

City of Calexico

Calexico, California

Basic Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2020



City of Calexico
Basic Financial Statements
For the Year Ended June 30, 2020

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Basic Financial Statements
For the Year Ended June 30, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Honorable City Council
of the City of Calexico
Calexico, California

Report on Financial Statements

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, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, on pages 97 through 104 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.

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Nonmajor Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Nonmajor Fund Financial Statements on pages 108 through 138 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Nonmajor Fund Financial Statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable City Council
of the City of Calexico
Calexico, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

San Diego, California
March 25, 2021

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Calexico
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 28,829,197	\$ 38,226,241	\$ 67,055,438
Receivables:			
Accounts	656,159	2,749,011	3,405,170
Intergovernmental	2,243,982	-	2,243,982
Inventories and prepaid items	211,460	26,851	238,311
Deposits	175,000	-	175,000
Total current assets	32,115,798	41,002,103	73,117,901
Noncurrent assets:			
Cash and investments with fiscal agents	17,989,721	989,180	18,978,901
Capital assets:			
Non-depreciable assets	28,502,530	2,743,152	31,245,682
Depreciable assets, net	40,779,088	46,249,794	87,028,882
Total capital assets, net	69,281,618	48,992,946	118,274,564
Total noncurrent assets	87,271,339	49,982,126	137,253,465
Total assets	119,387,137	90,984,229	210,371,366
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related deferred outflows of resources	4,701,512	976,922	5,678,434
OPEB-related deferred outflows of resources	2,439,074	770,165	3,209,239
Total deferred outflows of resources	7,140,586	1,747,087	8,887,673

City of Calexico
Statement of Net Position (Continued)
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	1,787,818	261,346	2,049,164
Accrued payroll	322,725	6,528	329,253
Interest payable	181,546	86,980	268,526
Compensated absences - due within one year	96,504	20,765	117,269
Claims payable - due within one year	1,122,568	-	1,122,568
Long-term debt - due within one year	2,386,733	534,337	2,921,070
Total current liabilities	5,897,894	909,956	6,807,850
Noncurrent liabilities:			
Deposits payable	160,699	231,308	392,007
Compensated absences - due in more than one year	1,319,339	328,724	1,648,063
Claims payable - due in more than one year	1,574,000	-	1,574,000
Long-term debt - due in more than one year	30,170,806	11,348,872	41,519,678
Total OPEB liability	21,246,329	6,708,763	27,955,092
Aggregate net pension liability	23,025,667	4,629,921	27,655,588
Total noncurrent liabilities	77,496,840	23,247,588	100,744,428
Total liabilities	83,394,734	24,157,544	107,552,278
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows of resources	1,614,330	506,454	2,120,784
OPEB-related deferred inflows of resources	6,197,065	1,956,792	8,153,857
Total deferred inflows of resources	7,811,395	2,463,246	10,274,641
NET POSITION			
Net investment in capital assets	37,567,212	37,109,737	74,676,949
Restricted for:			
Special projects	17,605,763	-	17,605,763
Debt service	3,028,031	989,180	4,017,211
Capital projects	22,757,801	-	22,757,801
Total restricted	43,391,595	989,180	44,380,775
Unrestricted (deficit)	(45,637,213)	28,011,609	(17,625,604)
Total net position	\$ 35,321,594	\$ 66,110,526	\$ 101,432,120

City of Calexico
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2020

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	\$ 3,518,192	\$ 246,577	\$ 279,075	\$ 1,859	\$ 527,511
Public safety	11,857,444	1,973,086	560,332	17,075	2,550,493
Public works	4,368,853	2,230,636	904,744	3,627,685	6,763,065
Culture and recreation	1,165,403	66,158	137,483	15,700	219,341
Community development	535,631	879,781	-	-	879,781
Housing	300,707	4,000	186,912	-	190,912
Depreciation (unallocated)	3,289,335	-	-	-	-
Interest and fiscal charges	1,290,980	-	-	-	-
Total governmental activities	26,326,545	5,400,238	2,068,546	3,662,319	11,131,103
Business-type activities:					
Water	6,238,046	7,982,172	-	-	7,982,172
Wastewater	3,561,858	5,764,702	-	-	5,764,702
Airport	593,747	277,364	-	151,100	428,464
Total business-type activities	10,393,651	14,024,238	-	151,100	14,175,338
Total primary government	\$ 36,720,196	\$ 19,424,476	\$ 2,068,546	\$ 3,813,419	\$ 25,306,441

