00%
Cox Communications Inc	25,162,047	0.36%	24,261,308	0.48%
Home Depot	24,943,421	0.35%	0	0.00%
505 West Madison Apartments LLC	24,545,373	0.35%	0	0.00%
Wal Mart	23,615,643	0.33%	0	0.00%
Fletcher Hills Colonnade LLC	21,250,000	0.30%	0	0.00%
Toro Company	21,048,297	0.30%	0	0.00%
Senior Flexonics Inc	21,012,908	0.30%	35,736,277	0.70%
North Johnson Vernon Property	21,012,414	0.30%	0	0.00%
Ynez Two LLC	20,258,023	0.29%	0	0.00%
RS Partners LP	18,232,500	0.26%	0	0.00%
Pain In Air Inc	18,100,000	0.26%	0	0.00%
Ivanhoe El Cajon Apts	16,946,080	0.24%	0	0.00%
Madison Square Shopping Center	14,992,588	0.21%	8,450,503	0.17%
Fletcher Hills Town & Country	14,599,046	0.21%	12,246,699	0.24%
JMS Acquisition LLC	14,591,145	0.21%	0	0.00%
Dayton Hudson Corp	14,468,647	0.21%	12,344,395	0.24%
Gillespie GH LLC	14,399,972	0.20%	29,713,522	0.59%
Jacobs Irwin Mark Trustee	0	0.00%	34,212,500	0.67%
National Aircraft Leasing	0	0.00%	32,257,500	0.64%
Sachs John M Inc	0	0.00%	26,556,184	0.52%
Signs Pinnick Inc.	0	0.00%	16,033,465	0.32%
American Stores Properties Inc	0	0.00%	14,326,346	0.28%
Qualcomm Inc	0	0.00%	14,076,400	0.28%
Buck Knives Inc	0	0.00%	13,466,765	0.27%
Cre Di El Cajon LLC	0	0.00%	12,000,000	0.24%
Royal Jet Inc	0	0.00%	11,675,896	0.23%
Pellegrino Nicholas Investment	0	0.00%	9,868,309	0.19%
Newport Diversified Inc	0	0.00%	9,813,816	0.19%
Greenberg Ronald E & Linda L T	0	0.00%	8,797,625	0.17%
Chemtronics Inc	0	0.00%	8,503,253	0.17%
DR Horton San Diego Holding Co	0	0.00%	8,472,300	0.17%
Total Top 25 Taxpayers	850,334,975	12.05%	666,772,115	13.15%
Total Taxable Value	7,056,894,569	100.00%	5,069,800,000	100.00%

Source: San Diego County Assessor data, MuniServices, LLC

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

	Fiscal Year					Fiscal Year				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Taxes levied	\$ 4,485,626	\$ 4,890,333	\$ 5,414,300	\$ 5,949,579	\$ 6,381,328	\$ 6,443,062	\$ 6,046,006	\$ 5,934,509	\$ 5,728,872	\$ 5,826,697
Collected within the fiscal year of levy	4,430,397	4,814,407	5,306,631	5,780,276	6,133,651	6,207,282	5,857,518	5,817,912	5,639,401	5,759,311
Delinquent collections	55,191	52,848	68,196	85,625	129,327	207,027	206,041	169,164	93,608	84,688
Total collections	<u>\$ 4,485,588</u>	<u>\$ 4,867,255</u>	<u>\$ 5,374,827</u>	<u>\$ 5,865,901</u>	<u>\$ 6,262,978</u>	<u>\$ 6,414,309</u>	<u>\$ 6,063,559</u>	<u>\$ 5,987,076</u>	<u>\$ 5,733,009</u>	<u>\$ 5,843,999</u>
Percentage of taxes collected within fiscal year of levy	98.8%	98.4%	98.0%	97.2%	96.1%	96.3%	96.9%	98.0%	98.4%	98.8%

