

City of Calexico

Calexico, California

Basic Financial Statements and Independent Auditors' Reports

For the Year Ended June 30, 2022



City of Calexico
Basic Financial Statements
For the Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT



To the Honorable Mayor and Members
of the City Council of the City of Calexico
Calexico, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Calexico, California (the "City"), as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Implementation of New GASB Pronouncements

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the City's Proportionate Share of Net Pension Liability and Related Ratios, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios, as listed in the accompanying 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.

To the Honorable Mayor and Members
of the City Council of the City of Calexico
Calexico, California
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Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Nonmajor Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California
April 19, 2023

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Calexico
Statement of Net Position
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 38,421,037	\$ 33,528,288	\$ 71,949,325
Receivables:			
Accounts	645,619	2,864,650	3,510,269
Intergovernmental	5,196,525	1,864,200	7,060,725
Internal balances	825,394	(825,394)	-
Lease receivable - current	156,846	-	156,846
Inventories and prepaid items	284,221	84,240	368,461
Deposits	175,000	-	175,000
Total current assets	45,704,642	37,515,984	83,220,626
Noncurrent assets:			
Cash and investments with fiscal agents	1,275,753	36,859,054	38,134,807
Lease receivable - noncurrent	364,605	-	364,605
Capital assets:			
Non-depreciable assets	15,827,890	9,441,323	25,269,213
Depreciable assets, net	64,115,446	42,116,993	106,232,439
Total capital assets, net	79,943,336	51,558,316	131,501,652
Total noncurrent assets	81,583,694	88,417,370	170,001,064
Total assets	127,288,336	125,933,354	253,221,690
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding, net	-	77,039	77,039
Pension-related deferred outflows of resources	5,635,021	1,123,701	6,758,722
Total deferred outflows of resources	5,635,021	1,200,740	6,835,761

City of Calexico
Statement of Net Position (Continued)
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	2,806,531	1,328,773	4,135,304
Accrued payroll	109,104	20,987	130,091
Interest payable	90,125	208,742	298,867
Compensated absences - due within one year	231,581	35,103	266,684
Claims payable - due within one year	1,433,800	-	1,433,800
Long-term debt - due within one year	920,874	831,926	1,752,800
Total current liabilities	5,691,995	2,425,531	8,117,526
Noncurrent liabilities:			
Deposits payable	212,733	234,296	447,029
Compensated absences - due in more than one year	1,480,092	306,173	1,786,265
Claims payable - due in more than one year	1,940,000	-	1,940,000
Long-term debt - due in more than one year	6,956,912	39,835,556	46,792,468
Total OPEB liability	18,025,255	5,947,946	23,973,201
Aggregate net pension liability	15,006,252	3,360,277	18,366,529
Total noncurrent liabilities	43,621,244	49,684,248	93,305,492
Total liabilities	49,313,239	52,109,779	101,423,018
DEFERRED INFLOWS OF RESOURCES			
Lease-related deferred outflows of resources	514,169	-	514,169
Pension-related deferred inflows of resources	11,885,403	3,330,688	15,216,091
OPEB-related deferred inflows of resources	7,421,666	2,448,990	9,870,656
Total deferred inflows of resources	19,821,238	5,779,678	25,600,916
NET POSITION			
Net investment in capital assets	72,065,550	47,826,927	119,892,477
Restricted for:			
Special projects	11,561,227	-	11,561,227
Debt service	998,040	-	998,040
Capital projects	21,097,590	-	21,097,590
Total restricted	33,656,857	-	33,656,857
Unrestricted (deficit)	(41,933,527)	21,417,710	(20,515,817)
Total net position	\$ 63,788,880	\$ 69,244,637	\$ 133,033,517

City of Calexico
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 3,728,067	\$ 241,533	\$ 278,994	\$ 4,244	\$ 524,771
Public safety	12,434,936	1,967,017	5,135,031	8,822	7,110,870
Public works	8,717,057	2,529,104	1,041,397	6,638,250	10,208,751
Culture and recreation	1,448,241	68,234	63,015	18,829	150,078
Planning and building	1,281,473	827,590	-	-	827,590
Housing	165,258	4,000	1,543,272	-	1,547,272
Interest and fiscal charges	193,637	-	-	-	-
Total governmental activities	27,968,669	5,637,478	8,061,709	6,670,145	20,369,332
Business-type activities:					
Water	7,723,125	8,111,484	-	-	8,111,484
Wastewater	5,048,112	6,034,415	-	-	6,034,415
Airport	647,495	310,998	-	2,544,893	2,855,891
Total business-type activities	13,418,732	14,456,897	-	2,544,893	17,001,790
Total primary government	\$ 41,387,401	\$ 20,094,375	\$ 8,061,709	\$ 9,215,038	\$ 37,371,122

City of Calexico
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (3,203,296)	\$ -	\$ (3,203,296)
Public safety	(5,324,066)	-	(5,324,066)
Public works	1,491,694	-	1,491,694
Culture and recreation	(1,298,163)	-	(1,298,163)
Planning and building	(453,883)	-	(453,883)
Housing	1,382,014	-	1,382,014
Interest and fiscal charges	(193,637)	-	(193,637)
Total governmental activities	(7,599,337)	-	(7,599,337)
Business-type activities:			
Water	-	388,359	388,359
Wastewater	-	986,303	986,303
Airport	-	2,208,396	2,208,396
Total business-type activities	-	3,583,058	3,583,058
Total primary government	(7,599,337)	3,583,058	(4,016,279)
General revenues:			
Taxes:			
Property taxes	6,248,544	-	6,248,544
Sales taxes	8,231,555	-	8,231,555
Transit occupancy taxes	529,017	-	529,017
Franchise fees	714,208	-	714,208
Non-regulatory business license tax	788,593	-	788,593
Other taxes	289,707	-	289,707
Total taxes	16,801,624	-	16,801,624
Investment income (loss)	494,166	(370,968)	123,198
Miscellaneous	11,388	188	11,576
Total general revenues	17,307,178	(370,780)	16,936,398
Changes in net position	9,707,841	3,212,278	12,920,119
Net position - beginning of year, as restated (Note 19)	54,081,039	66,032,359	120,113,398
Net position - end of year	\$ 63,788,880	\$ 69,244,637	\$ 133,033,517

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund – This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

LTA Measure D Special Revenue Fund – This fund accounts for revenues from 0.5% retail and use tax used for transportation improvements to repair and rehabilitate existing roadways, reduce congestion and improve safety, and to provide for construction of needed facilities.

FEMA/ARPA Special Revenue Fund – This fund accounts for Federal and State disaster relief and American Rescue Plan Act grants.

**City of Calexico
Balance Sheet
Governmental Funds
June 30, 2022**

	Major Funds		
	General	LTA Measure D	FEMA/ARPA
	Fund	Special Revenue Fund	Special Revenue Fund
ASSETS			
Cash and investments	\$ 1,688,178	\$ 10,654,116	\$ 3,235,977
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	553,529	-	-
Intergovernmental	1,514,955	-	1,321,239
Lease receivable	521,451	-	-
Inventories and prepaid items	66,228	-	-
Total assets	\$ 4,344,341	\$ 10,654,116	\$ 4,557,216
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 624,328	\$ 17,025	\$ 200
Accrued payroll	104,214	-	-
Due to other funds	-	-	-
Deposits payable	165,105	-	-
Unearned revenue	-	-	28,261
Total liabilities	893,647	17,025	28,461
Deferred Inflows of Resources:			
Lease-related deferred inflows of resources	514,169	-	-
Unavailable revenue	-	-	1,321,239
Total deferred inflows of resources	514,169	-	1,321,239
Fund Balances:			
Non-spendable	66,228	-	-
Restricted	-	10,637,091	3,207,516
Assigned	79,293	-	-
Unassigned (deficit)	2,791,004	-	-
Total fund balances	2,936,525	10,637,091	3,207,516
Total liabilities and fund balances	\$ 4,344,341	\$ 10,654,116	\$ 4,557,216

**City of Calexico
Balance Sheet (Continued)
Governmental Funds
June 30, 2022**

	Non-Major Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 20,781,361	\$ 36,359,632
Cash and investments with fiscal agents	1,275,753	1,275,753
Receivables:		
Accounts	18,351	571,880
Intergovernmental	2,360,331	5,196,525
Lease receivable	-	521,451
Inventories and prepaid items	80	66,308
Total assets	\$ 24,435,876	\$ 43,991,549
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	1,360,035	\$ 2,001,588
Accrued payroll	4,890	109,104
Due to other funds	2,005,466	2,005,466
Deposits payable	47,628	212,733
Unearned revenue	71,719	99,980
Total liabilities	3,489,738	4,428,871
Deferred Inflows of Resources:		
Lease-related deferred inflows of resources	-	514,169
Unavailable revenue	265,000	1,586,239
Total deferred inflows of resources	265,000	2,100,408
Fund Balances:		
Non-spendable	-	66,228
Restricted	19,812,250	33,656,857
Assigned	1,258,744	1,338,037
Unassigned (deficit)	(389,856)	2,401,148
Total fund balances	20,681,138	37,462,270
Total liabilities and fund balances	\$ 24,435,876	\$ 43,991,549

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City of Calexico
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds	\$ 37,462,270
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Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources and therefore were not reported in the governmental funds.

Nondepreciable	15,827,890
Depreciable, net of accumulated depreciation	64,115,446
Total capital assets	79,943,336

Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.

Compensated absences - due within one year	(231,581)
Compensated absences - due in more than one year	(1,480,092)
Long-term liabilities - due within one year	(920,874)
Long-term liabilities - due in more than one year	(6,956,912)
Total OPEB liability	(18,025,255)
Aggregate net pension liability	(15,006,252)
Total reported in Government-Wide Statement of Net Position	(42,620,966)

Pension-related deferred outflows/inflows of resources in the governmental activities were not current financial resources (uses) and therefore were not reported in the Governmental Funds Balance Sheet.

Pension-related deferred outflows of resources	5,635,021
Pension-related deferred inflows of resources	(11,885,403)

OPEB-related deferred outflows/inflows of resources in the governmental activities were not current financial resources (uses) and therefore were not reported in the Governmental Funds Balance Sheet.

OPEB-related deferred inflows of resources	(7,421,666)
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Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.

	(90,125)
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Unavailable revenues reported on the Governmental Fund Financial Statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.

	(1,586,239)
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Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.

	1,180,174
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Net Position of Governmental Activities

	\$ 63,788,880
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City of Calexico
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds		
	General	LTA Measure D	FEMA/ARPA
	Fund	Special Revenue Fund	Special Revenue Fund
REVENUES:			
Property taxes	\$ 2,926,772	\$ -	\$ -
Other taxes	9,584,114	-	-
Licenses and permits	1,903,462	-	-
Intergovernmental	3,628,563	1,565,628	4,444,352
Charges for services	1,843,242	-	-
Fines and forfeitures	214,447	-	-
Investment income (loss)	589,295	(118,797)	-
Other revenues	5,120	-	-
Total revenues	20,695,015	1,446,831	4,444,352
EXPENDITURES:			
Current:			
General government	3,222,735	-	107,416
Public safety	11,637,597	-	458,090
Public works	935,559	150,000	375,617
Culture and recreation	917,061	-	58,035
Planning and building	1,074,328	-	30,142
Housing	154,794	-	7,536
Contribution to CFD 2013-1	142,052	-	-
Capital outlay	-	93,791	200,000
Debt service:			
Principal	156,196	-	-
Interest and fiscal charges	586	-	-
Total expenditures	18,240,908	243,791	1,236,836
REVENUES OVER (UNDER)			
EXPENDITURES	2,454,107	1,203,040	3,207,516
OTHER FINANCING SOURCES (USES):			
Proceeds from bond issuance	-	-	-
Transfers in	-	-	-
Transfers out	(1,516,548)	-	-
Total other financing sources (uses)	(1,516,548)	-	-
NET CHANGE IN FUND BALANCE	937,559	1,203,040	3,207,516
FUND BALANCES:			
Beginning of year, as restated (Note 19)	1,998,966	9,434,051	-
End of year	\$ 2,936,525	\$ 10,637,091	\$ 3,207,516

See accompanying Notes to the Basic Financial Statements.

City of Calexico
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2022

	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:		
Property taxes	\$ -	\$ 2,926,772
Other taxes	-	9,584,114
Licenses and permits	-	1,903,462
Intergovernmental	5,407,997	15,046,540
Charges for services	2,785,202	4,628,444
Fines and forfeitures	-	214,447
Investment income (loss)	1,278,607	1,749,105
Other revenues	16,659	21,779
Total revenues	9,488,465	36,074,663
EXPENDITURES:		
Current:		
General government	179,641	3,509,792
Public safety	455,856	12,551,543
Public works	3,770,714	5,231,890
Culture and recreation	60,003	1,035,099
Planning and building	295	1,104,765
Housing	13,962	176,292
Contribution to CFD 2013-1	-	142,052
Capital outlay	7,667,783	7,961,574
Debt service:		
Principal	660,000	816,196
Interest and fiscal charges	335,400	335,986
Total expenditures	13,143,654	32,865,189
REVENUES OVER (UNDER) EXPENDITURES	(3,655,189)	3,209,474
OTHER FINANCING SOURCES (USES):		
Proceeds from bond issuance	978,592	978,592
Transfers in	1,516,548	1,516,548
Transfers out	-	(1,516,548)
Total other financing sources (uses)	2,495,140	978,592
NET CHANGE IN FUND BALANCE	(1,160,049)	4,188,066
FUND BALANCES:		
Beginning of year, as restated (Note 19)	21,841,187	33,274,204
End of year	\$ 20,681,138	\$ 37,462,270

See accompanying Notes to the Basic Financial Statements.

City of Calexico
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 4,188,066

Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. Capital outlay expenditures were included in the Statement of Revenues, Expenditures, and Changes in Fund Balances throughout various departments. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over the estimated useful lives as depreciation expense. 7,865,963

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in governmental funds. (4,299,610)

Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Changes in pension-related deferred outflows of resources	262,630
Changes in net pension liabilities	9,476,825
Changes in pension-related deferred inflows of resources	(10,387,998)

Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Changes in OPEB-related deferred outflows of resources	(3,847,955)
Changes in total OPEB liabilities	11,999,938
Changes in OPEB-related deferred inflows of resources	(7,421,666)

Long-term compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, the change in long-term compensated absences was not reported as an expenditure in governmental funds. (142,389)

Issuance of long-term debt was a revenue in governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.

Inception of finance purchase agreement	(978,592)
---	-----------

Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Bond payment	660,000
Tax agreement payment	46,000
Finance purchase agreement payment	110,196

Amortization expenses were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, amortization expenses were not reported as expenditures in the Governmental Funds.

Bond premiums	60,662
---------------	--------

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. 1,586,239

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. The following amount represents the change in accrued interest from the prior year. 81,687

Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds was reported with governmental activities. 447,845

Change in Net Position of Governmental Activities	\$ 9,707,841
--	---------------------

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Enterprise Fund – This fund accounts for the operation, maintenance, debt service, and capital improvements of the City’s water distribution system.

Wastewater Enterprise Fund – This fund accounts for the operation, maintenance, debt service, and capital improvements of the City’s wastewater collection system, the wastewater treatment facility, and the recycled water disposal system.

Airport Enterprise Fund – The fund is used to account for the operation, maintenance, and capital improvements of the City’s airport.