City of Calexico
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	(2,990,681)	\$ -	\$ (2,990,681)
Public safety	(9,306,951)	-	(9,306,951)
Public works	2,394,212	-	2,394,212
Culture and recreation	(946,062)	-	(946,062)
Community development	344,150	-	344,150
Housing	(109,795)	-	(109,795)
Depreciation (unallocated)	(3,289,335)	-	(3,289,335)
Interest and fiscal charges	(1,290,980)	-	(1,290,980)
Total governmental activities	(15,195,442)	-	(15,195,442)
Business-type activities:			
Water	-	1,744,126	1,744,126
Wastewater	-	2,202,844	2,202,844
Airport	-	(165,283)	(165,283)
Total business-type activities	-	3,781,687	3,781,687
Total primary government	(15,195,442)	3,781,687	(11,413,755)
General revenues:			
Taxes:			
Property taxes	5,977,564	-	5,977,564
Sales taxes	6,946,006	-	6,946,006
Transit occupancy taxes	310,913	-	310,913
Franchise fees	721,717	-	721,717
Non-regulatory business license tax	752,490	-	752,490
Other taxes	205,685	-	205,685
Total taxes	14,914,375	-	14,914,375
Investment earnings	1,294,321	726,709	2,021,030
Miscellaneous	108,679	81	108,760
Total general revenues and transfers	16,307,375	760,857	17,068,232
Changes in net position	1,111,933	4,542,544	5,654,477
Net position - beginning of year	34,209,661	61,567,982	95,777,643
Net position - end of year	35,321,594	\$ 66,110,526	\$ 101,432,120

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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.

Measure D Capital Projects Fund – This fund accounts for the capital outlay of bond proceeds issued to finance transportation improvements to repair and rehabilitate existing roadways, reduce congestion and improve safety, and to provide for construction of needed facilities.

Measure H Capital Projects Fund – This fund accounts for the capital outlay of bond proceeds issued to finance a fire station and various park and recreation improvements.

City of Calexico
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds			
	General Fund	LTA Measure D Special Revenue Fund	Measure D Capital Projects Fund	Measure H Capital Projects Fund
ASSETS				
Cash and investments	\$ -	\$ 8,386,654	\$ -	\$ -
Cash and investments with fiscal agents	-	-	7,764,762	7,196,928
Receivables:				
Accounts	577,842	-	-	-
Intergovernmental	1,120,322	-	-	-
Inventories and prepaid items	88,731	-	-	-
Total assets	\$ 1,786,895	\$ 8,386,654	\$ 7,764,762	\$ 7,196,928
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 468,390	\$ 111,497	\$ 18,198	\$ 85,597
Accrued payroll	48,310	-	-	-
Due to other funds	141,577	-	77,063	606,378
Deposits payable	122,855	-	-	-
Total liabilities	781,132	111,497	95,261	691,975
Fund Balances:				
Non-spendable	88,731	-	-	-
Restricted	-	8,275,157	7,669,501	6,504,953
Unassigned (deficit)	917,032	-	-	-
Total fund balances	1,005,763	8,275,157	7,669,501	6,504,953
Total liabilities and fund balances	\$ 1,786,895	\$ 8,386,654	\$ 7,764,762	\$ 7,196,928

City of Calexico
Balance Sheet (Continued)
Governmental Funds
June 30, 2020

	Non-Major Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 18,165,540	\$ 26,552,194
Cash and investments with fiscal agents	3,028,031	17,989,721
Receivables:		
Accounts	21,364	599,206
Intergovernmental	1,102,353	2,222,675
Inventories and prepaid items	-	88,731
Total assets	\$ 22,317,288	\$ 47,452,527
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	541,988	\$ 1,225,670
Accrued payroll	2,118	50,428
Due to other funds	959,300	1,784,318
Deposits payable	37,844	160,699
Total liabilities	1,541,250	3,221,115
Fund Balances:		
Non-spendable	-	88,731
Restricted	20,941,984	43,391,595
Unassigned (deficit)	(165,946)	751,086
Total fund balances	20,776,038	44,231,412
Total liabilities and fund balances	\$ 22,317,288	\$ 47,452,527