Source: San Diego County Auditor and Controller

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

	Fiscal Year					Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Governmental Activities</u>										
General Bonded Debt										
Sales tax supported revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,195,000	\$ 25,195,000	\$ 25,195,000	\$ 25,195,000	\$ 22,255,000
Tax allocation refunding bonds	46,465,000	45,440,000	56,000,000	71,075,000	69,950,000	68,780,000	67,575,000	66,320,000	-	-
Total Bonded Debt	<u>46,465,000</u>	<u>45,440,000</u>	<u>56,000,000</u>	<u>71,075,000</u>	<u>69,950,000</u>	<u>93,975,000</u>	<u>92,770,000</u>	<u>91,515,000</u>	<u>25,195,000</u>	<u>22,255,000</u>
Percentage of taxable assessed values (redevelopment areas only)	0	0	0	0	0	0	0	0	n/a ^c	n/a
Per capita ^b	477	467	579	733	716	955	933	920	251	222
Other Governmental Activities Debt										
Capital leases	999,437	606,649	198,398	141,130	86,903	29,736	-	-	-	-
Notes payable	4,037,000	3,859,000	3,624,000	3,389,000	2,374,000	2,204,000	565,000	508,000	451,000	394,000
Total Other Governmental Activities Debt	<u>5,036,437</u>	<u>4,465,649</u>	<u>3,822,398</u>	<u>3,530,130</u>	<u>2,460,903</u>	<u>2,233,736</u>	<u>565,000</u>	<u>508,000</u>	<u>451,000</u>	<u>394,000</u>
<u>Business-type Activities</u>										
Other Business-type Activities Debt										
Obligation due to SD Metro Wastewater	<u>7,076,250</u>	<u>11,038,654</u>	<u>11,038,654</u>	<u>11,038,654</u>	<u>11,038,654</u>	<u>11,038,654</u>	<u>11,038,654</u>	<u>11,038,654</u>	<u>9,858,817</u>	<u>9,858,817</u>
Total Primary Government^a	<u>\$ 58,577,687</u>	<u>\$ 60,944,303</u>	<u>\$ 70,861,052</u>	<u>\$ 85,643,784</u>	<u>\$ 83,449,557</u>	<u>\$ 107,247,390</u>	<u>\$ 104,373,654</u>	<u>\$ 103,061,654</u>	<u>\$ 35,504,817</u>	<u>\$ 32,507,817</u>
Percentage of personal income	1.67%	1.79%	2.04%	2.39%	2.37%	3.24%	3.12%	3.11%	n/a	n/a
Per capita ^b	\$602	\$626	\$733	\$883	\$854	\$1,090	\$1,049	\$1,036	\$353	\$323

Notes:

^a Includes general bonded debt, other governmental activities debt, and business-type activities

^b See Demographic and Economic Statistics on page N-16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

^c The El Cajon Redevelopment Agency was dissolved effective 02/01/2012 and its non-housing assets and obligations were transferred to the Successor Agency.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF EL CAJON
Ratios of Bonded Debt Outstanding and Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year					Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Citywide Bonded Debt										
Sales Tax supported revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,195,000	\$ 25,195,000	\$ 25,195,000	\$ 25,195,000	\$ 22,255,000
Tax allocation refunding bonds	46,465,000	45,440,000	56,000,000	71,075,000	69,950,000	68,780,000	67,575,000	66,320,000	-	-
Total bonded debt outstanding	\$ 46,465,000	\$ 45,440,000	\$ 56,000,000	\$ 71,075,000	\$ 69,950,000	\$ 93,975,000	\$ 92,770,000	\$ 91,515,000	\$ 25,195,000	\$ 22,255,000
State legal debt limit ^a	\$ 760,470,000	\$ 831,705,750	\$ 942,918,000	\$ 1,060,798,050	\$ 1,160,561,550	\$ 1,160,007,750	\$ 1,103,299,800	\$ 1,081,510,650	\$ 1,086,948,450	\$ 1,058,534,100
Legal debt margin within limit	\$ 714,005,000	\$ 786,265,750	\$ 886,918,000	\$ 989,723,050	\$ 1,090,611,550	\$ 1,066,032,750	\$ 1,010,529,800	\$ 989,995,650	\$ 1,061,753,450	\$ 1,036,279,100
Legal debt margin as a percentage of the debt limit	93.89%	94.54%	94.06%	93.30%	93.97%	91.90%	91.59%	91.54%	97.68%	97.90%
Percentage of Assessed Valuation of property ^b	0.92%	0.82%	0.89%	1.01%	0.90%	1.22%	1.26%	1.27%	0.35%	0.32%
Per Capita ^c	\$477	\$467	\$579	\$733	\$716	\$955	\$933	\$915	\$251	\$222
Redevelopment Agency Bonded Debt^d										
Tax allocation refunding bonds	\$ 46,465,000	\$ 45,440,000	\$ 56,000,000	\$ 71,075,000	\$ 69,950,000	\$ 68,780,000	\$ 67,575,000	\$ 66,320,000	\$ -	\$ -
Redevelopment Agency debt limit ^d	\$ 167,136,564	\$ 171,365,639	\$ 178,766,520	\$ 183,570,044	\$ 192,788,546	\$ 190,037,885	\$ 191,801,762	\$ 191,801,762	\$ -	\$ -
Legal debt margin within limit	\$ 120,671,564	\$ 125,925,639	\$ 122,766,520	\$ 112,495,044	\$ 122,838,546	\$ 121,257,885	\$ 124,226,762	\$ 125,481,762	\$ -	\$ -
Legal debt margin as a percentage of the debt limit	72.20%	73.48%	68.67%	61.28%	63.72%	63.81%	64.77%	65.42%	-	-
Percentage of Assessed Valuation of property located within the Redevelopment Area ^b	3.26%	2.91%	3.29%	3.79%	3.42%	3.25%	3.29%	3.30%	-	-
Per Capita ^c	\$477	\$467	\$579	\$733	\$716	\$699	\$679	\$667	-	-