City of Calexico
Statement of Net Position
Proprietary Funds
June 30, 2022

	Major Funds			Total	Internal Service Funds
	Water	Wastewater	Airport		
ASSETS					
Current assets:					
Cash and investments	\$ 7,883,111	\$ 25,599,648	\$ 45,529	\$ 33,528,288	\$ 2,061,405
Accounts receivable, net	2,864,650	-	-	2,864,650	73,739
Intergovernmental receivables	-	-	1,864,200	1,864,200	-
Due from other funds	-	-	-	-	2,831,880
Deposits	-	-	-	-	175,000
Inventories and prepaid items	2,400	780	81,060	84,240	217,913
Total current assets	10,750,161	25,600,428	1,990,789	38,341,378	5,359,937
Noncurrent assets:					
Cash and investments with fiscal agents	14,256,478	22,602,576	-	36,859,054	-
Capital assets:					
Non-depreciable	2,685,385	3,968,011	2,787,927	9,441,323	-
Depreciable, net	31,606,924	7,446,778	3,063,291	42,116,993	-
Total net capital assets	34,292,309	11,414,789	5,851,218	51,558,316	-
Total noncurrent assets	48,548,787	34,017,365	5,851,218	88,417,370	-
Total assets	59,298,948	59,617,793	7,842,007	126,758,748	5,359,937
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding, net	77,039	-	-	77,039	-
Pension-related deferred outflows of resources	672,624	451,077	-	1,123,701	-
Total deferred outflows of resources	749,663	451,077	-	1,200,740	-

City of Calexico
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

	Major Funds			Total	Internal Service Funds
	Water	Wastewater	Airport		
LIABILITIES					
Current liabilities:					
Accounts payable	144,643	141,707	1,042,423	1,328,773	804,943
Accrued payroll	11,726	8,481	780	20,987	-
Interest payable	87,042	121,700	-	208,742	-
Due to other funds	-	-	825,394	825,394	1,020
Compensated absences - due within one year	23,546	11,557	-	35,103	-
Claims payable - due within one year	-	-	-	-	1,433,800
Long-term debt - due within one year	365,379	466,547	-	831,926	-
Total current liabilities	632,336	749,992	1,868,597	3,250,925	2,239,763
Noncurrent liabilities:					
Deposits payable	230,979	-	3,317	234,296	-
Compensated absences - due in more than one year	192,885	113,288	-	306,173	-
Total OPEB liability	3,547,746	2,400,200	-	5,947,946	-
Aggregate net pension liability	2,011,390	1,348,887	-	3,360,277	-
Claims payable - due in more than one year	-	-	-	-	1,940,000
Long term debt - due in more than one year	16,620,489	23,215,067	-	39,835,556	-
Total noncurrent liabilities	22,603,489	27,077,442	3,317	49,684,248	1,940,000
Total liabilities	23,235,825	27,827,434	1,871,914	52,935,173	4,179,763
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred inflows of resources	1,993,679	1,337,009	-	3,330,688	-
OPEB-related deferred inflows of resources	1,460,739	988,251	-	2,448,990	-
Total deferred inflows of resources	3,454,418	2,325,260	-	5,779,678	-
NET POSITION					
Net investment in capital assets	31,639,958	10,335,751	5,851,218	47,826,927	-
Unrestricted	1,718,410	19,580,425	118,875	21,417,710	1,180,174
Total net position	\$ 33,358,368	\$ 29,916,176	\$ 5,970,093	\$ 69,244,637	\$ 1,180,174

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City of Calexico
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Major Funds			Total	Internal Service Funds
	Water	Wastewater	Airport		
OPERATING REVENUES:					
Charges for services	\$ 8,111,484	\$ 6,034,415	\$ 310,998	\$ 14,456,897	\$ 5,268,926
Other revenue	188	-	-	188	555,664
Total operating revenues	8,111,672	6,034,415	310,998	14,457,085	5,824,590
OPERATING EXPENSES:					
Salaries and benefits	3,012,162	1,962,882	95,248	5,070,292	-
Material, supplies, and operational expenses	2,665,214	1,923,011	285,600	4,873,825	146,583
Insurance	-	-	7,100	7,100	935,099
Claim payments	-	-	-	-	2,966,425
Claims administration	-	-	-	-	1,344,246
Depreciation	1,552,834	490,925	259,547	2,303,306	-
Total operating expenses	7,230,210	4,376,818	647,495	12,254,523	5,392,353
OPERATING INCOME (LOSS)	881,462	1,657,597	(336,497)	2,202,562	432,237
NONOPERATING REVENUES (EXPENSES):					
Intergovernmental	-	-	2,544,893	2,544,893	-
Investment income (loss)	(92,689)	(278,279)	-	(370,968)	15,608
Interest expense	(492,915)	(671,294)	-	(1,164,209)	-
Total nonoperating revenues (expenses)	(585,604)	(949,573)	2,544,893	1,009,716	15,608
INCOME (LOSS) BEFORE TRANSFERS	295,858	708,024	2,208,396	3,212,278	447,845
TRANSFERS:					
Transfers in	-	-	-	-	297,000
Transfers out	-	-	-	-	(297,000)
Total transfers	-	-	-	-	-
Change in net position	295,858	708,024	2,208,396	3,212,278	447,845
NET POSITION:					
Beginning of year	33,062,510	29,208,152	3,761,697	66,032,359	732,329
End of year	<u>\$ 33,358,368</u>	<u>\$ 29,916,176</u>	<u>\$ 5,970,093</u>	<u>\$ 69,244,637</u>	<u>\$ 1,180,174</u>

See accompanying Notes to the Basic Financial Statements.

City of Calexico
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Major Funds			Total	Internal Service Funds
	Water	Wastewater	Airport		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 8,387,873	\$ 6,034,415	\$ 313,803	\$ 14,736,091	\$ 5,752,438
Cash payments to suppliers for goods and services	(2,864,051)	(1,862,386)	(335,678)	(5,062,115)	(1,323,592)
Cash payments to employees for services	(2,531,040)	(1,693,471)	(94,906)	(4,319,417)	(4,154,682)
Net cash provided by (used in) operating activities	<u>2,992,782</u>	<u>2,478,558</u>	<u>(116,781)</u>	<u>5,354,559</u>	<u>274,164</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received from other funds	-	-	-	-	1,636,633
Transfers in	-	-	-	-	297,000
Transfers out	-	-	-	-	(297,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>825,394</u>	<u>825,394</u>	<u>1,636,633</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(200,922)	(1,591,480)	(2,512,073)	(4,304,475)	-
Intergovernmental grants	-	-	1,770,335	1,770,335	-
Principal payments on bonds	(295,000)	(410,000)	-	(705,000)	-
Principal payments on capital leases	(39,274)	(27,560)	-	(66,834)	-
Interest payments on debt	(537,674)	(740,742)	-	(1,278,416)	-
Net cash provided by (used in) capital and related financing activities	<u>(1,072,870)</u>	<u>(2,769,782)</u>	<u>(741,738)</u>	<u>(4,584,390)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income (loss)	(92,689)	(278,279)	-	(370,968)	15,608
Net cash provided by (used in) investing activities	<u>(92,689)</u>	<u>(278,279)</u>	<u>-</u>	<u>(370,968)</u>	<u>15,608</u>
Net increase (decrease) in cash and cash equivalents	1,827,223	(569,503)	(33,125)	1,224,595	1,926,405
CASH AND CASH EQUIVALENTS:					
Beginning of year	20,312,366	48,771,727	78,654	69,162,747	135,000
End of year	<u>\$ 22,139,589</u>	<u>\$ 48,202,224</u>	<u>\$ 45,529</u>	<u>\$ 70,387,342</u>	<u>\$ 2,061,405</u>
RECONCILIATION OF CASH AND INVESTMENTS TO STATEMENT OF NET POSITION:					
Cash and investments	\$ 7,883,111	\$ 25,599,648	\$ 45,529	\$ 33,528,288	\$ 2,061,405
Cash and investments with fiscal agents	14,256,478	22,602,576	-	36,859,054	-
Total cash and investments	<u>\$ 22,139,589</u>	<u>\$ 48,202,224</u>	<u>\$ 45,529</u>	<u>\$ 70,387,342</u>	<u>\$ 2,061,405</u>

City of Calexico
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Major Funds			Total	Internal Service Funds
	Water	Wastewater	Airport		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 881,462	\$ 1,657,597	\$ (336,497)	\$ 2,202,562	\$ 432,237
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,552,834	490,925	259,547	2,303,306	-
Changes in operating assets and liabilities:					
Accounts receivable	278,103	-	-	278,103	(10,933)
Inventories and prepaid items	(2,400)	(780)	(41,919)	(45,099)	(47,400)
Pension-related deferred outflows	74,101	49,694	-	123,795	-
OPEB-related deferred outflows	710,118	491,861	-	1,201,979	-
Accounts payable	(196,437)	61,405	(1,059)	(136,091)	181,204
Accrued payroll	3,188	2,745	342	6,275	(23,680)
Deposits payable	(1,902)	-	2,805	903	-
Compensated absences	(31,790)	1,579	-	(30,211)	-
Aggregate net pension liability	(1,446,067)	(969,767)	-	(2,415,834)	-
Total OPEB liability	(1,993,227)	(1,437,735)	-	(3,430,962)	-
Claims payable	-	-	-	-	(257,264)
Pension-related deferred inflows	1,704,060	1,142,783	-	2,846,843	-
OPEB-related deferred inflows	1,460,739	988,251	-	2,448,990	-
Total adjustments	<u>2,111,320</u>	<u>820,961</u>	<u>219,716</u>	<u>3,151,997</u>	<u>(158,073)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 2,992,782</u></u>	<u><u>\$ 2,478,558</u></u>	<u><u>\$ (116,781)</u></u>	<u><u>\$ 5,354,559</u></u>	<u><u>\$ 274,164</u></u>
SCHEDULE OF NONCASH NONCAPITAL FINANCING ACTIVITIES:					
Amortization of bond premiums	<u>\$ 47,764</u>	<u>\$ 66,715</u>	<u>\$ -</u>	<u>\$ 114,479</u>	<u>\$ -</u>
Total noncash noncapital financing activities	<u><u>\$ 47,764</u></u>	<u><u>\$ 66,715</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 114,479</u></u>	<u><u>\$ -</u></u>

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FIDUCIARY FUND

FINANCIAL STATEMENTS

Custodial Funds – These funds are used to account for money and property held by the City as trustee or custodian. Such funds include 2013-1 Gran Plaza CFD and Hearthstone 2005-1 CFD.

Successor Agency to the Calexico Redevelopment Agency Private Purpose Trust Fund – This fund is used to account for monies received from the Imperial County Auditor-Controller for the repayment of the enforceable obligations of the former Redevelopment Agency of the City of Calexico. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

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City of Calexico
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds	Successor Agency to the Calexico Redevelopment Agency
ASSETS		
Current assets:		
Cash and investments	\$ 708,758	\$ 5,168,506
Cash and investments with fiscal agents	841,080	613,881
Due from other governments	11,878	-
Inventories and prepaids	-	1,042
Total current assets	1,561,716	5,783,429
Noncurrent assets:		
Capital assets:		
Nondepreciable	-	1,106,663
Depreciable, net accumulated depreciation	-	1,617,174
Total noncurrent assets	-	2,723,837
Total assets	1,561,716	8,507,266
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding, net	-	765,980
Total deferred outflows of resources	-	765,980
LIABILITIES		
Current liabilities:		
Accounts payable	3,917	1,344,698
Interest payable	-	318,136
Long-term debt - due within one year	-	1,640,000
Total current liabilities	3,917	3,302,834
Noncurrent liabilities:		
Long term debt - due in more than one year	-	18,377,561
Total noncurrent liabilities	-	18,377,561
Total liabilities	3,917	21,680,395
NET POSITION (DEFICIT)		
Restricted for:		
Individuals, organizations, and other governments	1,557,799	-
Held in trust for dissolution of RDA	-	(12,407,149)
Total net position (deficit)	\$ 1,557,799	\$ (12,407,149)

City of Calexico
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds	Successor Agency to the Calexico Redevelopment Agency
ADDITIONS:		
Property taxes - Redevelopment Property Tax Trust Fund (RPTTF)	\$ -	\$ 2,164,255
Special assessments for other governments	1,547,882	-
Investment income (loss)	2,865	(56,708)
Total additions	1,550,747	2,217,547
DEDUCTIONS:		
Administration	69,171	-
Public safety	133,952	-
Depreciation	-	45,877
Enforceable obligations	-	266,672
Payments - principal	155,000	-
Payments - interest	1,010,663	-
Interest expense and fiscal charges	-	829,501
Total deductions	1,368,786	1,142,050
Change in net position	181,961	1,075,497
NET POSITION (DEFICIT):		
Beginning of year	1,375,838	(13,482,646)
End of year	<u>\$ 1,557,799</u>	<u>\$ (12,407,149)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Calexico
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For the Year Ended June 30, 2022

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City of Calexico
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City of Calexico
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the City of Calexico, California (the “City”) have been prepared in conformity with Generally Accepted Accounting Principles of the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting standards in the United States. The more significant of the City’s accounting policies are described below.

A. Financial Reporting Entity

The City was incorporated in April, 1908, under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such “General Law” cities. It is governed by an elected five-member council. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, culture-recreation, public improvements, planning and building (planning, building and zoning), airport, public utilities (water and wastewater), and general administrative services.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units

The financial reporting entity consists of the primary government, the City, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government’s operation and so data from these units are combined with data of the primary government. Discretely presents component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Although the following are legally separate from the City, they have been “blended” as though they are part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Calexico Financing Authority (the “Financing Authority”)

The Calexico Financing Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of December 1, 1990 (the “Joint Powers Agreement”) by and between the Successor Agency to the Community Redevelopment Agency of the City of Calexico (as successor in interest to the Community Redevelopment Agency of the City of Calexico) (the “Successor Agency”) and the City. Such agreement was entered into pursuant to the provisions of Articles 1, 2 and 4 29 of Chapter 5 of Division 7 of Title I of the California Government Code (the “Act”). The Financing Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities within the City. Under the Act, the Financing Authority may purchase bonds issued by any local agency at public or negotiated sale and may sell bonds to public or private purchasers at public or negotiated sale. The Financing Authority is governed by a five-member board of directors, which consists of the members of the City Council of the City. The Mayor acts as the Chair of the Financing Authority, the City Manager as its Executive Director, the City Clerk as its Secretary and the Finance Director of the City as the Treasurer of the Financing Authority. The Authority, the City, and the Successor Agency are each separate and distinct legal entities, and the debts and obligations of each such entity are not debts or obligations of the other entity. Under the provisions of State law, the Community Redevelopment Agency of the City of Calexico was statutorily dissolved and succeeded by the Successor Agency with respect to the Joint Powers Agreement. The Financing Authority reasonably expects that the existence of the Successor Agency will continue through at least August 1, 2033, which is later than the last maturity of the Bonds. Nonetheless, under the Trust Agreement, the Financing Authority has covenanted to take or cause to be taken all actions reasonably necessary to continue the Financing Authority’s existence until such time as the Bonds are no longer Outstanding under the Trust Agreement, including but not limited to the addition of one or more new members to the Joint Powers Agreement.

Calexico Housing Authority (the “Housing Authority”)

The Housing Authority was formed on January 31, 2012 to develop or acquire and subsequently operate rental housing projects within the City. The Housing Authority does not issue separate financial statements.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government-Wide Financial Statements

The City’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government’s citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Program revenues for the City are classified in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

Government Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 90 days for all revenues, with the exception of grant revenues, for which the availability period is one year.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government Fund Financial Statements (Continued)

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in-lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the measurable and available criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions have been recognized as revenues when all applicable eligibility requirements have been met.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

General Fund – This fund accounts for all revenues and expenditures to finance the traditional services associated with a municipal government which are not accounted for in the other funds.

LTA Measure D Special Revenue Fund – This fund accounts for revenues from 0.5% retail and use tax used for transportation improvements to repair and rehabilitate existing roadways, reduce congestion and improve safety, and to provide for construction of needed facilities. The reported tax revenue amounts are net of amounts deposited directly to the Measure D Debt service fund which are pledged for the payment of Measure D Sales Tax Revenue Bonds.

FEMA/ARPA Special Revenue Fund – This fund accounts for Federal and State disaster relief and American Rescue Plan Act grants

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Proprietary funds are supported by user fees or other restricted grant revenues and their resources in the funds are not available for general city operations. In California, voters have enacted limitations on the ability of local governments to assess taxes for general operations. User fees are an important alternate revenue tool that is available to local governments to finance specific municipal services. Because user rates are set with a nexus to the cost of service supporting the fee, they may be set by the local government outside of tax limitations. However, if user fees are redirected outside of their source program, they would no longer have a nexus to the cost of service, and would cause the revenue to become an unauthorized general tax.

The City reports the following major proprietary funds:

Water Enterprise Fund – This fund accounts for the operation, maintenance, debt service, and capital improvements of the City’s water distribution system.

Wastewater Enterprise Fund – This fund accounts for the operation, maintenance, debt service, and capital improvements of the City’s wastewater collection system, the wastewater treatment facility, and the recycled water disposal system.

Airport Enterprise Fund – The fund is used to account for the operation, maintenance, and capital improvements of the City’s airport.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City’s fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

Fiduciary fund types are accounted for according to the nature of the fund. The City’s custodial funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. These funds are used to account for money and property held by the City as trustee or custodian. The City established Custodial funds and used to account for money and property held by the City as trustee or custodian.

The City’s private purpose trust fund is a fiduciary fund type used by the City to report assets, liabilities and activities of the Successor Agency to the Redevelopment Agency for the City of Calexico. Its results of operations are presented on the Statement of Changes of Fiduciary Net Position.

Successor Agency of the Redevelopment Agency for the City of Calexico

The Redevelopment Obligation Retirement Fund (Successor Agency) was created to serve as a custodian for the assets and to wind down the affairs of the Redevelopment Agency (RDA) on February 1, 2012, pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved RDA. The Successor Agency is a separate public entity from the City, subject to the direction of an oversight board. The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency’s assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Successor Agency of the Redevelopment Agency for the City of Calexico (Continued)

In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former RDA until all enforceable obligations of the former RDA have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency’s custodial role, the Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund.

C. Deferred Outflows and Inflows of Resources

The Statement of Net Position and Balance Sheet – Governmental Funds reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports Deferred Outflows of Resources for pension contributions made after the measurement date and for other pension and OPEB actuarial losses being amortized over time. See more information relating to these items in Note 10 – Pension Plans and Note 11 – Other Postemployment Benefits.

Deferred Inflows of Resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports Deferred Inflows of Resources for grant revenues not collected within the availability period. The City also reports Deferred Inflows of Resources for pension and OPEB actuarial losses being amortized over time. The City reports deferred amounts related to leases. See more information relating to these items in Note 3 – Lease Receivable, Note 10 – Pension Plans, and Note 11 – Other Postemployment Benefits.