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City of Calexico
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 44,231,412

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

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

Nondepreciable	28,502,530
Depreciable, net of accumulated depreciation	40,779,088
Total capital assets	69,281,618

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	(96,504)
Compensated absences - due in more than one year	(1,319,339)
Long-term liabilities - due within one year	(2,386,733)
Long-term liabilities - due in more than one year	(30,170,806)
Total OPEB liability	(21,246,329)
Aggregate net pension liability	(23,025,667)
Total reported in Government-Wide Statement of Net Position	(78,245,378)

Less: amount reported in Internal Service Funds

Long-term liabilities - due within one year	843,133
Total reported in Internal Service Funds	843,133
Net long-term liabilities	(77,402,245)

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	4,701,512
Pension-related deferred inflows of resources	(1,614,330)

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 outflows of resources	2,439,074
OPEB-related deferred inflows of resources	(6,197,065)

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. (Net of \$31,041 reported in Internal Services Funds)

(181,546)

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.

63,164

Net Position of Governmental Activities

\$ 35,321,594

City of Calexico
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds			
	General Fund	LTA Measure D Special Revenue Fund	Measure D Capital Projects Fund	Measure H Capital Projects Fund
REVENUES:				
Property taxes	\$ 2,719,600	\$ -	\$ -	\$ -
Other taxes	8,040,091	-	-	-
Licenses and permits	1,701,031	-	-	-
Intergovernmental	3,343,601	724,625	-	-
Charges for services	2,123,497	-	-	-
Fines and forfeitures	223,491	-	-	-
Use of money and property	564,670	157,764	178,873	10,435
Other revenues	103,631	-	-	-
Total revenues	18,819,612	882,389	178,873	10,435
EXPENDITURES:				
Current:				
General government	3,341,169	-	-	-
Public safety	9,816,846	-	-	-
Public works	835,564	150,000	-	-
Culture and recreation	832,660	-	-	-
Community development	618,784	-	-	-
Housing	316,158	-	-	-
Contribution to CFD 2013-1	381,281	-	-	-
Capital outlay	53,976	1,291,064	5,461,594	273,288
Debt service:				
Principal	31,447	-	-	-
Interest and fiscal charges	42,244	-	-	-
Total expenditures	16,270,129	1,441,064	5,461,594	273,288
REVENUES OVER (UNDER) EXPENDITURES	2,549,483	(558,675)	(5,282,721)	(262,853)
OTHER FINANCING SOURCES (USES):				
Proceeds from bond issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,279,994)	-	-	-
Total other financing sources (uses)	(1,279,994)	-	-	-
NET CHANGE IN FUND BALANCE	1,269,489	(558,675)	(5,282,721)	(262,853)
FUND BALANCES:				
Beginning of year	(263,726)	8,833,832	12,952,222	6,767,806
End of year	<u>\$ 1,005,763</u>	<u>\$ 8,275,157</u>	<u>\$ 7,669,501</u>	<u>\$ 6,504,953</u>

City of Calexico
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2020

	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:		
Property taxes	\$ -	\$ 2,719,600
Other taxes	93,274	8,133,365
Licenses and permits	-	1,701,031
Intergovernmental	4,494,938	8,563,164
Charges for services	2,442,520	4,566,017
Fines and forfeitures	-	223,491
Use of money and property	341,826	1,253,568
Other revenues	113,458	217,089
Total revenues	7,486,016	27,377,325
EXPENDITURES:		
Current:		
General government	430,963	3,772,132
Public safety	788,530	10,605,376
Public works	3,281,686	4,267,250
Culture and recreation	60,754	893,414
Community development	34,819	653,603
Housing	31,049	347,207
Contribution to CFD 2013-1	-	381,281
Capital outlay	483,695	7,563,617
Debt service:		
Principal	1,450,000	1,481,447
Interest and fiscal charges	1,334,550	1,376,794
Total expenditures	7,896,046	31,342,121
REVENUES OVER (UNDER) EXPENDITURES	(410,030)	(3,964,796)
OTHER FINANCING SOURCES (USES):		
Proceeds from bond issuance	73,697	73,697
Transfers in	1,279,994	1,279,994
Transfers out	(10,000)	(1,289,994)
Total other financing sources (uses)	1,343,691	63,697
NET CHANGE IN FUND BALANCE	933,661	(3,901,099)
FUND BALANCES:		
Beginning of year	19,842,377	48,132,511
End of year	\$ 20,776,038	\$ 44,231,412

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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (3,901,099)

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. 7,270,181

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. (3,289,335)

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 (1,806,834)

 Changes in net pension liabilities (570,743)

 Changes in pension-related deferred inflows of resources (114,857)

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 2,439,074

 Changes in total OPEB liabilities 4,501,109

 Changes in OPEB-related deferred inflows of resources (5,887,247)

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. 45,416

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.