Notes:

^aState law limits indebtedness for California cities to 15% of the assessed value of all real and personal property of the City.

^bSee Assessed Value and Net Taxable Assessed Value on page N-14 for property value data.

^cPopulation data can be found in Demographic and Economic Statistics on page N-16.

^dThe El Cajon Redevelopment Agency was dissolved effective 02/01/2012 and its non-housing assets and obligations were transferred to the Successor Agency.

^eUnder the Redevelopment Plan adopted July 14, 1987, the Agency's "amount of bonded indebtedness, to be repaid in whole or in part from such allocation of taxes, which can be outstanding at one time shall not exceed \$100 million adusted annually in accordance with the Consumer Price Index (CPI), or an acceptable replacement index in the event the CPA ceases to be published, without an amendment of this Plan."

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

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

	Fiscal Year					Fiscal Year				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
TAX ALLOCATION BONDS										
Property Tax Incremental Revenues	\$ 8,318,365	\$ 9,067,206	\$ 10,499,258	\$ 13,884,949	\$ 15,089,353	\$ 12,495,350	\$ 11,897,087	\$ 11,514,535	\$ 6,313,512 ^b	\$ -
Principal	\$ 985,000	\$ 1,025,000	\$ 29,440,000 ^e	\$ 675,000	\$ 1,125,000	\$ 1,170,000	\$ 1,205,000	\$ 1,255,000	\$ 1,305,000 ^b	\$ -
Interest	2,888,355	2,825,520	3,088,044	2,994,828	3,613,372	3,541,815	3,492,829	3,442,999	1,708,769 ^b	-
Pass-through payments	2,324,594	2,836,820	2,314,388	2,497,808	2,982,343	3,208,290	3,343,196	3,204,850	1,555,164 ^b	-
Total debt service	<u>\$ 6,197,949</u>	<u>\$ 6,687,340</u>	<u>\$ 34,842,432</u>	<u>\$ 6,167,636</u>	<u>\$ 7,720,715</u>	<u>\$ 7,920,105</u>	<u>\$ 8,041,025</u>	<u>\$ 7,902,849</u>	<u>\$ 4,568,933</u>	<u>\$ -</u>
Coverage	1.34	1.36	0.30	2.25	1.95	1.58	1.48	1.46	1.38	-
REVENUE BONDS										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sales Tax Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,819,290	\$ 7,650,075	\$ 7,674,879	\$ 8,334,328
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,940,000
Interest	-	-	-	-	-	-	591,034	1,008,400	1,008,400	964,300
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,034</u>	<u>\$ 1,008,400</u>	<u>\$ 1,008,400</u>	<u>\$ 3,904,300</u>
Coverage	0.00	0.00	0.00	0.00	0.00	0.00	11.54	7.59	7.61	2.13

Notes:

^a The 1997 Tax Allocation Bonds were refunded in fiscal year 2006.