D. Cash, Cash Equivalents and Investments

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

E. Restricted Cash and Investments

Certain restricted cash and investments are held by a fiscal agent for the redemption of bonded debt and for acquisition and construction of capital projects.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

F. Fair Value Measurement

United States generally accepted accounting principles defines fair value, establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

G. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as “internal balances.”

H. Inventories and Prepaid Items

Inventories within the proprietary fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. Prepaid items are items that the City has paid for in advance and will provide a future benefit.

I. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

I. Leases (Continued)

Lessee (Continued)

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor

The City is a lessor for leases of special purpose facilities, office and commercial space, and land. The City recognizes leases receivable and deferred inflows of resources in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

J. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets, and the right to use leased equipment and buildings, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost (except for intangible right-to-use lease assets) or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated acquisition value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$10,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Asset Type	Years
Land improvements	20 years
Buildings and improvements	25-50 years
Machinery and equipment	5-20 years
Infrastructure	15-65 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, water, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City estimated the original historical cost, defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition for all property in existence when the City first reported infrastructure assets. The City estimated the original historical cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Estimated original historical costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the estimated original historical cost.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction-related debt incurred during the period of construction for business-type and proprietary funds is capitalized as a cost of the constructed assets. Capital assets acquired under capital leases are capitalized at the net present value of the total lease payments.

Capital Assets Acquired Under Finance Purchase Agreements

The long-term principal portion of debt on capital assets acquired through finance purchase agreements is accounted for in the government-wide financial statements as “long-term debt – due within one year” or “long-term debt – due in more than one year”. A capital asset is recorded at the net present value of the total lease payments in the government-wide financial statements.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

K. Pensions (Continued)

The following timeframes are used for pension reporting:

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

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

L. Other Postemployment Benefits (“OPEB”)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s Retiree Benefits Plan (“OPEB Plan”) and additions to/deductions from OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan (Note 10). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

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

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

M. Compensated Absences

It is the City’s policy to accrue annual leave when incurred in the government-wide financial statements and in proprietary funds.

A liability is recorded for unused sick leave and unpaid vacation balances if it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused leave balances of employees currently entitled to receive termination benefits, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. The amounts accrued for financial statement purposes represent 100 percent of the vacation pay liability at June 30, 2022. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefit that is estimated will be paid at retirement.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

N. Unearned Revenue

Unearned revenue recorded in the Government-Wide Statement of Net Position for governmental activities, business-type activities, the governmental fund financial statements, and the proprietary fund financial statements, consist of federal and state capital grants, representing voluntary nonexchange transactions, for which advance payments have been received from the provider for which eligibility requirements, other than timing requirements, have not been satisfied as well as rents received in advance.

O. Long-Term Debt

Government-Wide Financial Statements

In the government-wide financial statements and the proprietary fund financial statements, long-term liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs except for insurance, are expenses in the period incurred. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

Fund Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term debt obligations are reported as liabilities in the appropriate activities.

P. Net Position

For government-wide and proprietary fund financial statements, net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, increased by an unspent capital-related debt proceeds and capital-related debt deferred inflows of resources, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Q. Fund Balances

For governmental fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories and long-term receivables, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources which are constrained, the use of which is constrained by limitations imposed by the formal action of the government’s highest level of decision-making authority normally through resolutions, etc., and that remain binding unless rescinded or modified in the same manner. The City Council is considered the highest authority for the City.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. On June 29, 2011, the City Council adopted Resolution 2011 77 adopting the fund balance policy authorizing the Finance Director; with concurrence of the City Manager and City Council, to make the determination.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned for those purposes, it may be necessary to report negative unassigned fund balance in that particular fund.

R. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

Governmental Fund Financial Statements

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

S. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property valuations – are established by the Assessor of the County of Imperial (County) for the secured and unsecured property tax roll; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), property is assessed at 100 percent of purchase price or value in 1978 whichever is later. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent per year. However, increases to current value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levies – are limited to 1 percent of full value which results in a tax rate of \$1 per \$100 assessed valuation, under the provision of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax levy dates – are attached annually on January 1 of the preceding fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property and are not relieved by subsequent renewal or change in ownership.

Tax collections – are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility tax rolls constitute a lien against the property and may be paid in two installments; the first installment is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second installment is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Penalties are imposed by the County for late payment.

Tax levy apportionments – Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented by the total City-wide levy compared to the total County for the three years prior to fiscal year 1979.

Property tax administration fees – the State's Fiscal Year 1990-91 Budget Act authorized counties to collect administrative fees for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

T. Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions, in some cases when applicable, that affect the amounts in the financial statements and the accompanying notes. Actual results could differ from the estimates.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2022. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the City's financial statements for the year ended June 30, 2022.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

GASB Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2022.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022 (Continued)

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2022.

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2022.

V. Upcoming Government Accounting Standards Implementations

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

V. Upcoming Government Accounting Standards Implementations (Continued)

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the Authority’s fiscal year ending June 30, 2023.

GASB Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the Authority’s fiscal year ending June 30, 2024.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the Authority’s fiscal year ending June 30, 2025.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2022:

	Primary Government			Fiduciary Funds	Total
	Governmental Activities	Business-type Activities	Total		
Cash and investments	\$ 38,421,037	\$ 33,528,288	\$ 71,949,325	\$ 5,877,264	\$ 77,826,589
Cash and investments with fiscal agent	1,275,753	36,859,054	38,134,807	1,454,961	39,589,768
Total	\$ 39,696,790	\$ 70,387,342	\$ 110,084,132	\$ 7,332,225	\$ 117,416,357

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

Cash and cash equivalents:	
Petty cash	\$ 6,350
Demand deposits	20,676,233
Investments:	
Local Agency Investment Fund	57,144,006
Money market funds	39,589,768
Total	\$ 117,416,357

At June 30, 2022, cash and investments, are reported at fair value based on quoted market prices. The following table represents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022:

Investments measured by fair value level:	June 30, 2022	Level 1	Level 2	Level 3
Held by bond trustee:				
Money market mutual funds	\$ 39,589,768	\$ -	\$ 39,589,768	\$ -
Total investments by fair value level	\$ 39,589,768	\$ -	\$ 39,589,768	\$ -
Investments not subject to the fair value hierarchy:				
Local Agency Investment Fund - State of CA	\$ 57,144,006			
Total investments not subject to the fair value hierarchy	\$ 57,144,006			
Total investments	\$ 96,733,774			

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amounts of the City’s demand deposits were \$20,576,233 at June 30, 2022. Bank balances were \$21,436,062 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City’s name is discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City’s name.

The market value of pledged securities must equal at least 110% of the City’s cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

B. Investments Authorized by the California Government Code and the City’s Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Certificates of Deposit	1 year	Unlimited	None
State of California Local Agency Investment Fund	N/A	N/A	\$75,000,000
Savings Accounts	Unlimited	Unlimited	None
U.S. Treasury Obligations	3 years	Unlimited	None
U.S. Government Agency Issues	3 years	Unlimited	None
Repurchase Agreements	3 years	Unlimited	None

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements 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 authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Certificates of Deposit	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Municipal Obligations, Prime Quality	None	None	None
Banker's Acceptances, Prime Quality	360 days	None	None
Commercial Paper, Prime Quality	270 days	None	None
Money Market Funds, Prime Quality	N/A	None	None
Investment Contracts	None	None	None
Repurchase Agreements, Approve by Bond Issuer	None	None	None

D. External Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2022 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2022, the City had \$57,144,006 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2022, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2022.

E. Risk Disclosures

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, the greater the sensitivity its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City’s investments to market rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity as of June 30, 2022:

Investments:	Amount	Maturities
		1 year or less
Local Agency Investment Fund	\$ 57,144,006	\$ 57,144,006
Money market funds	39,589,768	39,589,768
Total	\$ 96,733,774	\$ 96,733,774

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations.

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. However, some issuers do not seek a credit rating. For instance, the California Local Agency Investment Fund (LAIF) has not sought or received a credit rating. In these cases, the purchaser is solely responsible for performing their own due diligence before purchasing an investment or participating in an external investment pool. Certificates of deposit of \$250,000 or less are fully insured by the Federal Deposit Insurance Corporation (FDIC), and therefore, do not seek a credit rating.

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.

Investments:	Amount	Credit Quality Ratings	
		Moody's	Standard & Poor's
Local Agency Investment Fund	\$ 57,144,006	Not Rated	Not Rated
Money market funds	39,589,768	Not Rated	Not Rated
Total	\$ 96,733,774		

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Disclosures Relating to 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 the 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.

At June 30, 2022, the City’s deposits (bank balances) were collateralized under California Law. All securities, with the exception of LAIF and other pooled investments, are held by a third-party custodian (BNY Mellon, UBS, and US Bank). BNY is a registered member of the Federal Reserve Bank.

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the Gov’t Code. GASB Statement No. 40 requires disclosure by amount and issuer, of investments in any one issuer that represent 5% or more of total investments. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of the City’s total investments are as follows:

Investment Type	Total as of June 30, 2022	Percentage of Investments
Investments:		
Local Agency Investment Fund	\$ 57,144,006	59.07%
Money market funds	39,589,768	40.93%
Total	\$ 96,733,774	

Note 3 – Lease Receivable

A. Governmental Activities

The portion of the City’s property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 10 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the City recognized \$203,896 in lease revenue and \$4,711 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2022 Is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021, as restated	Additions	Deletions		Due within One Year	Due in More Than One Year
Leases receivable	\$ 718,065	\$ -	\$ (196,614)	\$ 521,451	\$ 156,846	\$ 364,605
Total	\$ 718,065	\$ -	\$ (196,614)	\$ 521,451	\$ 156,846	\$ 364,605

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Lease Receivable (Continued)

A. Governmental Activities (Continued)

As of June 30, 2022, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 156,846	\$ 4,201	\$ 161,047
2024	131,021	3,304	134,325
2025	61,915	2,537	64,452
2026	30,259	2,093	32,352
2027	31,639	1,683	33,322
2028-2031	109,771	2,415	112,186
Total	\$ 521,451	\$ 16,233	\$ 537,684

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2023	\$ 160,872
2024	132,137
2025	63,288
2026	30,556
2027	30,556
2028-2031	96,760
Total	\$ 514,169

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 4 – Notes and Loans Receivable and Allowance for Doubtful Accounts

The City and Successor Agency have issued various long-term notes and loans receivable to support affordable housing and development objectives. The City reports its long-term notes and related interest receivable fully offset with an allowance on the Government-Wide Statement of Net Position, the Governmental Funds Balance Sheet, and the Statement of Fiduciary Net Position due to the uncertain nature of long-term affordable housing and development loans.

At June 30, 2022, notes and loans receivable consisted of the following:

	Notes/Loans Receivable			Notes/Loans Receivable		Allowance for	Financial
	Balance			Balance	Balance	Doubtful Accounts	Statement
	7/1/2021	Additions	Deletions	6/30/2022	6/30/2022	6/30/2022	
City:							
Calexico Community Action Council	\$ 306,377	\$ -	\$ -	\$ 306,377	\$ (306,377)	\$ -	
De Anza Limited Partnership #1	422,977	-	-	422,977	(422,977)	-	
De Anza Limited Partnership #3	5,000,000	-	-	5,000,000	(5,000,000)	-	
De Anza Renovation	759,332	-	-	759,332	(759,332)	-	
Victoria Manor Senior Apartments	200,000	-	-	200,000	(200,000)	-	
California Family Apartments, LP	400,000	-	(400,000)	-	-	-	
California Family Apartments II, LP	3,400,000	-	-	3,400,000	(3,400,000)	-	
HPD Villa De l'Este, LP	1,363,887	-	-	1,363,887	(1,363,887)	-	
Villa Primavera Family Apartments loan	5,100,000	-	-	5,100,000	(5,100,000)	-	
Other loans	10,597,567	-	(273,670)	10,323,897	(10,323,897)	-	
City notes and loans receivable total	27,550,140	-	(673,670)	26,876,470	(26,876,470)	-	
Successor Agency:							
Other loans	320,757	-	-	320,757	(320,757)	-	
Successor Agency notes and loans receivable	320,757	-	-	320,757	(320,757)	-	
Total Notes and loans receivable	\$ 27,870,897	\$ -	\$ (673,670)	\$ 27,197,227	\$ (27,197,227)	\$ -	

Calexico Community Action Council

On September 11, 1996, the City issued a promissory note to Calexico Community Action Council to supersede a prior note for development of the Alejandro Rivera Senior Citizens Apartments II. The note bears an interest rate of 6.5% per annum. Annual payments are based on an estimated amount of the profit and shall be due and payable on December 31 of each year until the entire principal amount is paid off. At June 30, 2022, the outstanding balance was \$306,377.

De Anza Limited Partnership #1

In 1997, the City loaned De Anza Limited Partnership the amount of \$422,977 for the De Anza Hotel construction project. The note is secured by property. The note bears interest at a rate of 3% per annum and is due on the 16th anniversary of the date the project was placed in service. At June 30, 2022, the outstanding balance of the note was \$422,977.

De Anza Limited Partnership #3

On February 12, 2012, the City loaned De Anza Limited Partnership \$5,000,000 for the construction of a 54-unit apartment complex, subject to the completion of the project. The note is secured by a first assignment of leases and rents, and a deed of trust. The note bears an interest rate of 3% per annum and is due and payable in full in 55 years from the completion of the project. The City received the notice of project completion on December 12, 2012. At June 30, 2022, the outstanding balance of the note was \$5,000,000.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 4 – Notes and Loans Receivable and Allowance for Doubtful Accounts (Continued)

De Anza Renovation

On September 21, 2010, the City authorized the De Anza Limited Partnership to borrow up to \$760,000 for the De Anza Hotel earthquake rehabilitation and repair project. Borrowings are secured by a first assignment of leases and rents, and a deed of trust. Borrowings bear an interest rate of 3% per annum and are payable from residual receipts in the amount of 40% of the residual receipts and in no event less than \$1,000 per year beginning March 30, 2011. At June 30, 2022, the outstanding balance of the note was \$759,332.

Victoria Manor Senior Apartments

On October 19, 2010, the City loaned the Housing Authority of the City of Calexico (“Authority”) \$200,000 in order for the Authority to purchase certain real property. The note is secured by a deed of trust on the property. The note bears an interest rate of 6.25% per annum and is due at the earlier of the commencement of the term for the option agreement included with the note or nine years from the execution of the note. At June 30, 2022, the outstanding balance of the note was \$200,000.

California Family Apartments, LP

On October 21, 2002, the City loaned CFA Limited Partnership \$400,000 for affordable housing projects. This note is secured by a deed of trust. The note bears interest at 6% per annum. Principal and accrued interest shall be repaid beginning on April 15, 2004 and each April 15 thereafter until repaid in full. All outstanding principal and accrued interest shall be due in full on the earlier of the eighteenth anniversary of the date of this note or the sale or other transfer of the property. At June 30, 2022, the note was paid in full.

California Family Apartments II, LP

On November 1, 2006, the Agency loaned Calexico II, LP \$3,400,000 for affordable housing projects. The note bears interest at 3% and is payable annually within 90 days following the end of each calendar year, contingent upon the LP realizing a profit. At June 30, 2022, the outstanding balance of the note was \$3,400,000.

HPD Villa Del Este, LP

On June 30, 2008, the Agency loaned HPD Villa Del Este, LP \$1,363,887 for affordable housing projects. The note is secured by a deed of trust. The note bears interest at 3% per annum. Principal and accrued interest shall be repaid beginning January 1, 2018, for each preceding calendar year in which there was a cash flow balance, and continuing annually on the first day of each and every year thereafter for the remainder of the term in which there is a cash flow balance. At June 30, 2022, the outstanding balance of the note was \$1,363,887.

Villa Primavera, LLP

On November 4th, 2014, the City approved a loan to Villa Primavera CIC, LP an amount not to exceed \$5,100,000 for an affordable housing project for low income and senior citizens. The note is secured by a deed of trust. This promissory note bears interest at a rate of 3% per annum with a term of 55 years. Principal and accrued interest shall be repaid beginning from the date of Project Completion as defined by 24CFT 92.2, wherein the project must meet the affordability requirements contained herein. At June 30, 2022, the outstanding balance of the note was \$5,100,000.

Other Loans

The City and Successor Agency have established various loan programs that assist residents of the City in purchasing and/or rehabilitating their homes and for business development. These loans are in the form of fully amortized or deferred loans. The deferred loans are usually due upon sale of property. At June 30, 2022, the outstanding balance of the City and Successor Agency loans were \$10,323,897 and \$320,757, respectively.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 5 – Interfund Transactions

A. Due To and Due From Other Funds

Due from and to other funds as of June 30, 2022, for short-term borrowing pending subsequent grant, tax, or fee reimbursement, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Liability Internal Service Fund	New River Grants Capital Projects Fund	\$ 825,394	Overdrawn Cash (A)
	Subtotal	<u>825,394</u>	
Workers' Compensation Internal Service Fund	Prop 172 Public Safety Sales Tax Special Revenue Fund	265,000	Overdrawn Cash (A)
Workers' Compensation Internal Service Fund	State COPS Grant Special Revenue Fund	113,739	Overdrawn Cash (A)
Workers' Compensation Internal Service Fund	Operation Stonegarden Special Revenue Fund	3,814	Overdrawn Cash (A)
Workers' Compensation Internal Service Fund	HIDTA Special Revenue Fund	12,360	Overdrawn Cash (A)
Workers' Compensation Internal Service Fund	Capital Grants Capital Projects Fund	90,478	Overdrawn Cash (A)
Workers' Compensation Internal Service Fund	DIF - Fire Capital Projects Fund	124,856	Overdrawn Cash (A)
Workers' Compensation Internal Service Fund	New River Grants Capital Projects Fund	1,395,219	Overdrawn Cash (B)
Workers' Compensation Internal Service Fund	Payroll Internal Service Fund	1,020	Overdrawn Cash (A)
	Subtotal	<u>2,006,486</u>	
	Total	<u><u>\$ 2,831,880</u></u>	

(A) Reimbursement is pending grants/intergovernmental receivable.