 Long-term debt (73,697)

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.

 Principal payment 1,450,000

 Capital lease payment 31,448

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 106,827

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. (21,013)

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. 932,703

Change in Net Position of Governmental Activities \$ 1,111,933

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

Airport Enterprise Fund – This fund is used to account for the operation and maintenance of the City's airport.

City of Calexico
Statement of Net Position
Proprietary Funds
June 30, 2020

	Major Funds		Non-Major Fund	Total	Internal Service Funds
	Water	Wastewater	Airport		
ASSETS					
Current assets:					
Cash and investments	\$ 14,343,126	\$ 23,735,643	\$ 147,472	\$ 38,226,241	\$ 2,277,003
Accounts receivable, net	2,747,760	1,037	214	2,749,011	56,953
Intergovernmental receivables	-	-	-	-	21,307
Due from other funds	-	-	-	-	1,784,318
Deposits	-	-	-	-	175,000
Inventories and prepaid items	773	5,661	20,417	26,851	122,729
Total current assets	17,091,659	23,742,341	168,103	41,002,103	4,437,310
Noncurrent assets:					
Cash and investments with fiscal agents	989,180	-	-	989,180	-
Capital assets:					
Non-depreciable	407,406	2,074,486	261,260	2,743,152	-
Depreciable, net	34,371,180	8,296,229	3,582,385	46,249,794	-
Total net capital assets	34,778,586	10,370,715	3,843,645	48,992,946	-
Total noncurrent assets	35,767,766	10,370,715	3,843,645	49,982,126	-
Total assets	52,859,425	34,113,056	4,011,748	90,984,229	4,437,310
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows of resources	569,257	407,665	-	976,922	-
OPEB-related deferred outflows of resources	456,095	314,070	-	770,165	-
Total deferred outflows of resources	1,025,352	721,735	-	1,747,087	-

City of Calexico
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2020

	Major Funds		Non-Major Fund	Total	Internal Service Funds
	Water	Wastewater	Airport		
LIABILITIES					
Current liabilities:					
Accounts payable	128,625	126,572	6,149	261,346	562,148
Accrued payroll	3,231	3,006	291	6,528	272,297
Interest payable	86,980	-	-	86,980	-
Compensated absences - due within one year	14,399	6,366	-	20,765	-
Claims payable - due within one year	-	-	-	-	1,122,568
Long-term debt - due within one year	505,942	28,395	-	534,337	843,133
Total current liabilities	739,177	164,339	6,440	909,956	2,800,146
Noncurrent liabilities:					
Deposits payable	231,308	-	-	231,308	-
Compensated absences - due in more than one year	222,194	106,530	-	328,724	-
Total OPEB liability	3,972,957	2,735,806	-	6,708,763	-
Aggregate net pension liability	2,697,877	1,932,044	-	4,629,921	-
Claims payable - due in more than one year	-	-	-	-	1,574,000
Long term debt - due in more than one year	11,251,352	97,520	-	11,348,872	-
Total noncurrent liabilities	18,375,688	4,871,900	-	23,247,588	1,574,000
Total liabilities	19,114,865	5,036,239	6,440	24,157,544	4,374,146
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred inflows of resources	295,113	211,341	-	506,454	-
OPEB-related deferred inflows of resources	1,158,820	797,972	-	1,956,792	-
Total deferred inflows of resources	1,453,933	1,009,313	-	2,463,246	-
NET POSITION					
Net investment in capital assets	23,021,292	10,244,800	3,843,645	37,109,737	-
Restricted for:					
Debt service	989,180	-	-	989,180	-
Unrestricted	9,305,507	18,544,439	161,663	28,011,609	63,164
Total net position	\$ 33,315,979	\$ 28,789,239	\$ 4,005,308	\$ 66,110,526	\$ 63,164