^b The El Cajon Redevelopment Agency was dissolved effective 02/01/2012 and its non-housing assets and obligations were transferred to the Successor Agency. The numbers reported here are for the period July 1, 2011, through January 31, 2012.

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

CITY OF EL CAJON
Direct and Overlapping Governmental Activities Debt

2012-13 Assessed Valuation: \$7,050,842,664

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/13</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/13</u>
Metropolitan Water District	\$165,085,000	0.335%	\$ 553,035
Grossmont-Cuyamaca Community College District	182,648,154	18.517	33,820,959
Grossmont Union High School District	406,100,095	19.030	77,280,848
Cajon Valley Union School District	127,233,107	45.490	57,878,340
La Mesa-Spring Valley School District	36,094,849	9.089	3,280,661
Santee School District	43,549,530	3.738	1,627,881
Grossmont Healthcare District	221,337,076	17.481	<u>38,691,934</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$213,133,658
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	\$399,780,000	1.845%	\$ 7,375,941
San Diego County Pension Obligations	753,897,748	1.845	13,909,413
San Diego County Superintendent of Schools Certificates of Participation	17,462,500	1.845	322,183
Grossmont-Cuyamaca Community College District General Fund Obligations	1,410,000	18.517	261,090
Grossmont Union High School District Certificates of Participation	942,500	19.030	179,358
Cajon Valley Union School District Certificates of Participation	9,655,000	45.490	4,392,060
Santee School District Certificates of Participation	30,509,849	3.738	1,140,458
City of El Cajon General Fund Obligations	22,255,000	100.	22,255,000
San Miguel Consolidated Fire Protection District Certificates of Participation	5,230,000	0.001	<u>52</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$49,835,555
Less: City of El Cajon sales tax supported obligations			<u>22,255,000</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$27,580,555
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>			
	\$77,170,000	90.770-100. %	\$71,294,182
TOTAL GROSS DIRECT DEBT			\$22,255,000
TOTAL NET DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$312,008,395
 GROSS COMBINED TOTAL DEBT			
			\$334,263,395 (2)
 NET COMBINED TOTAL DEBT			
			\$312,008,395

- (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.

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.02%
Gross Total Direct Debt (\$22,255,000)	0.32%
Net Total Direct Debt (\$0)	0.00%
Gross Combined Total Debt.....	4.74%
Net Combined Total Debt.....	4.43%

<u>Ratios to Redevelopment Incremental Valuation (\$1,535,180,386):</u>	
Total Overlapping Tax Increment Debt	4.64%

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

Fiscal Year	City Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Median Age (3)	Average Household Size (3)	% High School Graduate (3)	% Bachelor's Degree or Higher (3)	% Below Poverty (3)	City Unemployment Rate (%) (4)
2003-04	97,354	3,512,700	36,100	33.2	2.78	-	-	-	6.6%
2004-05	97,364	3,412,500	35,000	33.5	2.78	80.5%	17.8%	14.4%	6.0%
2005-06	96,699	3,475,500	35,900	33.4	2.77	80.7%	14.6%	15.8%	5.5%
2006-07	97,027	3,585,800	37,000	33.4	2.79	81.4%	17.1%	20.6%	6.3%
2007-08	97,684	3,527,100	36,100	33.4	2.80	78.5%	14.9%	21.0%	8.2%
2008-09	98,363	3,314,900	33,700	33.3	2.83	75.2%	17.0%	22.4%	13.1%
2009-10	99,478	3,342,800	33,600	34.0	2.84	77.4%	14.2%	29.7%	14.2%
2010-11	99,981	3,309,400	33,100	34.3	2.84	78.3%	18.8%	23.5%	13.5%
2011-12	100,562	2,275,617	22,629	34.3	2.84	78.8%	17.1%	23.3%	12.2%
2012-13	100,460	n/a	n/a	33.7	2.84	n/a	n/a	n/a	n/a

Source: MuniServices, LLC

Source: 2011-12 and prior, previously published CAFR Report

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
- 3.) Median Age, Average Household Size, % High School Grads and % Bachelor's Degree or Higher is provided by US Census data.
- 4.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