(B) Reimbursement is pending receipt of developer fees.

B. Transfers In/Out

Transfers in and out for the year ended June 30, 2022, were as follows:

General Capital Projects Fund	General Fund	\$ 517,500	Capital projects
Measure H Debt Service Fund	General Fund	999,048	Debt Service
	Subtotal	<u>1,516,548</u>	
Workers' Compensation Internal Service Fund	Medical Actives Internal Service Fund	190,000	Operations
Workers' Compensation Internal Service Fund	Medical Retirees Internal Service Fund	72,000	Operations
Workers' Compensation Internal Service Fund	General Liability Internal Service Fund	35,000	Operations
	Subtotal	<u>297,000</u>	
	Total	<u><u>\$ 1,813,548</u></u>	

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 6 – Capital Assets

A. Governmental Activities

The following is a summary of changes in capital assets for the governmental activities:

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Non-depreciable Assets:					
Land	\$ 5,511,772	\$ -	\$ -	\$ -	\$ 5,511,772
Construction in progress	11,886,762	6,544,915	-	(8,115,559)	10,316,118
Total non-depreciable assets	<u>17,398,534</u>	<u>6,544,915</u>	<u>-</u>	<u>(8,115,559)</u>	<u>15,827,890</u>
Depreciable Assets:					
Building and improvements	21,979,305	5,069	-	-	21,984,374
Machinery and equipment	11,377,174	1,315,979	-	-	12,693,153
Infrastructure	128,516,533	-	-	8,115,559	136,632,092
Total depreciable assets, at cost	<u>161,873,012</u>	<u>1,321,048</u>	<u>-</u>	<u>8,115,559</u>	<u>171,309,619</u>
Less accumulated depreciation:					
Building and improvements	(12,056,656)	(462,612)	-	-	(12,519,268)
Machinery and equipment	(9,194,305)	(677,307)	-	-	(9,871,612)
Infrastructure	(81,643,602)	(3,159,691)	-	-	(84,803,293)
Total accumulated depreciation	<u>(102,894,563)</u>	<u>(4,299,610)</u>	<u>-</u>	<u>-</u>	<u>(107,194,173)</u>
Total depreciable assets, net	<u>58,978,449</u>	<u>(2,978,562)</u>	<u>-</u>	<u>8,115,559</u>	<u>64,115,446</u>
Total governmental activities	<u>\$ 76,376,983</u>	<u>\$ 3,566,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,943,336</u>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2022 are as follows:

General government	\$ 213,060
Public safety	515,251
Public works	3,394,432
Culture and recreation	173,962
Planning and building	2,805
Housing	100
Total depreciation expense	<u>\$ 4,299,610</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 6 – Capital Assets (Continued)

B. Business-Type Activities

The following is a summary of changes in capital assets for business-type activities:

	Balance July 1, 2021	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2022
Non-depreciable Assets:					
Land	\$ 281,615	\$ -	\$ -	\$ -	\$ 281,615
Construction in progress	4,946,500	4,213,208	-	-	9,159,708
Total non-depreciable assets	<u>5,228,115</u>	<u>4,213,208</u>	<u>-</u>	<u>-</u>	<u>9,441,323</u>
Depreciable Assets:					
Building and improvements	37,017,197	-	-	-	37,017,197
Machinery and equipment	20,501,215	91,267	-	-	20,592,482
Infrastructure	23,333,475	-	-	-	23,333,475
Total depreciable assets, at cost	<u>80,851,887</u>	<u>91,267</u>	<u>-</u>	<u>-</u>	<u>80,943,154</u>
Less accumulated depreciation:					
Building and improvements	(17,700,965)	(635,887)	-	-	(18,336,852)
Machinery and equipment	(10,245,669)	(1,143,233)	-	-	(11,388,902)
Infrastructure	(8,576,221)	(524,186)	-	-	(9,100,407)
Total accumulated depreciation	<u>(36,522,855)</u>	<u>(2,303,306)</u>	<u>-</u>	<u>-</u>	<u>(38,826,161)</u>
Total depreciable assets, net	<u>44,329,032</u>	<u>(2,212,039)</u>	<u>-</u>	<u>-</u>	<u>42,116,993</u>
Total business-type activities	<u>\$ 49,557,147</u>	<u>\$ 2,001,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,558,316</u>

Depreciation expense for capital assets of the business-type activities for the year ended June 30, 2022 was as follows:

Water	\$ 1,552,834
Wastewater	490,925
Airport	259,547
Total depreciation expense	<u>\$ 2,303,306</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 6 – Capital Assets (Continued)

C. Fiduciary Funds

The following is a summary of changes in capital assets for the Fiduciary Funds:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Non-depreciable Assets:				
Land	\$ 1,106,663	\$ -	\$ -	\$ 1,106,663
Total non-depreciable assets	1,106,663	-	-	1,106,663
Depreciable Assets:				
Building and improvements	2,293,864	-	-	2,293,864
Total depreciable assets, at cost	2,293,864	-	-	2,293,864
Less accumulated depreciation:				
Building and improvements	(630,813)	(45,877)	-	(676,690)
Total accumulated depreciation	(630,813)	(45,877)	-	(676,690)
Total depreciable assets, net	1,663,051	(45,877)	-	1,617,174
Total fiduciary funds	\$ 2,769,714	\$ (45,877)	\$ -	\$ 2,723,837

Depreciation expense for capital assets of the fiduciary funds for the year ended June 30, 2022 was \$45,877.

Note 7 – Long-Term Debt

A. Governmental Activities

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

	Balance July 1, 2021	Debt Issued	Debt Retired	Balance June 30, 2022	Classification	
					Due in One Year	Due in more than One Year
Governmental Activities:						
Publicly Offered:						
Measure H Lease Revenue Bonds	\$ 7,120,000	\$ -	\$ (660,000)	\$ 6,460,000	\$ 685,000	\$ 5,775,000
Bond premium	485,301	-	(60,662)	424,639	-	424,639
Privately Offered:						
Tax sharing agreement	46,000	-	(46,000)	-	-	-
Finance purchase agreement	124,751	978,592	(110,196)	993,147	235,874	757,273
Total governmental activities	\$ 7,776,052	\$ 978,592	\$ (876,858)	\$ 7,877,786	\$ 920,874	\$ 6,956,912

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Measure H Lease Revenue Bonds

On April 1, 2014, Calexico Financing Authority (the “Authority”) issued its Measure “H” Sales Tax/Lease Revenue Bonds, Issue of 2014 (the “Bonds”) pursuant to a trust agreement, dated as of June 1, 2014 (the “Trust Agreement”), by and among the City of Calexico (the “City”), the Authority and U.S. Bank National Association, as trustee (the “Trustee”). Proceeds of the Bonds are being used to (i) finance a portion of the costs of a new fire station headquarters and various park and recreation improvements; (ii) fund a deposit to the Reserve Account in an amount equal to the Reserve Requirement; and (iii) pay costs of issuance of the Bonds. The Bonds are payable solely from, and secured by, the trust estate and certain funds and accounts held under the Trust Agreement.

The issue consisted of serial bonds in the amount \$11,200,000 payable annually on June 1 of each year, commencing on April 1, 2013 and maturing in 2030 with interest rates ranging from 3% to 4% per annum. Interest payments are due on April 1 and October 1 of each year until the bonds are paid off. At June 30, 2022, the outstanding balance of the bonds was \$6,460,000. Total principal and interest remaining on the bond is \$7,951,600, payable through 2030.

The annual debt service requirements for the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 685,000	\$ 309,000	\$ 994,000
2024	715,000	281,600	996,600
2025	745,000	253,000	998,000
2026	780,000	215,750	995,750
2027	820,000	156,250	976,250
2028-2030	2,715,000	276,000	2,991,000
Total	\$ 6,460,000	\$ 1,491,600	\$ 7,951,600

Tax Sharing Agreement – Imperial County

In June 2003, the City entered into an agreement with Local Agency Formation Commission (LAFCO) in order to offset the “negative fiscal impacts,” as determined by LAFCO, to the County as a result of the approval of the Calexico Annexation No. CX 3-01. The City agreed to pay the County \$291,000 interest free, payable solely from the property tax revenues upon annexation of the area. The balance was paid in full as of June 30, 2022.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Finance Purchase Agreements

The City has entered into several finance purchase agreements for the financing of vehicles and other equipment. The lease agreements qualify as finance purchase agreements for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

The annual debt service requirements for the capital leases payable outstanding at June 30, 2022 are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 235,874	\$ 4,782	\$ 240,656
2023	237,014	14,815	251,829
2024	201,673	10,864	212,537
2025	103,492	8,251	111,743
2026	106,172	5,571	111,743
2027-2028	108,922	2,821	111,743
Total	<u>\$ 993,147</u>	<u>\$ 47,104</u>	<u>\$ 1,040,251</u>

The leased assets are included in capital assets and are summarized by major asset class below:

Machinery and equipment	\$ 1,226,784
Less: accumulated depreciation	(335,086)
Total	<u>\$ 891,698</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

B. Business-Type Activities

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

	Balance July 1, 2021	Debt Issued	Debt Retired	Balance June 30, 2022	Classification	
					Due in One Year	Due in more than One Year
Business-Type Activities:						
Publicly Offered:						
Water Revenue Bonds, Series 2020A	\$ 15,830,000	\$ -	\$ (295,000)	\$ 15,535,000	\$ 305,000	\$ 15,230,000
Bond premium	1,385,143	-	(47,764)	1,337,379	-	1,337,379
Wastewater Revenue Bonds, Series 2020A	22,135,000	-	(410,000)	21,725,000	425,000	21,300,000
Bond premium	1,934,725	-	(66,715)	1,868,010	-	1,868,010
Privately Offered:						
Finance purchase agreement	268,927	-	(66,834)	202,093	101,926	100,167
Total business-type activities	\$ 41,553,795	\$ -	\$ (886,313)	\$ 40,667,482	\$ 831,926	\$ 39,835,556

Water and Wastewater 2020 Refunding Revenue Bonds

In July 2020, the Calexico Financing Authority (the “Authority”) issued its Water Revenue Bonds Series 2020A (the “Water Bonds”) in the principal amount of \$16,255,000 and Wastewater Revenue Bonds Series 2020A (the “Wastewater Bonds” – collectively “the Bonds”) in the principal amount of \$22,715,000 under an Indenture of Trust, dated as of July 1, 2020. The Bonds mature annually on November 1 beginning in 2020 and bear interest at rates ranging from 3% to 4% per annum. Interest payments are due on May 1 and November 1 of each year until the bonds are paid off. Proceeds of the Water Bonds were used to (i) refund the community Redevelopment Agency of the City of Calexico Water System Lease Revenue Bonds Issue of 2007, (ii) to finance certain improvement to the water system, (iii) to purchase a municipal bond insurance policy and a debt service surety for the Water Bonds, and (iv) to pay costs of issuance of the Water Bonds. Proceeds of the Wastewater Bonds were used to (i) finance certain improvements to the wastewater system, (ii) to purchase a municipal bond insurance policy and a debt service surety for the Wastewater Bonds, and (iii) to pay costs of issuance of the Wastewater Bonds.

The issues consist of serial bonds maturing from 2020 to 2050 in combined annual installments of \$1,005,000 to \$1,940,000. The bonds carry interest rates ranging from 3.0% to 4.0% and mature in 2050. Interest payments are due on May 1 and November 1 of each year until the bonds are paid off. The aggregate debt service payments of the new debt are \$13,225,608 less than the old debt. The issuance of the new water debt and the refunding of the old debt resulted in an economic gain (the difference between the net present value of the old debt and new debt service payments) of approximately \$2,005,968.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

The annual debt service requirements for the bonds are as follows:

Water Revenue Bonds, Series 2020A			
Year Ending June 30,	Principal	Interest	Total
2023	\$ 305,000	\$ 516,150	\$ 821,150
2024	315,000	503,750	818,750
2025	330,000	490,850	820,850
2026	345,000	477,350	822,350
2027	360,000	463,250	823,250
2028-2032	2,025,000	2,083,750	4,108,750
2033-2037	2,470,000	1,638,500	4,108,500
2038-2042	2,915,000	1,194,375	4,109,375
2043-2047	3,375,000	723,375	4,098,375
2048-2051	3,095,000	189,225	3,284,225
Total	\$ 15,535,000	\$ 8,280,575	\$ 23,815,575

Wastewater Revenue Bonds, Series 2020A			
Year Ending June 30,	Principal	Interest	Total
2023	\$ 425,000	\$ 721,700	\$ 1,146,700
2024	445,000	704,300	1,149,300
2025	460,000	686,200	1,146,200
2026	480,000	667,400	1,147,400
2027	500,000	647,800	1,147,800
2028-2032	2,830,000	2,915,000	5,745,000
2033-2037	3,450,000	2,292,925	5,742,925
2038-2042	4,075,000	1,672,125	5,747,125
2043-2047	4,730,000	1,012,950	5,742,950
2048-2051	4,330,000	264,600	4,594,600
Total	\$ 21,725,000	\$ 11,585,000	\$ 33,310,000

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Finance Purchase Agreements

The City has entered into several lease agreements for the financing of water and wastewater vehicles. The lease agreements qualify as finance purchases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

The annual debt service requirements for the finance purchase agreements outstanding at June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 101,926	\$ 6,084	\$ 108,010
2024	22,263	3,225	25,488
2025	23,907	1,581	25,488
2026	53,997	139	54,136
Total	<u>\$ 202,093</u>	<u>\$ 11,029</u>	<u>\$ 213,122</u>

The leased assets are included in capital assets and are summarized by major asset class below:

Machinery and equipment	\$ 439,284
Less: accumulated depreciation	(291,302)
Total	<u>\$ 147,982</u>

C. Fiduciary Funds

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

	Balance July 1, 2021	Debt Refunding	Debt Retired	Balance June 30, 2022	Classification	
					Due in One Year	Due in more than One Year
Fiduciary Funds:						
Publicly Offered:						
Tax Allocation Bonds - 2011 School District	\$ 1,810,000	\$ -	\$ -	\$ 1,810,000	\$ 5,000	\$ 1,805,000
Bond discount	(100,376)	-	8,364	(92,012)	-	(92,012)
2014 Tax Allocation Refunding Bonds	8,070,000	-	(1,355,000)	6,715,000	1,425,000	5,290,000
Bond premium	959,512	-	(119,939)	839,573	-	839,573
2020 Tax Allocation Refunding Bonds	10,955,000	-	(210,000)	10,745,000	210,000	10,535,000
Total Tax Allocation Bonds	<u>\$ 21,694,136</u>	<u>\$ -</u>	<u>\$ (1,676,575)</u>	<u>\$ 20,017,561</u>	<u>\$ 1,640,000</u>	<u>\$ 18,377,561</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2011 Tax Allocation Bonds – School District

On May 19, 2011, the Calexico Community Redevelopment Agency (Agency) issued its Merged Central Business District and Residential Redevelopment Project Area Tax Allocation Bonds (School District), Issue of 2011 (the “2011 CUSD TABs”) for the purpose of financing the construction of certain capital improvements (the “Facilities”) of the Calexico Unified School District (the “CUSD”). The 2011 CUSD TABs were issued at the request of the CUSD. The 2011 CUSD TABs are secured by certain tax increment pass-through revenues (the “CUSD Pass-through Revenues”) pursuant to Section 3 of the each of the following agreements (collectively, the “Antecedent Agreements”):

1. First Amended and Restated Public Improvements Agreement dated March 16, 1993;
2. Memorandum of Understanding dated October 20, 1993; and
3. Public Improvements Agreement dated December 20, 1993.

Pursuant to the Antecedent Agreements, the purpose of the CUSD Pass-through Revenues was to finance certain capital projects benefitting the CUSD. To the extent that any of the CUSD Pass-through Revenues were not so used, such unused moneys were to be transferred to the CUSD. Additionally, the CUSD previously requested and authorized the former RDA to use a portion of the CUSD Pass-through Revenues as security for and payment of the debt service for certain prior bonds (the “Prior Bonds”), the proceeds of which were used to finance the construction of certain capital improvements benefitting the CUSD.