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City of Calexico
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Major Funds		Non-Major Fund	Total	Internal Service Funds
	Water	Wastewater	Airport		
OPERATING REVENUES:					
Charges for services	\$ 7,982,172	\$ 5,764,702	\$ 277,364	\$ 14,024,238	\$ 5,234,497
Other revenue	58	-	23	81	387,771
Total operating revenues	7,982,230	5,764,702	277,387	14,024,319	5,622,268
OPERATING EXPENSES:					
Salaries and benefits	1,736,562	1,255,139	76,798	3,068,499	-
Material, supplies, and operational expenses	2,430,224	1,775,495	257,402	4,463,121	119,402
Insurance	-	-	-	-	517,761
Claim payments	-	-	-	-	3,220,796
Claims administration	-	-	-	-	902,759
Depreciation	1,530,802	522,340	259,547	2,312,689	-
Total operating expenses	5,697,588	3,552,974	593,747	9,844,309	4,760,718
OPERATING INCOME (LOSS)	2,284,642	2,211,728	(316,360)	4,180,010	861,550
NONOPERATING REVENUES (EXPENSES):					
Intergovernmental	-	-	151,100	151,100	-
Investment earnings	274,424	449,824	2,461	726,709	71,153
Interest expense	(540,458)	(8,884)	-	(549,342)	-
Loss on disposal of assets	8,057	16,010	-	24,067	-
Total nonoperating revenues (expenses)	(257,977)	456,950	153,561	352,534	71,153
INCOME (LOSS) BEFORE TRANSFERS	2,026,665	2,668,678	(162,799)	4,532,544	932,703
TRANSFERS:					
Transfers in	-	-	10,000	10,000	513,000
Transfers out	-	-	-	-	(513,000)
Total transfers	-	-	10,000	10,000	-
Change in net position	2,026,665	2,668,678	(152,799)	4,542,544	932,703
NET POSITION:					
Beginning of year	31,289,314	26,120,561	4,158,107	61,567,982	(869,539)
End of year	\$ 33,315,979	\$ 28,789,239	\$ 4,005,308	\$ 66,110,526	\$ 63,164

City of Calexico
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Major Funds		Non-Major Fund	Total	Internal Service Funds
	Water	Wastewater	Airport		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 7,799,697	\$ 5,763,665	\$ 276,778	\$ 13,840,140	\$ 5,816,637
Cash payments to suppliers for goods and services	(2,888,760)	(1,810,472)	(260,230)	(4,959,462)	(487,704)
Cash payments to employees for services	(2,343,597)	(1,627,330)	(78,891)	(4,049,818)	(3,423,303)
Net cash provided by (used in) operating activities	<u>2,567,340</u>	<u>2,325,863</u>	<u>(62,343)</u>	<u>4,830,860</u>	<u>1,905,630</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue (expense)	-	-	-	-	16,760
Interfund borrowing (lending)	-	-	-	-	(460,641)
Repayment of interfund borrowing (lending)	-	-	-	-	36,059
Receipt of advances made to other funds	-	1,441,715	-	1,441,715	-
Transfers in	-	-	10,000	10,000	513,000
Transfers out	-	-	-	-	(513,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>1,441,715</u>	<u>10,000</u>	<u>1,451,715</u>	<u>(407,822)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(534,690)	(2,035,215)	(160,438)	(2,730,343)	-
Proceeds from sale of capital assets	26,000	51,866	-	77,866	-
Intergovernmental grants	-	-	246,881	246,881	-
Proceeds from issuance of debt	24,118	24,118	-	48,236	-
Principal paid on capital-related debt	(503,461)	(71,697)	-	(575,158)	-
Interest paid on capital-related debt	(543,425)	(8,884)	-	(552,309)	-
Net cash provided by (used in) capital and related financing activities	<u>(1,531,458)</u>	<u>(2,039,812)</u>	<u>86,443</u>	<u>(3,484,827)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	274,424	449,824	2,461	726,709	71,153
Net cash provided by investing activities	<u>274,424</u>	<u>449,824</u>	<u>2,461</u>	<u>726,709</u>	<u>71,153</u>
Net increase in cash and cash equivalents	1,310,306	2,177,590	36,561	3,524,457	1,568,961
CASH AND CASH EQUIVALENTS:					
Beginning of year	14,022,000	21,558,053	110,911	35,690,964	708,042
End of year	<u>\$ 15,332,306</u>	<u>\$ 23,735,643</u>	<u>\$ 147,472</u>	<u>\$ 39,215,421</u>	<u>\$ 2,277,003</u>
RECONCILIATION OF CASH AND INVESTMENTS TO STATEMENT OF NET POSITION:					
Cash and investments	\$ 14,343,126	\$ 23,735,643	\$ 147,472	\$ 38,226,241	\$ 2,277,003
Cash and investments with fiscal agents	989,180	-	-	989,180	-
Total cash and investments	<u>\$ 15,332,306</u>	<u>\$ 23,735,643</u>	<u>\$ 147,472</u>	<u>\$ 39,215,421</u>	<u>\$ 2,277,003</u>