CITY OF EL CAJON
Principal Employers
Last Fiscal Year and Seven Years Ago

Business Name	2012-2013		2005-06	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Cajon Valley Union School District*	970	1.79%	-	-
Grossmont-Cuyamaca Community College District**	642	1.18%	1,490	3.54%
GKN Aerospace Chem-Tronics Inc	641	1.18%	873	2.08%
Wal-Mart Stores	455	0.84%	-	-
University Mechanical & Engineering	455	0.84%	-	-
City of El Cajon	405	0.75%	488	1.16%
Taylor-Listug Inc	385	0.71%	320	0.76%
Grossmont Unified High School District**†	385	0.71%	1,064	2.53%
Home Depot	360	0.66%	-	-
Country Hills Health Care	355	0.65%	-	-
Senior Operations, Inc	-	-	630	1.50%
Windowmaster Products	-	-	370	0.88%
Sayco Container, Inc.	-	-	1,000	2.38%
American Habilitation Services	-	-	350	0.83%
True Temper Sports, Inc.	-	-	340	0.81%
Total Top 10 Employers	5,053	9.32%	6,925	16.46%
Total City Labor Force (1)	54,200		42,060	

Source: MuniServices, LLC

Results based on direct correspondence with city's local businesses.

(1.) Total City Labor Force provided by EDD Labor Force Data.

*Includes full-time classified employees, full-time certificated employees, certificated administrators, management and supervisory

**Includes full-time classified and certificated employees at school sites in El Cajon only and the district office.

†Includes 4 high schools in El Cajon only.

Pre-2006 data not readily available for the City of El Cajon.

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

<u>Function/Program</u>	<u>As of June 30</u>					<u>As of June 30</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>General Government</u>										
City Manager	5.00	4.50	37.00	11.30	10.45	11.55	11.55	6.55	4.50	9.35
City Clerk	5.75	4.75	4.75	4.00	3.75	4.00	3.00	3.00	3.00	3.00
City Attorney	2.00	2.00	2.00	3.00	1.50	3.00	2.00	1.50	2.00	2.00
Finance	15.50	15.00	14.50	14.50	11.40	12.00	12.00	12.00	9.45	11.45
Human Resources	5.50	5.00	5.00	4.00	3.80	4.00	3.50	2.80	4.40	4.00
Administrative Services ^{a b}	43.10	42.60	-	-	-	-	-	-	-	-
<u>Police</u>										
Officers ^d	142.00	146.00	146.00	139.00	131.00	130.50	124.00	120.00	120.00	122.00
Civilians ^d	77.73	74.50	74.50	72.70	70.20	70.70	70.70	68.70	68.70	69.20
Animal Control	9.00	9.00	9.00	8.00	8.00	6.00	6.00	5.00	5.00	5.00
<u>Fire</u>										
Firefighters and Officers	71.00	71.00	72.00	70.00	67.00	70.00	70.00	68.00	73.00	72.00
Civilians	3.00	2.00	2.00	2.20	2.00	2.20	2.20	2.20	2.20	2.20
<u>Public Works</u>										
Engineering	22.75	22.75	22.90	17.55	10.60	17.60	17.60	11.90	15.25	12.35
Wastewater	30.55	30.55	30.30	28.45	30.40	28.90	28.80	29.10	34.35	31.80
Other	21.70	21.20	21.30	77.80	73.30	76.30	71.90	74.70	66.80	68.90
<u>Parks & Recreation</u>										
Parks ^c	31.00	31.00	38.50	-	-	-	-	-	-	-
Recreation	21.00	20.50	20.50	16.00	20.00	15.00	14.00	15.00	14.45	15.00
<u>Community Development</u>										
	22.50	21.40	21.40	23.00	26.35	26.25	26.45	26.05	20.25	20.50
Total	529.08	523.75	521.65	491.50	469.75	478.00	463.70	446.50	443.35	448.75

Notes:

^a In 2004, Information Technologies, Business Services, Facilities Maintenance and Fleet Maintenance became part of Administrative Services. FY2003 restated to reflect this reorganization.

^b In 2006, Administrative Services became part of the City Manager's department, except Fleet Maintenance, which moved from Administrative Services to Parks.

^c In 2007, Parks and Facilities Maintenance became part of Public Works.

^d Data restated for 2004 - 2009.