The net proceeds from the 2011 CUSD TABs were intended to be used to construct the Facilities benefitting the CUSD and the CUSD Pass-through revenues were committed as security for and payment of the debt service for 2011 CUSD TABs. However, the State Department of Finance did not approve the Agency’s Required Obligation Payment Schedule (ROPS) request to authorize disbursement of the net bond proceeds to CUSD and the net proceeds were not used for Facilities construction. Subsequent to June 30, 2022, the Agency and CUSD entered into a settlement agreement calling for the bonds to be retired. On February 1, 2023, the 2011 CUSD TABS were redeemed and retired in full.

The issue consists of serial bonds in the amount \$1,815,000 payable annually on August 1 of each year, commencing on August 1, 2011 and maturing in 2034 with interest rates ranging from 6.40% to 6.60% per annum. Interest payments are due on August 1 and February 1 of each year until the bonds are paid off. The outstanding balance of the bonds was transferred to the Successor Agency on January 31, 2012 due to the dissolution of the Agency. At June 30, 2022, the outstanding balance of the bonds was \$1,810,000. Total principal and interest remaining on the bond is \$2,783,240 payable through 2034.

The annual debt service requirements for the 2011 Tax Allocation Bonds – School District at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 5,000	\$ 118,580	\$ 123,580
2024	-	118,420	118,420
2025	-	118,420	118,420
2026	110,000	114,900	224,900
2027	120,000	107,540	227,540
2028-2032	1,105,000	369,970	1,474,970
2033-2034	470,000	25,410	495,410
Total	\$ 1,810,000	\$ 973,240	\$ 2,783,240

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2014 Tax Allocation Refunding Bonds

On August 1, 2014, the Agency issued the 2014 Tax Allocation Refunding Bonds in the amount of \$15,395,000. The Bonds were issued to refinance previously issued bonds: (i) \$16,120,000 original principal amount of Merged Central Business District and Residential Redevelopment Project Area Tax Allocation Refunding Bonds Issue of 2003A, outstanding principal refunded in the amount of \$11,335,000; and (ii) \$8,600,000 original principal amount of Merged Central Business District and Residential Redevelopment Project Area Tax Allocation Bonds, Issue of 2003C, outstanding principal refunded in the amount of \$6,040,000.

The issue consists of serial bonds in the amount \$15,395,000 payable annually on August 1 of each year, commencing on August 1, 2015 and maturing in 2028 with interest rates ranging from 2.00% to 5.00% per annum. Interest payments are due on August 1 and February 1 of each year until the bonds are paid off. At June 30, 2022, the outstanding balance of the bonds was \$6,715,000. Total principal and interest remaining on the bond is \$7,621,875 payable through 2029.

The annual debt service requirements for the 2014 Tax Allocation Refunding Bonds at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,425,000	\$ 300,125	\$ 1,725,125
2024	1,495,000	227,125	1,722,125
2025	1,570,000	150,500	1,720,500
2026	520,000	98,250	618,250
2027	540,000	71,750	611,750
2028-2029	1,165,000	59,125	1,224,125
Total	\$ 6,715,000	\$ 906,875	\$ 7,621,875

2020 Tax Allocation Refunding Bonds

In January 2020 the Successor Agency issued \$11,085,000 of Subordinate Tax Allocation Refunding Bonds. The bonds are special obligations of the Successor Agency payable from and secured by a pledge of the Successor Agency's tax revenues. Proceeds from the bonds, along with funds on hand, were used to refinance the Agency's outstanding bonds from series previously issued in 2000 (\$515,000), 2006 (\$9,465,000), and 2011 (\$7,120,000).

The issue consists of serial bonds maturing from 2021 to 2034 in annual installments of \$130,000 to \$1,680,000. The bonds carry interest rates ranging from 1.9% to 3.2% and mature in 2034. The aggregate debt service payments of the new debt are \$13,233,255 less than the old debt. The issuance of the new debt and the refunding of the old debt resulted in an economic gain (the difference between the net present value of the old debt and new debt service payments) of approximately \$2,609,861. At June 30, 2022, the outstanding balance of the bonds was \$10,745,000. Total principal and interest remaining on the bond is \$12,719,169 payable through 2034.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

The annual debt service requirements for the 2020 Tax Allocation Refunding Bonds at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 210,000	\$ 306,852	\$ 516,852
2024	215,000	302,298	517,298
2025	220,000	297,384	517,384
2026	1,420,000	277,210	1,697,210
2027	1,480,000	239,964	1,719,964
2028-2032	6,660,000	532,520	7,192,520
2033-2034	540,000	17,941	557,941
Total	\$ 10,745,000	\$ 1,974,169	\$ 12,719,169

Pledged Revenues

The Successor Agency has pledged tax revenues to the repayment of the former Calexico Redevelopment Agency’s debts transferred to it on February 1, 2012 through the final maturity of the Bonds, or early retirement of the Bonds, whichever comes first.

Tax revenues consist of property tax revenues allocated to the Redevelopment Property Tax Trust Fund (RPTTF) for the Successor Agency that is maintained by the County of Imperial Auditor and Controller. The amounts so allocated are those that would have been allocated to the RDA had the RDA not been dissolved. The Auditor and Controller (A&C) then distributes RPTTF revenues to the Successor Agency based on Recognized Obligation Payment Schedules (ROPS) as approved by the California State Department of Finance (DOF) and after deducting amounts for A&C administrative costs and amounts required to be paid under tax-sharing agreements unless the payment of such amounts has been subordinated to payment of debt services on the Bonds. Each ROPS covers a twelve-month period and includes the applicable debt service payments on the Bonds.

Property tax revenue allocated to the RPTTF for the Successor Agency totaled \$7,331,484 in fiscal year 2022. Total debt service of all Tax Allocation Bonds paid was \$2,366,499, 32% of the RPTTF revenue available for distribution to the Successor Agency.

D. Conduit Debt

Community Facilities District No. 2005-1 – Special Assessment Tax Bonds

On September 1, 2005, the City issued special assessment tax bonds under the State Improvement Acts of 1911 and 1915 through the Community Facilities District No. 2005-1 (Hearthstone) of the City of Calexico (“District”), which was established by the City pursuant to a bond indenture dated July 1, 2006. The bonds were issued to finance certain public facilities and capital impact fees relating to a residential development within the District, fund an escrow account, fund a reserve account for the bonds, fund 18 months of capitalized interest on the bonds, and pay the cost of issuance of the bonds. These bonds are payable only from special assessment collections from the property owners. The City is not liable for repayment in any manner.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

D. Conduit Debt (Continued)

The City is only acting as an agent for the property owners and bondholders in collecting and applying the special assessments toward bond debt service. The bonds are, therefore, not reported as a liability in the accompanying basic financial statements. The special assessment tax bonds totaling \$12,450,000 at June 30, 2022 were held by the District.

The development phases within the District have not been completed and sufficient District levies have not been collected to fully fund the District’s debt service requirements. As of June 30, 2022, the scheduled principal payments due September 1, 2016, 2017, 2018, 2019, 2020, and 2021 have not been paid. The bond reserve account held by the trustee was \$137,446, which is less than the required balance of \$1,016,560. City administrators, community facilities district consultants, the City Attorney, new property owners, and trustee attorneys are currently working on a financial plan to auction undeveloped property to provide a final solution to this issue.

Community Facilities District No. 2013-1 – Special Tax Bonds

On February 1, 2014, the City issued special assessment tax bonds under the State Improvement Acts of 1911 and 1915 through the Communities Facilities District No. 2013-1 (Gran Plaza) of the City of Calexico (“District”), which was established by the City pursuant to a bond indenture dated February 1, 2014. Proceeds of the Bonds were used to (i) finance certain public facilities relating to an outlet shopping center within the District; (ii) fund a debt service reserve account; (iii) fund capitalized interest; and (iv) pay costs of issuance of the Bonds. These bonds are payable from special assessment collections from the property owner and from certain payments contributed to the District by the City pursuant to an agreement between the City and Property owner dated July 2, 2013. The City acts as an agent for the property owners and bondholders in collecting special assessments from the property owner and its own contributions on behalf of the property owner. The District applies such collections toward bond debt service. The bonds are not reported as a liability of the City in the accompanying basic financial statements. The special assessment tax bonds totaling \$6,410,000 at June 30, 2022 were held by the District.

Note 8 – Compensated Absences

A. Governmental Activities

The City’s liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities has been accrued and amounts to \$1,711,673 at June 30, 2022.

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 1,569,284	\$ 334,649	\$ (192,260)	\$ 1,711,673	\$ 231,581	\$ 1,480,092
Total governmental activities	\$ 1,569,284	\$ 334,649	\$ (192,260)	\$ 1,711,673	\$ 231,581	\$ 1,480,092

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Compensated Absences (Continued)

B. Business-Type Activities

In proprietary funds, the liability for vested and unpaid compensated absences (accrued vacation and sick pay) is reported in the funds as the benefits vest and is earned. The compensated absences accrued in the proprietary funds amount to \$341,276 at June 30, 2022.

	Balance			Classification		
	July 1, 2021	Additions	Deletions	June 30, 2022	Due Within One Year	Due in More Than One Year
Business-Type Activities:						
Compensated absences	\$ 371,487	\$ -	\$ (30,211)	\$ 341,276	\$ 35,103	\$ 306,173
Total business-type activities	\$ 371,487	\$ -	\$ (30,211)	\$ 341,276	\$ 35,103	\$ 306,173

Note 9 – Risk Management

A. Summary

Changes in the claims liability amounts were as follows:

Workers' Compensation

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2019-2020	\$ 1,600,000	\$ 895,375	\$ (556,375)	\$ 1,939,000
2020-2021	1,939,000	565,046	(432,046)	2,072,000
2021-2022	2,072,000	869,805	(585,805)	2,356,000

General Liability

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2019-2020	\$ 564,000	\$ 225,130	\$ (31,562)	\$ 757,568
2020-2021	757,568	830,828	(29,332)	1,559,064
2021-2022	1,559,064	(536,071)	(5,193)	1,017,800

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Risk Management (Continued)

B. Public Risk Innovation, Solutions, and Management – Excess Insurance Authority

The City is a member of Public Risk Innovation, Solutions, and Management – Excess Insurance Authority (PRISM). The Authority is comprised of 55 California counties and currently consists of 262 public agencies, which includes municipalities, school districts, special districts and other Joint Powers Authorities (JPA). PRISM was formed as a Joint Powers Authority in 1979, pursuant to the California Government Code. The purpose of the Authority is to arrange, provide and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

The Board of Directors is comprised of 62 members, one representative from each member county and seven members elected by the public entity membership.

General Liability Insurance

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific self-insured retention (“SIR”) level. The City has a SIR level of \$100,000 and pays 100% of all losses incurred under \$100,000. The City does not share or pay for losses of other cities under \$100,000. Losses of \$100,000 to \$5,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$5,000,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$10,000,000. This cost is also prorated on a payroll basis. The City purchased an optional excess coverage, which covers up to \$20,000,000, and catastrophic coverage up to \$50,000,000.

Workers’ Compensation

The City has a SIR of \$125,000 per claim and additional coverage above its SIR with PRISM to \$5 million per claim; there is an additional \$45 million of reinsurance above PRISM coverage bringing the total coverage to over \$50 million per claim. The PRISM is ranked as the second largest public entity risk pool and the largest property and casualty pool in the nation.

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year.

The latest financial information of the Public Risk Innovation, Solutions, and Management – Excess Insurance Authority for fiscal year ended June 30, 2022, is as follows:

Total assets	\$1,053,760,735
Total deferred outflows	\$ 2,000,236
Total liabilities	\$ 908,008,660
Total deferred inflows	\$ 3,713,839
Total equities	\$ 144,038,472
Total revenues	\$1,375,141,319
Total expenses	\$1,417,457,481
Revenues over expenses	\$ (42,316,162)

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Pension Plans

A. Summary

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred Outflows of Resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 875,638	\$ 618,760	\$ 1,494,398
CalPERS Safety	1,860,024	-	1,860,024
Total pension contribution made after measurement date	<u>2,735,662</u>	<u>618,760</u>	<u>3,354,422</u>
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	181,314	128,122	309,436
CalPERS Safety	433,422	-	433,422
Total adjustment due to difference in proportions	<u>614,736</u>	<u>128,122</u>	<u>742,858</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	533,256	376,819	910,075
CalPERS Safety	1,751,367	-	1,751,367
Total difference between expected and actual experience	<u>2,284,623</u>	<u>376,819</u>	<u>2,661,442</u>
Total deferred outflows of resources:			
CalPERS Miscellaneous	1,590,208	1,123,701	2,713,909
CalPERS Safety	4,044,813	-	4,044,813
Total deferred outflows of resources	<u>\$ 5,635,021</u>	<u>\$ 1,123,701</u>	<u>\$ 6,758,722</u>

City of Calxico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Pension Plans (Continued)

A. Summary (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Pension Liabilities:			
CalPERS Miscellaneous	\$ 4,755,298	\$ 3,360,277	\$ 8,115,575
CalPERS Safety	10,250,954	-	10,250,954
Total net pension liabilities	<u>\$ 15,006,252</u>	<u>\$ 3,360,277</u>	<u>\$ 18,366,529</u>
Deferred Inflows of Resources:			
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	\$ 4,151,124	\$ 2,933,344	\$ 7,084,468
CalPERS Safety	6,101,288	-	6,101,288
Total projected earnings on pension plan investments in excess of actual earnings	<u>10,252,412</u>	<u>2,933,344</u>	<u>13,185,756</u>
Employer contributions in excess of proportionate share of contribution:			
CalPERS Miscellaneous	\$ 562,301	\$ 397,344	\$ 959,645
CalPERS Safety	1,070,690	-	1,070,690
Total employer contributions in excess of proportionate share of contribution	<u>1,632,991</u>	<u>397,344</u>	<u>2,030,335</u>
Total deferred inflows of resources:			
CalPERS Miscellaneous	4,713,425	3,330,688	8,044,113
CalPERS Safety	7,171,978	-	7,171,978
Total deferred inflows of resources	<u>\$ 11,885,403</u>	<u>\$ 3,330,688</u>	<u>\$ 15,216,091</u>
Pension Expense:			
CalPERS Miscellaneous	\$ 1,660,769	\$ 1,173,564	\$ 2,834,333
CalPERS Safety	1,723,438	-	1,723,438
Total net pension expense	<u>\$ 3,384,207</u>	<u>\$ 1,173,564</u>	<u>\$ 4,557,771</u>

B. General Information about Pension Plans

Plan Description

The City contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Pension Plans (Continued)

B. General Information about Pension Plans (Continued)

Employees Covered by Benefit Terms

At June 30, 2021, the measurement date, the following employees were covered by the benefit terms:

	Miscellaneous		Safety		Safety
	Miscellaneous	PEPRA	Safety	PEPRA Police	PEPRA Fire
Active employees	57	47	33	10	7
Transferred and terminated employees	101	21	80	10	1
Retired employees and beneficiaries	132	-	90	-	-
Total	<u>290</u>	<u>68</u>	<u>203</u>	<u>20</u>	<u>8</u>

Benefits Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least five years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	Miscellaneous		Safety		Safety
	Miscellaneous	PEPRA	Safety	PEPRA Police	PEPRA Fire
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	50-57	50-57
Monthly benefits, as a % of					
eligible compensation	2.7%	2.0%	3.0%	2.7%	2.7%
Required employer contribution rate	7.959%	7.114%	18.152%	13.044%	13.044%

Contributions

For the year ended June 30, 2022, the contributions recognized as part of pension expense for each plan were as follows:

Miscellaneous	\$ 1,494,398
Safety	<u>1,860,024</u>
	<u>\$ 3,354,422</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Miscellaneous			
Balance at: 6/30/20 (valuation date)	\$ 55,207,945	\$ 41,257,766	\$ 13,950,179
Balance at: 6/30/21 (measurement date)	57,464,091	49,348,516	8,115,575
Net changes during 2020-2021	2,256,146	8,090,750	(5,834,604)
Safety			
Balance at: 6/30/20 (valuation date)	\$ 57,956,339	\$ 41,647,330	\$ 16,309,009
Balance at: 6/30/21 (measurement date)	59,791,046	49,540,092	10,250,954
Net changes during 2020-2021	1,834,707	7,892,762	(6,058,055)
Total			
Balance at: 6/30/20 (valuation date)	\$ 113,164,284	\$ 82,905,096	\$ 30,259,188
Balance at: 6/30/21 (measurement date)	117,255,137	98,888,608	18,366,529
Net changes during 2020-2021	4,090,853	15,983,512	(11,892,659)

The City’s net pension liability/(asset) for each Plan is measured as the proportionate share of the net pension liability/(asset). The net pension liability/(asset) of each of the Plans is measured as of June 30, 2020, and the total pension liability/(asset) for each Plan used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City’s proportion of the net pension liability/(asset) was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability/(asset) for each plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2020	0.12821%	0.14989%	0.26351%
Proportion - June 30, 2021	0.15006%	0.18954%	0.33960%
Change - increase/(decrease)	0.02184%	0.03965%	0.07609%

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$2,834,333 and \$1,723,438, for the Miscellaneous and Safety plans, respectively. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plans		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 1,494,398	\$ -
Difference between projected and actual earning on pension plan investments	-	7,084,468
Adjustment due to differences in proportions	309,436	-
Difference between actual and expected experience	910,075	-
Difference between employer's actual contributions and proportionate share of contributions	-	959,645
Total	<u>\$ 2,713,909</u>	<u>\$ 8,044,113</u>
Safety Plans		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 1,860,024	\$ -
Difference between projected and actual earning on pension plan investments	-	6,101,288
Adjustment due to differences in proportions	433,422	-
Difference between actual and expected experience	1,751,367	-
Difference between employer's actual contributions and proportionate share of contributions	-	1,070,690
Total	<u>\$ 4,044,813</u>	<u>\$ 7,171,978</u>
Total		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 3,354,422	\$ -
Difference between projected and actual earning on pension plan investments	-	13,185,756
Adjustment due to differences in proportions	742,858	-
Changes in assumptions	-	-
Difference between actual and expected experience	2,661,442	-
Difference between employer's actual contributions and proportionate share of contributions	-	2,030,335
Total	<u>\$ 6,758,722</u>	<u>\$ 15,216,091</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the Miscellaneous Plan and Safety Plan, \$1,494,398 and \$1,860,024, respectively, was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Miscellaneous Plans	Safety Plans	Total
2023	\$ (1,597,711)	\$ (964,688)	\$ (2,562,399)
2024	(1,594,837)	(1,025,371)	(2,620,208)
2025	(1,674,272)	(1,318,141)	(2,992,413)
2026	(1,957,782)	(1,678,989)	(3,636,771)
2027	-	-	-
Thereafter	-	-	-
	<u>\$ (6,824,602)</u>	<u>\$ (4,987,189)</u>	<u>\$ (11,811,791)</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.65%
Mortality rate table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11 +²</u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	7.00%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% was used for this period.