City of Calexico
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Major Funds		Non-Major Fund	Total	Internal Service Funds
	Water	Wastewater	Airport		
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED					
BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 2,284,642	\$ 2,211,728	\$ (316,360)	\$ 4,180,010	\$ 861,550
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,530,802	522,340	259,547	2,312,689	-
Changes in operating assets and liabilities:					
Accounts receivable	(183,283)	(1,037)	(214)	(184,534)	194,369
Inventories and prepaid items	(150)	(1,720)	9,131	7,261	(120,897)
Pension-related deferred outflows	(57,058)	(50,554)	-	(107,612)	-
OPEB-related deferred outflows	(285,354)	(196,179)	-	(481,533)	-
Accounts payable	(458,386)	(33,257)	(11,959)	(503,602)	378,084
Accrued payroll	(47,936)	(31,196)	(2,093)	(81,225)	272,297
Deposits payable	750	-	(395)	355	-
Compensated absences	(10,907)	401	-	(10,506)	-
Aggregate net pension liability	49,898	85,845	-	135,743	-
Total OPEB liability	(1,412,939)	(982,978)	-	(2,395,917)	-
Claims payable	-	-	-	-	320,227
Pension-related deferred inflows	(1,559)	4,498	-	2,939	-
OPEB-related deferred inflows	1,158,820	797,972	-	1,956,792	-
Total adjustments	<u>282,698</u>	<u>114,135</u>	<u>254,017</u>	<u>650,850</u>	<u>1,044,080</u>
Net cash provided by (used in) operating activities	<u><u>\$ 2,567,340</u></u>	<u><u>\$ 2,325,863</u></u>	<u><u>\$ (62,343)</u></u>	<u><u>\$ 4,830,860</u></u>	<u><u>\$ 1,905,630</u></u>
SCHEDULE OF NONCASH					
NONCAPITAL FINANCING ACTIVITIES:					
JPIA payment plan adjustments	\$ -	\$ -	\$ -	\$ -	\$ (192,341)
Total noncash noncapital financing activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (192,341)</u></u>

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FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds – These funds are used to account for money and property held by the City as trustee or custodian. Such funds include Corsair 2013-1 Gran Plaza CFD, Towncenter CFD, Hearthstone 2005-1 CFD, and Venezia 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, 2020

	Agency Funds	Successor Agency to the Calexico Redevelopment Agency
ASSETS		
Current assets:		
Cash and investments	\$ 283,419	\$ 4,557,961
Cash and investments with fiscal agents	964,485	891,054
Accounts receivable	321,748	-
Total current assets	1,569,652	5,449,015
Noncurrent assets:		
Capital assets:		
Nondepreciable	-	1,106,663
Depreciable, net accumulated depreciation	-	1,708,928
Total noncurrent assets	-	2,815,591
Total assets	\$ 1,569,652	8,264,606
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding, net		1,109,102
Total deferred outflows of resources		1,109,102
LIABILITIES		
Accounts payable	\$ 3,055	9,189
Due to bondholders	1,566,597	-
Interest payable	-	376,219
Long-term debt	-	23,245,708
Total liabilities	\$ 1,569,652	23,631,116
NET POSITION (DEFICIT)		
Held in trust for retirement of obligations of the former Community Redevelopment Agency of the City of Calexico		\$ (14,257,408)