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

Function/Program	Fiscal Year					Fiscal Year				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building permits issued	2,471	2,591	3,110	1,762	1,364	1,188	1,101	1,245	1,238	1,376
Building inspections conducted ^a	8,491	11,713	11,816	8,370	8,029	5,263	7,859	4,279	4,337	5,340
Police										
Physical arrests ^d	6,151	5,782	6,391	5,780	5,119	5,300	5,321	4,605	4,513	5,015
Traffic violations	15,419	13,212	12,455	13,931	16,953	13,955	13,354	12,235	9,968	10,915
Parking violations	2,119	1,767	2,273	2,956	3,098	2,550	3,282	3,248	4,049	3,085
Animal Control ^a										
Licenses issued	2,451	2,468	2,387	2,386	2,345	2,431	2,439	2,731	2,290	2,254
Adoptions ^c	1,071	1,077	1,093	1,201	1,150	1,146	1,191	1,234	1,106	1,112
Fire ^a										
Emergency responses	11,000	11,250	10,582	9,858	9,607	10,543	12,122	12,829	13,177	11,549
Fires extinguished	42	37	63	154	120	126	469	253	752 ^e	410
Fires investigated	42	37	63	154	120	126	469	253	318	410
Inspections	1,000	1,050	691	534	403	4,108	2,657	3,058	3,684	3,921
Abatement compliance	40	51	46	76	360	294	298	288	580	407
CERT Academy citizen attendance ^b		60	110	72	29	39	38	42	59	58
Public works										
Street resurfacing (miles)	5	6	2	4	7	2	18	10	3	11
Recreation										
Rentals	364	609	542	600	648	615	467	385	346	362
Bookings	1,786	4,244	3,664	3,341	4,196	3,430	2,852	2,463	2,156	1,799
Attendance	133,692	179,958	70,912	146,124	124,757	136,540	149,990	91,572	195,677	85,574
Wastewater										
Average daily sewage transportation (thousands of gallons)	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000

Sources: Various city departments

Notes:

^a 2004 - 2007 data was compiled by calendar years; fiscal year amounts represented here are averages of the two calendar years each fiscal year crosses.

^b CERT Academy started in 2005.

^c Data restated for years 2004 - 2006.

^d Data restated for years 2008 - 2009.

^e Now part of Heartland Fire and Rescue JPA, El Cajon Fire Department responds to fires in the La Mesa, Lemon Grove, and San Miguel fire districts.

^f This data is for fires within El Cajon city limits.

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Police										
Headquarters	1	1	1	1	1	1	1	1	1	1
Satellite Police Facilities	2	2	2	2	2	1	1	1	0 ^a	0
Animal Shelter	1	1	1	1	1	1	1	1	1	1
Patrol units	52	53	54	54	54	53	56	56	56	56
Undercover units	31	31	31	31	31	29	30	30	30	30
Tactical units	4	4	4	4	4	6	5	5	5	5
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Engines/Pumper trucks	8	8	8	8	8	7	7	7	7	7
Ladder truck	1	1	1	1	1	1	1	1	1	1
Battalion Chief units	2	2	2	2	2	2	2	2	2	2
Ambulances	5	5	5	5	5	5	6	6	7	7
Public works										
Streets (miles)	196	196	196	196	196	196	196	196	196	196
Streetlights	2,160	2,160	2,173	2,207	2,219	2,219	2,204	2,334	2,331	2,352
Traffic signals	108	109	112	112	112	112	112	112	112	112

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Parks and recreation										
Acreage	120	120	120	120	120	120	120	120	120	120
Community centers	7	7	7	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	5	5	5	5	5	5	5	6	6	6
Tennis courts	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	2	2	2	2	2	2	2	2	2	2
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Outdoor basketball courts	3	3	3	3	3	3	3	3	3	3
Gymnasiums	4	4	4	4	4	4	4	4	4	4
Amphitheaters	3	3	3	3	3	3	3	3	3	3
Swimming pool	1	1	1	1	1	1	1	1	1	1
Skatepark	1	1	1	1	1	1	1	1	1	1
Dog park		1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary sewers (miles)	195	195	195	195	195	195	195	195	195	195
Storm sewers (miles)	72	72	72	72	72	72	72	72	72	72

Sources: Various city departments

Notes :

^a All divisions moved into the new Public Safety Center in August 2011.

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