The discount rate used to measure the total pension liability was 7.15% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

The following presents the City’s proportionate share of the net position liability for the Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
Miscellaneous	\$ 15,702,611	\$ 8,115,575	\$ 1,843,481
Safety	\$ 18,299,345	\$ 10,250,954	\$ 3,640,195
Total	\$ 34,001,956	\$ 18,366,529	\$ 5,483,676

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

D. Payable to the Pension Plan

At June 30, 2022, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2022.

Note 11 – Other Postemployment Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Total OPEB liability:			
Total OPEB liability	\$ 18,025,255	\$ 5,947,946	\$ 23,973,201
Total OPEB liability	\$ 18,025,255	\$ 5,947,946	\$ 23,973,201
Deferred inflows of resources:			
Difference between expected and actual experience	\$ 3,761,688	\$ 1,241,276	\$ 5,002,964
Changes in assumptions	3,659,978	1,207,714	4,867,692
Total deferred inflows of resources	\$ 7,421,666	\$ 2,448,990	\$ 9,870,656
OPEB expense	\$ 357,056	\$ 117,815	\$ 474,871

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 11 – Other Postemployment Benefits (Continued)

B. General Information about OPEB

Plan Description

As of June 30, 2022, the date of its most recent OPEB actuarial valuation, the City provided health benefits to 39 retirees. In addition, 87 active employees are earning service credit for future retiree health benefits. With the exception of members of the Calexico Police Officers Association, employees hired on or after July 1, 2008 are not eligible for retiree health benefits. Employees hired prior to May 18, 1993 retiring from the City under CalPERS are eligible for City-paid retiree medical and dental benefits for themselves and eligible dependents. The retiree is responsible for a monthly contribution equal to \$120. Employees hired on or after May 18, 1993 are eligible for City paid retiree medical benefits for themselves only to the retiree’s attainment of age 65.

Eligibility

Eligibility requires retirement from the City under PERS with at least 20 years of service. Retirees with less than 30 years of service at retirement are required to pay a monthly contribution. The retiree may also elect to cover and pay for eligible dependents based on the COBRA rate.

Membership in the plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Retirees		39
Active plan members		87
Total		126

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The City Council has established a policy of funding the actuarially determined contribution (ADC) on a pay as you go basis through June 30, 2022. For the fiscal year ended June 30, 2022, the City’s average contribution rate was 9.0% of covered-employee payroll. Employees are not required to contribute to the plan.

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability at June 30, 2022 was \$23,973,201.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 11 – Other Postemployment Benefits (Continued)

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	4.09%
Inflation	2.50%
Aggregate payroll increases	2.80%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 2017 Experience Study
Mortality Improvement Scale	Modified projected fully generational with Scale MP-2021
Healthcare Trend Rate (Per-65)	An annual healthcare cost trend rate of 7.0% initially reduced by decrements to an ultimate of 4.5% therefore.
Healthcare Trend Rate (Post-65)	An annual healthcare cost trend rate of 6.5% initially reduced by decrements to an ultimate of 4.5% therefore.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09% percent. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 39,404,101
Changes Recognized for the Measurement Period:	
Service Cost	1,117,996
Interest on the total OPEB liability	876,705
Difference between expected and actual experience	(10,079,367)
Changes of assumptions	(6,361,053)
Benefit payments	(985,181)
Net Changes during July 1, 2021 to June 30, 2022	(15,430,900)
Balance at June 30, 2022 (measurement date)	<u>\$ 23,973,201</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 11 – Other Postemployment Benefits (Continued)

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (3.09%)	Current Discount Rate (4.09%)	Discount Rate + 1% (5.09%)
\$ 26,894,900	\$ 23,973,201	\$ 21,490,122

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Trend Rates	+ 1%
\$ 21,112,867	\$ 23,973,201	\$ 27,421,155

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$474,871. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,867,692
Changes of assumptions	-	5,002,964
Total	\$ -	\$ 9,870,656

As of June 30, 2022, the City’s OPEB Plan did not hold assets or have a Fiduciary Net Position. If the Plan did have assets, however, the Plan’s policy is to amortize the difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 5 years, which was determined as of June 30, 2021, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 11 – Other Postemployment Benefits (Continued)

C. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

<u>Measurement Period</u> <u>Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2023	\$ (1,425,383)
2024	(1,764,735)
2025	(1,764,735)
2026	(1,764,738)
2027	(802,437)
Thereafter	(2,348,628)
	<u>\$ (9,870,656)</u>

Note 12 – Commitments and Contingencies

A. Litigation

The City is a defendant in certain legal actions arising in the normal course of operations. Liabilities for the probable amounts of loss associated with these claims are have been accrued in the financial statements as discussed in Note 9 – Risk Management.

B. Grants

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors and their representatives.

With respect to the City’s other grant programs, any liability for reimbursement which may arise as the result of grantor audits, if any, is not believed to be material.

C. Construction

Various construction projects were in progress at June 30, 2022 with an estimated cost to complete of \$49,687,286 planned for in all fund types.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Commitments and Contingencies (Continued)

D. CFD 2013-1

The City has committed to make annual payments to the Community Facility District 2013-1 (District) on behalf of the District's property owner through an Agreement Re: Covenants ("Agreement") executed in July 2013. The District was formed in 2013 to finance improvements supporting the development of the Gran Plaza shopping center and related City development impact fees.

In the Agreement, the City agreed to pay a portion of sales tax revenues earned from the Gran Plaza shopping center to the CFD on behalf of the property owner. Annual City payments are calculated in the following four step process:

1. The City retains the first \$300,000 of sales tax earned at Gran Plaza each operating (calendar) year.
2. Sales tax in excess of \$300,000 is paid to the District up to the District's annual debt service.
3. Sales tax in excess of \$300,000 and in excess of the District's annual debt service is retained by the City, up to an amount matching the City's payment to the District for its annual debt service.
4. Sales tax in excess of amounts applied in Steps 1 to 3 is divided in half, with half retained by the City and half paid to the District for the refunding of outstanding District bonds.

During the year ended June 30, 2022, the City paid \$142,052 to the District under the terms of this Agreement.

Note 13 – Deferred Compensation Plan

The City offers a deferred compensation plan for regular employees created in accordance with Internal Revenue Code Section 457. Under the terms of this plan, employees may defer amounts of income up to a maximum of \$17,000 per year or one-hundred percent (100%) of includable compensation, whichever is less. Amounts so deferred may be withdrawn or directed for future payment at separation of employment but may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue and unforeseen financial hardship for the employee.

Federal legislation, (Small Business Job Protection Act of 1996) requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries. The City's deferred compensation administrator qualifies as the plan trustee to meet Federal requirements. Since the plan assets are not considered the property and rights of the City, such assets are not reflected in the accompanying basic financial statements.

Note 14 – Self-Funded Medical, Dental and Vision Plan

The City provides its employees, eligible retirees and elected officials with an option to participate in a self-funded employer sponsored health plan. In this plan the City takes on the financial risk of funding the plan from its assets and is responsible for managing and administering the plan.

The City administers the plan through a third-party administrator (TPA) and purchases excess insurance coverage to protect itself from extreme claims and utilization levels. This excess insurance is called employer stop-loss (ESL) coverage. In addition to covering the potential losses inherent with any group benefit plan, the City's ESL coverage provides protection for the entire covered group, reimbursement for medical expenses above a specified dollar amount of \$75,000, and coverage for catastrophic and high dollar claims such as transplants, leukemia, renal failure and premature births.

The City provides a network of Exclusive Provider Organization (EPO) participants and a Preferred Provider Organization (PPO) network for eligible retirees and Police Officers Association (POA) members.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 15 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2022, the Governmental Activities Statement of Net Position had an unrestricted net position deficit of \$(41,120,413).

At June 30, 2022, the following funds had a fund balances (deficit) or net position (deficit), which will be eliminated through the collection of grants revenues, future RPTTF tax allocations, and future development fees:

Fund	Fund Type	Deficit
Prop 172 Public Safety Sales Tax Fund	Special Revenue Fund	\$ 265,000
DIF - Fire Fund	Special Revenue Fund	124,856
Successor Agency to the Calexico Community Redevelopment Agency	Private Purpose Trust Fund	12,407,149

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2022, expenditures exceeded appropriations in the following functions of the General Fund:

Fund	Function	Excess Expenditures
General Fund	Public safety: Fire	\$ 12,130
General Fund	Planning and building	73,934
FEMA/ARPA Special Revenue Fund	Public works	3,991

Note 16 – Fund Balance Classification

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds* as of June 30, 2022 as follows:

	Major Funds				Total
	General Fund	LTA Measure D Special Revenue Fund	FEMA/ARPA Special Revenue Fund	Other Governmental Funds	
Non-spendable:					
Inventories and prepaid items	\$ 66,228	\$ -	\$ -	\$ -	\$ 66,228
Total non-spendable	66,228	-	-	-	66,228
Restricted:					
Debt service payments	-	-	-	998,040	998,040
Public works	-	-	-	4,979,109	4,979,109
Culture and recreation	-	-	-	73,226	73,226
Housing	-	-	-	6,508,892	6,508,892
Capital projects	-	10,637,091	3,207,516	7,252,983	21,097,590
Total restricted	-	10,637,091	3,207,516	19,812,250	33,656,857
Assigned:					
Measure H	79,293	-	-	-	79,293
Capital projects	-	-	-	1,258,744	1,258,744
Total assigned	79,293	-	-	1,258,744	1,338,037
Unassigned (deficit)	2,791,004	-	-	(389,856)	2,401,148
Total unassigned	2,791,004	-	-	(389,856)	2,401,148
Total fund balances	\$ 2,936,525	\$ 10,637,091	\$ 3,207,516	\$ 20,681,138	\$37,462,270

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30 consisted of the following:

	Governmental Activities	Business-Type Activities
	<u> </u>	<u> </u>
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 15,827,890	\$ 9,441,323
Capital assets, depreciable/amortizable, net	64,115,446	42,116,993
Unspent bond proceeds	-	36,859,054
Deferred loss on refunding	-	77,039
Long-term debt:		
Measure H Lease Revenue Bonds	(6,884,639)	-
Finance Purchase Agreement	(993,147)	(202,093)
Water Revenue Bonds	-	(16,872,379)
Wastewater Revenue Bonds	-	(23,593,010)
Total net investment in capital assets	<u>\$ 72,065,550</u>	<u>\$ 47,826,927</u>

Note 18 – Prior Period Adjustments

The beginning net position at July 1, 2021 of the Government-Wide Financial Statements was restated as follows:

	Governmental Activities
	<u> </u>
Net position, as previously reported, at July 1, 2021	\$ 36,429,096
Correction for accounting on pass-through bonds:	
Fund financial statement portion	(4,635,986)
Long-term debt	22,287,929
Net position at July 1, 2021, as restated	<u>\$ 54,081,039</u>

The beginning net position at July 1, 2021 of the Governmental Fund Financial Statements was restated as follows:

	Measure D Debt Service Fund	Measure D Capital Projects Fund
	<u> </u>	<u> </u>
Fund balance, as previously reported, at July 1, 2021	\$ 2,087,593	\$ 2,548,393
Correction for accounting on pass-through bonds	(2,087,593)	(2,548,393)
Fund balance at July 1, 2021, as restated	<u>\$ -</u>	<u>\$ -</u>

Note 19 – Subsequent Events

A. Bond Call (2011 Tax Allocation Bonds – School District)

Subsequent to June 30, 2022, the Successor Agency of the Redevelopment Agency for the City of Calexico (Successor Agency) and the Calexico Unified School District (CUSD) entered into a settlement agreement calling for the 2011 Tax Allocation Bonds – School District (2011 CUSD TABS) to be retired. On February 1, 2023, the 2011 CUSD TABS were redeemed and retired in full.

**REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited).**

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City of Calexico
Required Supplementary Information (Unaudited)
Notes to the Budgetary Information
For the Year Ended June 30, 2022

Note 1 – Budgetary Information

The City Council has the responsibility for adoption of the City’s budget. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The City Manager is authorized to transfer budget appropriations within the General Fund at the department level or at the fund level for other funds. Budget amendments to a total General Fund department budget, non-General Fund budget, or a capital project require City Council approval.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one-year contracts with an option to review for another fiscal year.

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts				Actual Amounts	Variance with Final Budget
	General Fund	Measure H Fund	Original			
	Original	Original	Total	Final		
REVENUES:						
Property taxes	\$ 2,835,500	\$ -	\$ 2,835,500	\$ 2,914,500	\$ 2,926,772	\$ 12,272
Other taxes:						
Other taxes	5,231,000	-	5,231,000	6,048,000	6,182,773	134,773
Measure H sales tax	-	3,100,000	3,100,000	3,450,000	3,401,341	(48,659)
Total other taxes	5,231,000	3,100,000	8,331,000	9,498,000	9,584,114	86,114
Licenses, permits and fees	1,933,600	-	1,933,600	1,798,600	1,903,462	104,862
Intergovernmental	3,563,386	-	3,563,386	3,618,386	3,628,563	10,177
Charges for services	1,668,500	-	1,668,500	1,749,000	1,843,242	94,242
Fines and forfeitures	136,500	-	136,500	136,500	214,447	77,947
Investment income (loss)	594,363	-	594,363	569,363	589,295	19,932
Other revenues	-	-	-	-	5,120	5,120
Total revenues	15,962,849	3,100,000	19,062,849	20,284,349	20,695,015	410,666
EXPENDITURES:						
Current:						
General government	3,165,873	-	3,165,873	3,235,277	3,222,735	12,542
Public safety:						
Police	5,376,152	850,000	6,226,152	6,359,595	6,265,063	94,532
Fire	4,555,963	400,000	4,955,963	5,360,404	5,372,534	(12,130)
Total public safety	9,932,115	1,250,000	11,182,115	11,719,999	11,637,597	82,402
Public works	1,107,477	-	1,107,477	980,082	935,559	44,523
Culture and recreation	1,053,788	-	1,053,788	982,315	917,061	65,254
Planning and building	967,405	-	967,405	1,000,394	1,074,328	(73,934)
Housing	322,835	-	322,835	157,528	154,794	2,734
Contribution to CFD 2013-1	217,000	-	217,000	142,052	142,052	-
Debt service:						
Principal	38,850	-	38,850	156,196	156,196	-
Interest and fiscal charges	5,506	-	5,506	5,506	586	4,920
Total expenditures	16,810,849	1,250,000	18,060,849	18,379,349	18,240,908	138,441
REVENUES OVER						
(UNDER) EXPENDITURES	(848,000)	1,850,000	1,002,000	1,905,000	2,454,107	549,107
OTHER FINANCING SOURCES (USES):						
Transfers in	848,000	(848,000)	-	-	-	-
Transfers out	-	(1,002,000)	(1,002,000)	(1,519,500)	(1,516,548)	2,952
Total other financing sources (uses)	848,000	(1,850,000)	(1,002,000)	(1,519,500)	(1,516,548)	2,952
Net changes in fund balance	\$ -	\$ -	\$ -	\$ 385,500	937,559	\$ 552,059
FUND BALANCE:						
Beginning of year					1,998,966	
End of year					<u>\$ 2,936,525</u>	

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – LTA Measure D Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 812,000	\$ 812,000	\$ 1,565,628	\$ 753,628
Investment income (loss)	100,000	100,000	(118,797)	(218,797)
Total revenues	912,000	912,000	1,446,831	534,831
EXPENDITURES:				
Current:				
Public works	150,000	150,000	150,000	-
Capital outlay	4,318,750	4,318,750	93,791	4,224,959
Total expenditures	4,468,750	4,468,750	243,791	4,224,959
Net changes in fund balance	\$ (3,556,750)	\$ (3,556,750)	1,203,040	\$ 4,759,790
FUND BALANCE:				
Beginning of year			9,434,051	
End of year			\$ 10,637,091	

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – FEMA/ARPA Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 9,576,487	\$ 9,576,487	\$ 4,444,352	\$ (5,132,135)
Total revenues	<u>9,576,487</u>	<u>9,576,487</u>	<u>4,444,352</u>	<u>(5,132,135)</u>
EXPENDITURES:				
Current:				
General government	150,086	150,086	107,416	42,670
Public safety	462,133	462,133	458,090	4,043
Public works	371,626	371,626	375,617	(3,991)
Culture and recreation	58,303	58,303	58,035	268
Planning and building	30,282	30,282	30,142	140
Housing	7,571	7,571	7,536	35
Capital outlay	8,496,486	8,496,486	200,000	8,296,486
Total expenditures	<u>9,576,487</u>	<u>9,576,487</u>	<u>1,236,836</u>	<u>8,339,651</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,207,516	<u>\$ 3,207,516</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 3,207,516</u>	

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Years
For the Year Ended June 30, 2022

	Miscellaneous Plan					
Measurement period, year ended	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016¹</u>
Plan's proportion of the net pension liability	0.1500581%	0.1282135%	0.1248795%	0.1205049%	0.1152051%	0.1187121%
Plan's proportionate share of the net pension liability	\$ 8,115,575	\$ 13,950,179	\$ 12,796,448	\$ 11,612,169	\$ 11,772,982	\$ 11,772,982
Plan's covered-employee payroll	\$ 5,984,193	\$ 5,434,448	\$ 5,438,921	\$ 5,280,506	\$ 5,126,704	\$ 4,977,383
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	135.62%	256.70%	235.28%	219.91%	229.64%	236.53%
Plan's fiduciary net position	\$ 49,348,516	\$ 41,257,766	\$ 40,604,002	\$ 39,627,144	\$ 38,307,558	\$ 35,624,733
Plan's fiduciary net position as a percentage of the total pension liability	85.88%	74.73%	76.04%	77.34%	76.49%	75.16%
Plan's proportionate share of aggregate employer contributions	\$ 1,313,856	\$ 1,133,328	\$ 895,434	\$ 687,419	\$ 467,363	\$ 438,015

¹ The Miscellaneous Plans transitioned from an Agent plan to Cost-Sharing plan at Measurement Date (6/30/2016), therefore only years since transition are shown.