City of Calexico
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Successor Agency to the Calexico Redevelopment Agency
ADDITIONS:	
Property taxes - Redevelopment Property Tax Trust Fund (RPTTF)	\$ 2,534,935
Investment earnings	168,075
Other revenue	741,439
Total additions	3,444,449
DEDUCTIONS:	
Depreciation	45,878
Enforceable obligations	263,860
Loss on disposal of capital assets	26,528
Interest expense and fiscal charges	1,883,735
Capital contributions to City	148,472
Total deductions	2,368,473
Change in net position	1,075,976
NET POSITION:	
Beginning of year	(15,333,384)
End of year	\$ (14,257,408)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Calexico
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For the Year Ended June 30, 2020

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City of Calexico
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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, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the City of Calexico, California (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, community development (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, 2020

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 Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities within the City. Under the Act, the 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 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 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 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 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 Authority has covenanted to take or cause to be taken all actions reasonably necessary to continue the 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, 2020

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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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.

Measure D Capital Projects Fund – This fund accounts for the capital outlay of bond proceeds issued to finance transportation improvements to repair and rehabilitate existing roadways, reduce congestion and improve safety, and to provide for construction of needed facilities.

Measure H Capital Projects Fund – This fund accounts for the capital outlay of bond proceeds issued to finance a fire station and various park and recreation improvements.

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

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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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 and maintenance of the City’s water distribution system.

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

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 agency funds and private purpose trust funds. Both agency 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 agency 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 Agency 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).

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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

C. *Deferred Outflows and Inflows of Resources*

The Statement of Net Position 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 9 – Pension Plans and Note 10 - 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. See more information relating to these items in Note 9 – Pension Plans and Note 10 - 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.

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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

F. Fair Value Measurement (Continued)

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. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. 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
Licensed vehicles	8 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.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

I. Capital Assets (Continued)

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 Lease Purchase Contracts

The long-term principal portion of debt on capital assets acquired through lease purchase contracts 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.

J. 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.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period:	July 1, 2018 to June 30, 2019

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.

K. 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, 2020
Measurement Date	June 30, 2020
Measurement Period:	July 1, 2019 to June 30, 2020

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

K. Other Postemployment Benefits (“OPEB”) (Continued)

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.

L. 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, 2020. 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.

M. 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.

N. Long-Term Debt

Government-Wide Financial Statements

Long-term debt obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable premium or discount.

Fund Financial Statements

The fund financial statements do not present long-term debt but debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

O. 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, 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.

P. 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.

Q. 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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

Q. Spending Policy (Continued)

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.

R. 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.

S. Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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, 2020

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

T. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2020

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, 2020. 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. 95

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2020.

U. Upcoming Governmental Accounting Standards Implementation

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. 84

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. 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 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

U. Upcoming Governmental Accounting Standards Implementation (Continued)

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 is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City’s fiscal year ending June 30, 2021.

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.

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 the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. 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, 2020

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2020:

	Primary Government			Fiduciary Funds	Total
	Governmental Activities	Business-type Activities	Total		
Cash and investments	\$ 28,829,197	\$ 38,226,241	\$ 67,055,438	\$ 4,841,380	\$ 71,896,818
Cash and investments with fiscal agent	17,989,721	989,180	18,978,901	1,855,539	20,834,440
Total	\$ 46,818,918	\$ 39,215,421	\$ 86,034,339	\$ 6,696,919	\$ 92,731,258

Cash and investments consisted of the following at June 30, 2020:

Cash and cash equivalents:	
Petty cash	\$ 5,930
Demand deposits	19,842,558
Investments:	
Local Agency Investment Fund	52,048,330
Money market funds	20,834,440
Total	\$ 92,731,258

At June 30, 2020, 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, 2020:

Investment Type	Total as of June 30, 2020	Measurement Inputs	Valuation Technique
Investments:			
Local Agency Investment Fund	\$ 52,048,330	Uncategorized	N/A
Money market funds	20,834,440	Uncategorized	N/A
Total	\$ 72,882,770		

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$19,842,558 at June 30, 2020. Bank balances were \$5,929,472 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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

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.

<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	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

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, 2020 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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

D. External Investment Pool (Continued)

As of June 30, 2020, the City had \$52,048,330 invested in LAIF, which had invested 1.77% of the pool investment funds in structured notes and asset-backed 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 fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The credit quality rating of LAIF is unrated as of June 30, 2020.

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.