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
Last Ten Years
For the Year Ended June 30, 2022

	Safety Plan							
Measurement period, year ended	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> ¹
Plan's proportion of the net pension liability	0.189542%	0.149893%	0.145009%	0.146625%	0.144796%	0.144796%	0.151039%	0.159430%
Plan's proportionate share of the net pension liability	\$ 10,250,954	\$ 16,309,009	\$ 14,859,140	\$ 14,129,130	\$ 14,359,822	\$ 12,862,930	\$ 10,367,155	\$ 9,920,642
Plan's covered-employee payroll	\$ 4,743,588	\$ 3,298,148	\$ 4,302,084	\$ 4,176,782	\$ 4,055,128	\$ 3,937,017	\$ 4,423,592	\$ 4,864,763
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	216.10%	494.49%	345.39%	338.28%	354.12%	326.72%	234.36%	203.93%
Plan's fiduciary net position	\$ 49,540,092	\$ 41,647,330	\$ 40,888,911	\$ 39,609,126	\$ 37,100,280	\$ 34,521,294	\$ 36,372,416	\$ 35,281,244
Plan's fiduciary net position as a percentage of the total pension liability	82.86%	71.86%	73.35%	73.71%	72.10%	72.85%	77.82%	78.05%
Plan's proportionate share of aggregate employer contributions	\$ 1,750,135	\$ 1,517,998	\$ 1,249,931	\$ 1,523,035	\$ 1,466,631	\$ 1,385,061	\$ 1,275,182	\$ 1,305,223

¹ Information only presented from the implementation year

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years
For the Year Ended June 30, 2022

Miscellaneous Plan

Total Pension Liability	6/30/2015¹	6/30/2014¹
Service cost	\$ 667,325	\$ 693,757
Interest on total pension liability	3,135,933	2,997,774
Differences between expected and actual experience	(259,080)	-
Changes in assumptions	(840,438)	-
Changes in benefit terms	-	-
Benefit payments, including refunds of employee contributions	(1,654,333)	(1,458,707)
Net change in total pension liability	1,049,407	2,232,824
Total pension liability - beginning	42,585,621	40,352,797
Total pension liability - ending (a)	\$ 43,635,028	\$ 42,585,621
Plan fiduciary net position		
Contributions - employer	\$ 389,771	\$ 344,145
Contributions - employee	375,172	396,410
Investment income (net of administrative expenses)	807,277	5,423,642
Benefit payments	(1,654,333)	(1,458,707)
Other	(40,762)	-
Net change in plan fiduciary net position	(122,875)	4,705,490
Plan fiduciary net position - beginning	36,319,001	31,613,511
Plan fiduciary net position - ending (b)	\$ 36,196,126	\$ 36,319,001
Net pension liability - ending (a)-(b)	\$ 7,438,902	\$ 6,266,620
Plan fiduciary net position as a percentage of the total pension liability	82.95%	77.52%
Covered-employee payroll	\$ 5,315,723	\$ 5,851,522
Net pension liability as a percentage of covered-employee payroll	139.94%	107.09%

Notes to Schedule:

¹ - The Miscellaneous Plans transitioned from an Agent plan to Cost-Sharing plan at Measurement Date (6/30/2016), therefore only two years are shown.

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions
Last Ten Years
For the Year Ended June 30, 2022

Miscellaneous Plan									
Fiscal Year:	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Contractually determined contribution (actuarially determined)	\$ 1,494,398	\$ 1,313,856	\$ 1,133,328	\$ 895,434	\$ 687,419	\$ 467,363	\$ 438,015	\$ 389,770	\$ 344,145
Contributions in relation to the actuarially determined contributions	(1,494,398)	(1,313,856)	(1,133,328)	(895,434)	(687,419)	(467,363)	(438,015)	(389,770)	(344,145)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,984,193	\$ 5,984,193	\$ 5,434,448	\$ 5,438,921	\$ 5,280,506	\$ 5,126,704	\$ 4,977,383	\$ 5,315,723	\$ 5,851,522
Contributions as a percentage of covered payroll	24.97%	21.96%	20.85%	16.46%	13.02%	9.12%	8.80%	7.33%	5.88%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2022 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions (Continued)
Last Ten Years
For the Year Ended June 30, 2022

		Safety Plan								
Fiscal Year:		2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Contractually determined contribution (actuarially determined)		\$ 1,860,024	\$ 1,750,135	\$ 1,517,998	\$ 1,249,931	\$ 1,523,035	\$ 1,466,631	\$ 1,385,061	\$ 1,275,182	\$ 1,305,223
Contributions in relation to the actuarially determined contributions		(1,860,024)	(1,750,135)	(1,517,998)	(1,249,931)	(1,523,035)	(1,466,631)	(1,385,061)	(1,275,182)	(1,305,223)
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll		\$ 4,743,588	\$ 4,743,588	\$ 3,298,148	\$ 4,302,084	\$ 4,176,781	\$ 4,055,128	\$ 3,937,017	\$ 4,423,592	\$ 4,864,763
Contributions as a percentage of covered payroll		39.21%	36.89%	46.03%	29.05%	36.46%	36.17%	35.18%	28.83%	26.83%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2022 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.
Mortality	

¹ Information only presented from the implementation year

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Years
For the Year Ended June 30, 2022

Measurement period, year ending:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018 ¹
Total OPEB liability					
Service cost	\$ 1,117,996	\$ 744,778	\$ 590,159	\$ 517,429	\$ 515,161
Interest	876,705	751,908	1,072,411	1,102,423	1,060,772
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(10,079,367)	8,428,759	(9,512,833)	-	-
Changes of assumptions	(6,361,053)	2,394,594	2,776,757	1,696,768	(472,245)
Benefit payments, including refunds of member contributions	(985,181)	(871,030)	(852,037)	(832,731)	(781,907)
Net change in total OPEB liability	(15,430,900)	11,449,009	(5,925,543)	2,483,889	321,781
Total OPEB liability - beginning	39,404,101	27,955,092	33,880,635	31,396,746	31,074,965
Total OPEB liability - ending (a)	\$ 23,973,201	\$ 39,404,101	\$ 27,955,092	\$ 33,880,635	\$ 31,396,746
OPEB fiduciary net position					
Contributions - employer	\$ 985,181	\$ 871,030	\$ 852,037	\$ 832,731	\$ 781,907
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(985,181)	(871,030)	(852,037)	(832,731)	(781,907)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-
Plan net OPEB liability - ending (a) - (b)	\$ 23,973,201	\$ 39,404,101	\$ 27,955,092	\$ 33,880,635	\$ 31,396,746
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 5,756,155	\$ 6,400,439	\$ 6,229,138	\$ 6,062,421	\$ 5,900,167
Plan net OPEB liability as a percentage of covered-employee payroll	416.48%	615.65%	308.14%	347.81%	532.13%

¹ Information only presented from the implementation year

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

City of Calexico
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

	Special Revenue					
	Library Grant	Community Donations	Art in Public Places	Cannabis Permits	Other Operating Grants	Gas Tax
ASSETS						
Cash and investments	\$ 4,486	\$ 75,628	\$ 125,106	\$ 47,628	\$ 15,731	\$ 275,109
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	73,184
Inventories	-	-	-	-	80	-
Total assets	\$ 4,486	\$ 75,628	\$ 125,106	\$ 47,628	\$ 15,811	\$ 348,293
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 4,486	\$ 2,402	\$ -	\$ -	\$ 2,175	\$ 79,494
Accrued payroll	-	-	-	-	-	4,094
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	47,628	-	-
Unearned revenue	-	-	-	-	13,634	-
Total liabilities	4,486	2,402	-	47,628	15,809	83,588
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	-	73,226	125,106	-	2	264,705
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	-	73,226	125,106	-	2	264,705
Total liabilities and fund balances	\$ 4,486	\$ 75,628	\$ 125,106	\$ 47,628	\$ 15,811	\$ 348,293

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2022

	Special Revenue					
	Road Maintenance Rehabilitation	LTF Article 3	TDA	Prop 172 Public Safety Sales Tax	State COPS Grant	Operation Stonegarden
ASSETS						
Cash and investments	\$ 2,526,524	\$ 298,519	\$ 128,520	\$ -	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	135,394	34,650	41,962	265,000	113,739	3,814
Inventories	-	-	-	-	-	-
Total assets	\$ 2,661,918	\$ 333,169	\$ 170,482	\$ 265,000	\$ 113,739	\$ 3,814
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 21,108	\$ -	\$ 388	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	265,000	113,739	3,814
Deposits payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	21,108	-	388	265,000	113,739	3,814
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	265,000	-	-
Total deferred inflows of resources	-	-	-	265,000	-	-
Fund Balances:						
Restricted	2,640,810	333,169	170,094	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	(265,000)	-	-
Total fund balances	2,640,810	333,169	170,094	(265,000)	-	-
Total liabilities and fund balances	\$ 2,661,918	\$ 333,169	\$ 170,482	\$ 265,000	\$ 113,739	\$ 3,814

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2022

	Special Revenue					
	HIDTA	Bravo-Victoria Eastside Village Assessment	General Plan Update	Solid Waste	Business Improvement District	Federal HOME Grant Fund
ASSETS						
Cash and investments	\$ -	\$ 941,498	\$ 8,552	\$ 889,298	\$ 19,634	\$ 794,593
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	1,300
Intergovernmental	12,360	1,628	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	\$ 12,360	\$ 943,126	\$ 8,552	\$ 889,298	\$ 19,634	\$ 795,893
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 2,188	\$ -	\$ 355,114	\$ -	\$ 30,380
Accrued payroll	-	-	-	-	-	-
Due to other funds	12,360	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenue	-	-	-	58,085	-	-
Total liabilities	12,360	2,188	-	413,199	-	30,380
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	-	940,938	8,552	476,099	19,634	765,513
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	-	940,938	8,552	476,099	19,634	765,513
Total liabilities and fund balances	\$ 12,360	\$ 943,126	\$ 8,552	\$ 889,298	\$ 19,634	\$ 795,893

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2022

	Special Revenue			Debt Service	Capital Projects	
	Successor Housing	State CalHOME Grant	Federal CDBG Grant	Local Housing Programs	Measure H Debt Service	Measure H Capital Projects
ASSETS						
Cash and investments	\$ 3,184,631	\$ 91,897	\$ 2,520,086	\$ 40,845	\$ -	\$ 107,945
Cash and investments with fiscal agents	-	-	-	-	998,040	9
Receivables:						
Accounts	6,000	-	5,461	5,590	-	-
Intergovernmental	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	\$ 3,190,631	\$ 91,897	\$ 2,525,547	\$ 46,435	\$ 998,040	\$ 107,954
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 111,131	\$ -	\$ -	\$ 107,954
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	111,131	-	-	107,954
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	3,190,631	91,897	2,414,416	46,435	998,040	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	3,190,631	91,897	2,414,416	46,435	998,040	-
Total liabilities and fund balances	\$ 3,190,631	\$ 91,897	\$ 2,525,547	\$ 46,435	\$ 998,040	\$ 107,954

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2022

	Capital Projects					
	General Capital Projects	Capital Grants Capital Projects Fund	DIF - Libraries	DIF - Parks/ Recreation	DIF - Parking	DIF - General Government
ASSETS						
Cash and investments	\$ 2,520,454	\$ -	\$ 135,631	\$ 416,220	\$ 265,868	\$ 277,534
Cash and investments with fiscal agents	277,704	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	-	115,283	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	\$ 2,798,158	\$ 115,283	\$ 135,631	\$ 416,220	\$ 265,868	\$ 277,534
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 447,800	\$ 24,805	\$ -	\$ -	\$ -	\$ 2,512
Accrued payroll	796	-	-	-	-	-
Due to other funds	-	90,478	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	448,596	115,283	-	-	-	2,512
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	1,090,818	-	135,631	416,220	265,868	275,022
Assigned	1,258,744	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	2,349,562	-	135,631	416,220	265,868	275,022
Total liabilities and fund balances	\$ 2,798,158	\$ 115,283	\$ 135,631	\$ 416,220	\$ 265,868	\$ 277,534

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2022

	Capital Projects					
	DIF - Traffic	DIF - Police	DIF - Fire	Cole Road Improvements	Northwest Area Development	East Area Facilities Plan
ASSETS						
Cash and investments	\$ 1,824,898	\$ 258,721	\$ -	\$ 1,580,073	\$ 466,159	\$ 939,573
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	\$ 1,824,898	\$ 258,721	\$ -	\$ 1,580,073	\$ 466,159	\$ 939,573
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	124,856	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	124,856	-	-	-
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	1,824,898	258,721	-	1,580,073	466,159	939,573
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	(124,856)	-	-	-
Total fund balances	1,824,898	258,721	(124,856)	1,580,073	466,159	939,573
Total liabilities and fund balances	\$ 1,824,898	\$ 258,721	\$ -	\$ 1,580,073	\$ 466,159	\$ 939,573

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2022

	Capital Projects	Total
	New River	Non-Major
	Grants	Governmental
		Funds
ASSETS		
Cash and investments	\$ -	\$ 20,781,361
Cash and investments with fiscal agents	-	1,275,753
Receivables:		
Accounts	-	18,351
Intergovernmental	1,563,317	2,360,331
Inventories	-	80
Total assets	\$ 1,563,317	\$ 24,435,876
LIABILITIES AND		
FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 168,098	\$ 1,360,035
Accrued payroll	-	4,890
Due to other funds	1,395,219	2,005,466
Deposits payable	-	47,628
Unearned revenue	-	71,719
Total liabilities	1,563,317	3,489,738
Deferred Inflows of Resources:		
Unavailable revenue	-	265,000
Total deferred inflows of resources	-	265,000
Fund Balances:		
Restricted	-	19,812,250
Assigned	-	1,258,744
Unassigned (deficit)	-	(389,856)
Total fund balances	-	20,681,138
Total liabilities and fund balances	\$ 1,563,317	\$ 24,435,876

(Concluded)

City of Calexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue					
	Library Grant	Community Donations	Art in Public Places	Cannabis Permits	Other Operating Grants	Gas Tax
REVENUES:						
Intergovernmental	\$ 52,518	\$ -	\$ -	\$ -	\$ 120,091	\$ 957,869
Charges for services	-	-	13,102	295	-	-
Investment income (loss)	-	-	382	-	-	817
Other revenues	-	14,941	-	-	1,718	-
Total revenues	52,518	14,941	13,484	295	121,809	958,686
EXPENDITURES:						
Current:						
General government	-	19,075	-	-	114,354	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	1,301,288
Culture and recreation	52,518	32	-	-	7,453	-
Planning and building	-	-	-	295	-	-
Housing	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	52,518	19,107	-	295	121,807	1,301,288
REVENUES OVER (UNDER) EXPENDITURES	-	(4,166)	13,484	-	2	(342,602)
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	(4,166)	13,484	-	2	(342,602)
FUND BALANCES (DEFICIT):						
Beginning of year	-	77,392	111,622	-	-	607,307
End of year	\$ -	\$ 73,226	\$ 125,106	\$ -	\$ 2	\$ 264,705

(Continued)

City of Calexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue					
	Road			Prop 172	State	
	Maintenance Rehabilitation	LTF Article 3	TDA	Public Safety Sales Tax	COPS Grant	Operation Stonegarden
REVENUES:						
Intergovernmental	\$ 807,205	\$ 34,650	\$ 41,962	\$ -	\$ 173,756	\$ 3,814
Charges for services	-	-	-	-	-	-
Investment income (loss)	7,719	1,315	373	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	814,924	35,965	42,335	-	173,756	3,814
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	265,000	173,756	3,814
Public works	69,067	-	23,206	-	-	-
Culture and recreation	-	-	-	-	-	-
Planning and building	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Capital outlay	4,448	132,286	12,050	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	73,515	132,286	35,256	265,000	173,756	3,814
REVENUES OVER (UNDER) EXPENDITURES	741,409	(96,321)	7,079	(265,000)	-	-
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	741,409	(96,321)	7,079	(265,000)	-	-
FUND BALANCES (DEFICIT):						
Beginning of year	1,899,401	429,490	163,015	-	-	-
End of year	\$ 2,640,810	\$ 333,169	\$ 170,094	\$ (265,000)	\$ -	\$ -

(Continued)

City of Calexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue					Federal HOME Grant Fund
	HIDTA	Bravo-Victoria Eastside Village Assessment	General Plan Update	Solid Waste	Business Improvement District	
REVENUES:						
Intergovernmental	\$ 13,286	\$ -	\$ -	\$ -	\$ -	\$ 92,215
Charges for services	-	221,022	-	2,492,355	174	-
Investment income (loss)	-	2,876	26	2,218	60	-
Other revenues	-	-	-	-	-	-
Total revenues	13,286	223,898	26	2,494,573	234	92,215
EXPENDITURES:						
Current:						
General government	-	63	-	-	-	-
Public safety	13,286	-	-	-	-	-
Public works	-	41,692	-	2,335,461	-	-
Culture and recreation	-	-	-	-	-	-
Planning and building	-	-	-	-	-	-
Housing	-	-	-	-	-	5,432
Capital outlay	-	297,918	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	13,286	339,673	-	2,335,461	-	5,432
REVENUES OVER (UNDER) EXPENDITURES	-	(115,775)	26	159,112	234	86,783
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	(115,775)	26	159,112	234	86,783
FUND BALANCES (DEFICIT):						
Beginning of year	-	1,056,713	8,526	316,987	19,400	678,730
End of year	\$ -	\$ 940,938	\$ 8,552	\$ 476,099	\$ 19,634	\$ 765,513

(Continued)

City of Calexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue			Debt Service	Capital Projects
	Successor	State	Federal	Local	Measure H
	Housing	CalHOME Grant	CDBG Grant	Housing Programs	Debt Service
				Measure H	Capital Projects
REVENUES:					
Intergovernmental	\$ -	\$ 36,736	\$ 143,774	\$ -	\$ -
Charges for services	-	-	-	4,000	-
Investment income (loss)	1,198,746	281	-	36,621	52
Other revenues	-	-	-	-	322
Total revenues	1,198,746	37,017	143,774	40,621	52
EXPENDITURES:					
Current:					
General government	-	-	-	-	3,700
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Planning and building	-	-	-	-	-
Housing	1,284	944	5,355	947	-
Capital outlay	-	-	-	-	2,058,699
Debt service:					
Principal	-	-	-	-	660,000
Interest and fiscal charges	-	-	-	-	335,400
Total expenditures	1,284	944	5,355	947	999,100
REVENUES OVER (UNDER) EXPENDITURES	1,197,462	36,073	138,419	39,674	(999,048)
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	-	-	999,048
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	999,048
Net change in fund balances	1,197,462	36,073	138,419	39,674	-
FUND BALANCES (DEFICIT):					
Beginning of year	1,993,169	55,824	2,275,997	6,761	998,040
End of year	\$ 3,190,631	\$ 91,897	\$ 2,414,416	\$ 46,435	\$ 998,040

(Continued)

City of Calexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Capital Projects					DIF - General Government
	General Capital Projects	Capital Grants Capital Projects		DIF - Parks/ Recreation		
		Fund	DIF - Libraries	DIF - Parking		
REVENUES:						
Intergovernmental	\$ -	\$ 537,690	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	4,588	14,241	-	4,244
Investment income (loss)	7,966	-	415	1,272	812	848
Other revenues	-	-	-	-	-	-
Total revenues	7,966	537,690	5,003	15,513	812	5,092
EXPENDITURES:						
Current:						
General government	-	7,450	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Planning and building	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Capital outlay	2,239,580	530,240	-	25,050	-	10,080
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	2,239,580	537,690	-	25,050	-	10,080
REVENUES OVER (UNDER) EXPENDITURES	(2,231,614)	-	5,003	(9,537)	812	(4,988)
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of long-term debt	978,592	-	-	-	-	-
Transfers in	517,500	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	1,496,092	-	-	-	-	-
Net change in fund balances	(735,522)	-	5,003	(9,537)	812	(4,988)
FUND BALANCES (DEFICIT):						
Beginning of year	3,085,084	-	130,628	425,757	265,056	280,010
End of year	\$ 2,349,562	\$ -	\$ 135,631	\$ 416,220	\$ 265,868	\$ 275,022

(Continued)

City of Calexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Capital Projects					
	DIF - Traffic	DIF - Police	DIF - Fire	Cole Road Improvements	Northwest Area Development	East Area Facilities Plan
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	14,451	8,822	7,908	-	-	-
Investment income (loss)	5,575	790	-	4,827	1,423	2,871
Other revenues	-	-	-	-	-	-
Total revenues	20,026	9,612	7,908	4,827	1,423	2,871
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Planning and building	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	20,026	9,612	7,908	4,827	1,423	2,871
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	20,026	9,612	7,908	4,827	1,423	2,871
FUND BALANCES (DEFICIT):						
Beginning of year	1,804,872	249,109	(132,764)	1,575,246	464,736	936,702
End of year	<u>\$ 1,824,898</u>	<u>\$ 258,721</u>	<u>\$ (124,856)</u>	<u>\$ 1,580,073</u>	<u>\$ 466,159</u>	<u>\$ 939,573</u>

(Continued)

City of Calexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	<u>Capital Projects</u>	<u>Total</u>
	New River	Non-Major
	Grants	Governmental
	<u>Grants</u>	<u>Funds</u>
REVENUES:		
Intergovernmental	\$ 2,392,431	\$ 5,407,997
Charges for services	-	2,785,202
Investment income (loss)	-	1,278,607
Other revenues	-	16,659
Total revenues	<u>2,392,431</u>	<u>9,488,465</u>
EXPENDITURES:		
Current:		
General government	34,999	179,641
Public safety	-	455,856
Public works	-	3,770,714
Culture and recreation	-	60,003
Planning and building	-	295
Housing	-	13,962
Capital outlay	2,357,432	7,667,783
Debt service:		
Principal	-	660,000
Interest and fiscal charges	-	335,400
Total expenditures	<u>2,392,431</u>	<u>13,143,654</u>
REVENUES OVER		
(UNDER) EXPENDITURES	<u>-</u>	<u>(3,655,189)</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from issuance of long-term debt	-	978,592
Transfers in	-	1,516,548
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,495,140</u>
Net change in fund balances	-	(1,160,049)
FUND BALANCES (DEFICIT):		
Beginning of year	-	21,841,187
End of year	<u>\$ -</u>	<u>\$ 20,681,138</u>

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INTERNAL SERVICE FUNDS

City of Calexico
Statement of Net Position
All Internal Service Funds
June 30, 2022

	Payroll	Employee Benefits	Medical Retirees	Workers' Compensation
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 529,989	\$ 589,559	\$ 401,810
Accounts receivable, net	1,587	2,594	-	-
Due from other funds	-	-	-	2,006,486
Deposits	-	-	-	125,000
Inventories and prepaid items	-	-	-	4,795
Total current assets	1,587	532,583	589,559	2,538,091
Total assets	1,587	532,583	589,559	2,538,091
LIABILITIES				
Current liabilities:				
Accounts payable	567	96,457	34,692	80,102
Due to other funds	1,020	-	-	-
Claims payable - due within one year	-	-	-	747,000
Total current liabilities	1,587	96,457	34,692	827,102
Noncurrent liabilities:				
Claims payable - due in more than one year	-	-	-	1,609,000
Total noncurrent liabilities	-	-	-	1,609,000
Total liabilities	1,587	96,457	34,692	2,436,102
NET POSITION				
Unrestricted	-	436,126	554,867	101,989
Total net position	\$ -	\$ 436,126	\$ 554,867	\$ 101,989

(Continued)

City of Calexico
Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2022

	General Liability	Unemployment Insurance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 529,643	\$ 10,404	\$ 2,061,405
Accounts receivable, net	69,558	-	73,739
Due from other funds	825,394	-	2,831,880
Deposits	50,000	-	175,000
Inventories and prepaid items	213,118	-	217,913
Total current assets	1,687,713	10,404	5,359,937
Total assets	1,687,713	10,404	5,359,937
LIABILITIES			
Current liabilities:			
Accounts payable	587,693	5,432	804,943
Due to other funds	-	-	1,020
Claims payable - due within one year	686,800	-	1,433,800
Total current liabilities	1,274,493	5,432	2,239,763
Noncurrent liabilities:			
Claims payable - due in more than one year	331,000	-	1,940,000
Total noncurrent liabilities	331,000	-	1,940,000
Total liabilities	1,605,493	5,432	4,179,763
NET POSITION			
Unrestricted	82,220	4,972	1,180,174
Total net position	\$ 82,220	\$ 4,972	\$ 1,180,174

(Concluded)

City of Calexico
Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2022

	Payroll	Employee Benefits	Medical Retirees	Workers' Compensation
OPERATING REVENUES:				
Charges for services	\$ -	\$ 2,311,792	\$ 973,400	\$ 1,168,463
Other revenue	-	496,015	59,649	-
Total operating revenues	-	2,807,807	1,033,049	1,168,463
OPERATING EXPENSES:				
Material, supplies, and operational expenses	-	40,610	8,399	97,574
Insurance	-	-	-	334,641
Claim payments	-	1,502,295	509,848	870,805
Claims administration	-	918,097	338,366	69,533
Total operating expenses	-	2,461,002	856,613	1,372,553
OPERATING INCOME (LOSS)	-	346,805	176,436	(204,090)
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	-	2,230	2,296	6,450
Total nonoperating revenues (expenses)	-	2,230	2,296	6,450
INCOME (LOSS) BEFORE TRANSFERS	-	349,035	178,732	(197,640)
TRANSFERS:				
Transfers in	-	-	-	297,000
Transfers out	-	(190,000)	(72,000)	-
Total transfers	-	(190,000)	(72,000)	297,000
Changes in net position	-	159,035	106,732	99,360
NET POSITION:				
Beginning of year	-	277,091	448,135	2,629
End of year	\$ -	\$ 436,126	\$ 554,867	\$ 101,989

(Continued)

City of Calexico
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2022

	General Liability	Unemployment Insurance	Total
OPERATING REVENUES:			
Charges for services	\$ 794,997	\$ 20,274	\$ 5,268,926
Other revenue	-	-	555,664
Total operating revenues	794,997	20,274	5,824,590
OPERATING EXPENSES:			
Material, supplies, and operational expenses	-	-	146,583
Insurance	600,458	-	935,099
Claim payments	63,929	19,548	2,966,425
Claims administration	18,250	-	1,344,246
Total operating expenses	682,637	19,548	5,392,353
OPERATING INCOME (LOSS)	112,360	726	432,237
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	4,568	64	15,608
Total nonoperating revenues (expenses)	4,568	64	15,608
INCOME (LOSS) BEFORE TRANSFERS	116,928	790	447,845
TRANSFERS:			
Transfers in	-	-	297,000
Transfers out	(35,000)	-	(297,000)
Total transfers	(35,000)	-	-
Changes in net position	81,928	790	447,845
NET POSITION:			
Beginning of year	292	4,182	732,329
End of year	\$ 82,220	\$ 4,972	\$ 1,180,174

(Concluded)

City of Calexico
Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2022

	Payroll	Employee Benefits	Medical Retirees	Workers Compensation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	\$ -	\$ 2,805,213	\$ 1,033,049	\$ 1,168,463
Cash payments to suppliers for goods and services	(134,537)	(982,320)	(346,436)	(160,569)
Cash payments for claims and insurance	-	(1,502,295)	(509,848)	(921,446)
Net cash provided by (used in) operating activities	<u>(134,537)</u>	<u>320,598</u>	<u>176,765</u>	<u>86,448</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	134,537	397,161	347,498	11,912
Transfers in	-	-	-	297,000
Transfers out	-	(190,000)	(72,000)	-
Net cash provided by (used in) noncapital financing activities	<u>134,537</u>	<u>207,161</u>	<u>275,498</u>	<u>308,912</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	-	2,230	2,296	6,450
Net cash provided by investing activities	<u>-</u>	<u>2,230</u>	<u>2,296</u>	<u>6,450</u>
Net increase (decrease) in cash and cash equivalents	-	529,989	454,559	401,810
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	-	135,000	-
End of year	<u>\$ -</u>	<u>\$ 529,989</u>	<u>\$ 589,559</u>	<u>\$ 401,810</u>

(Continued)

City of Calexico
Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2022

	General Liability	Unemployment Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	\$ 725,439	\$ 20,274	\$ 5,752,438
Cash payments to suppliers for goods and services	300,270	-	(1,323,592)
Cash payments for claims and insurance	(1,205,651)	(15,442)	(4,154,682)
Net cash provided by (used in) operating activities	(179,942)	4,832	274,164
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	740,017	5,508	1,636,633
Transfers in	-	-	297,000
Transfers out	(35,000)	-	(297,000)
Net cash provided by (used in) noncapital financing activities	705,017	5,508	1,636,633
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	4,568	64	15,608
Net cash provided by investing activities	4,568	64	15,608
Net increase (decrease) in cash and cash equivalents	529,643	10,404	1,926,405
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	-	135,000
End of year	\$ 529,643	\$ 10,404	\$ 2,061,405

(Continued)

City of Calexico
Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2022

	Payroll	Employee Benefits	Medical Retirees	Workers Compensation
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED				
BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ -	\$ 346,805	\$ 176,436	\$ (204,090)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in operating assets and liabilities:				
Accounts receivable	61,219	(2,594)	-	-
Inventories and prepaid items	-	-	-	(4,795)
Accounts payable	(172,076)	(23,613)	329	11,333
Accrued payroll	(23,680)	-	-	-
Claims payable	-	-	-	284,000
Total adjustments	(134,537)	(26,207)	329	290,538
Net cash provided by (used in) operating activities	\$ (134,537)	\$ 320,598	\$ 176,765	\$ 86,448

(Continued)

City of Calexico
Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2022

	General Liability	Unemployment Insurance	Total
RECONCILIATION OF OPERATING INCOME			
(LOSS) TO NET CASH PROVIDED			
BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 112,360	\$ 726	\$ 432,237
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable	(69,558)	-	(10,933)
Inventories and prepaid items	(42,605)	-	(47,400)
Accounts payable	361,125	4,106	181,204
Accrued payroll	-	-	(23,680)
Claims payable	(541,264)	-	(257,264)
Total adjustments	(292,302)	4,106	(158,073)
Net cash provided by (used in) operating activities	\$ (179,942)	\$ 4,832	\$ 274,164

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CUSTODIAL FUNDS

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City of Calexico
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

	Corsair 2013-1 Gran Plaza CFD	Hearthstone 2005-1 CFD	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 400,009	\$ 308,749	\$ 708,758
Cash and investments with fiscal agents	654,154	186,926	841,080
Due from other governments	-	11,878	11,878
Total assets	<u>1,054,163</u>	<u>507,553</u>	<u>1,561,716</u>
LIABILITIES			
Accounts payable	\$ 2,714	\$ 1,203	3,917
Total liabilities	<u>2,714</u>	<u>1,203</u>	<u>3,917</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	<u>1,051,449</u>	<u>506,350</u>	<u>1,557,799</u>
Total Net Position	<u>\$ 1,051,449</u>	<u>\$ 506,350</u>	<u>\$ 1,557,799</u>

City of Calexico
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2022

	Corsair 2013-1 Gran Plaza CFD	Hearthstone 2005-1 CFD	Total
ADDITIONS:			
Special assessments for other governments	\$ 864,008	\$ 683,874	\$ 1,547,882
Investment earnings	1,892	973	2,865
Total additions	865,900	684,847	1,550,747
DEDUCTIONS:			
Administration	27,180	41,991	69,171
Public safety	-	133,952	133,952
Payments - principal	155,000	-	155,000
Payments - interest	360,575	650,088	1,010,663
Total deductions	542,755	826,031	1,368,786
Changes in net position	323,145	(141,184)	181,961
NET POSITION:			
Beginning of year	728,304	647,534	1,375,838
End of year	\$ 1,051,449	\$ 506,350	\$ 1,557,799