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, 2020:

	Amount	Maturities 1 year or less
Investments:		
Local Agency Investment Fund	\$ 52,048,330	\$ 52,048,330
Money market funds	20,834,440	20,834,440
Total	\$ 72,882,770	\$ 72,882,770

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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk (Continued)

	<u>Amount</u>	<u>Credit Quality Ratings</u>	
		<u>Moody's</u>	<u>Standard & Poor's</u>
Investments:			
Local Agency Investment Fund	\$ 52,048,330	Not Rated	Not Rated
Money market funds	20,834,440	Not Rated	Not Rated
Total	<u>\$ 72,882,770</u>		

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, 2020, 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 Western Trust). 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:

<u>Investment Type</u>	<u>Total as of June 30, 2020</u>	<u>Percentage of Investments</u>
Investments:		
Local Agency Investment Fund	\$ 52,048,330	71.41%
Money market funds	20,834,440	28.59%
Total	<u>\$ 72,882,770</u>	

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Notes and Loans Receivable

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, 2020, notes and loans receivable consisted of the following:

	Notes/Loans Receivable			Notes/Loans Receivable		Allowance for	Financial
	Balance	Additions	Deletions	Balance	Doubtful Accounts	Statement	
	7/1/2019			6/30/2020	Balance	Balance	Balance
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	(400,000)	-	
California Family Apartments II, LP	3,400,000	-	-	3,400,000	(3,400,000)	-	
HPD Villa Del 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	10,769,719	-	(124,885)	10,644,834	(10,644,834)	-	
City notes and loans receivable total	<u>27,722,292</u>	<u>-</u>	<u>(124,885)</u>	<u>27,597,407</u>	<u>(27,597,407)</u>	<u>-</u>	
Successor Agency:							
Other loans	320,757	-	-	320,757	(320,757)	-	
Successor Agency notes and loans receivable total	<u>320,757</u>	<u>-</u>	<u>-</u>	<u>320,757</u>	<u>(320,757)</u>	<u>-</u>	
Total notes and loans receivable	<u>\$ 28,043,049</u>	<u>\$ -</u>	<u>\$ (124,885)</u>	<u>\$ 27,918,164</u>	<u>\$ (27,918,164)</u>	<u>\$ -</u>	

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, 2020, 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, 2020, 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, 2020, 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, 2020

Note 3 – Notes and Loans Receivable (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, 2020, 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, 2020, 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, 2020, the outstanding balance of the note was \$400,000.

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, 2020, 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, 2020, 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, 2020, the outstanding balance of the note was \$5,100,000.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Notes and Loans Receivable (Continued)

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, 2020, the outstanding balance of the City and Successor Agency loans were \$10,644,834 and \$320,757, respectively.

Note 4 – Interfund Transactions

A. Due To and Due From Other Funds

Due from and to other funds as of June 30, 2020, for short-term borrowing pending subsequent grant, tax, or fee reimbursement, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Workers' Compensation	General Fund	\$ 141,577	Overdrawn Cash
Workers' Compensation	El Portal Special Revenue Fund	5,430	Overdrawn Cash
	Prop 172 Public Safety Sales		
	Tax Special Revenue Fund	223,966	Overdrawn Cash
Workers' Compensation	State COPS Grant Special Revenue Fund	160,290	Overdrawn Cash
Workers' Compensation	HIDTA Special Revenue Fund	3,636	Overdrawn Cash
Workers' Compensation	FEMA Special Revenue Fund	206,660	Overdrawn Cash
Workers' Compensation	Other Operating Grants	22,766	Overdrawn Cash
Workers' Compensation	Capital Grants Capial Projects Fund	155,283	Overdrawn Cash
Workers' Compensation	DIF - Fire Capital Projects Fund	142,610	Overdrawn Cash
Workers' Compensation	New River Grants Capital Projects Fund	38,659	Overdrawn Cash
	Subtotal	<u>1,100,877</u>	
General Liability	Measure D Capital Projects Fund	77,063	Overdrawn Cash
General Liability	Measure H Capital Projects Fund	606,378	Overdrawn Cash
	Subtotal	<u>683,441</u>	
	Total	<u>\$ 1,925,895</u>	

B. Transfers In/Out

Transfers in and out for the year ended June 30, 2020, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
Measure H Debt Service Fund	General Fund	\$ 996,076	Debt Service
Corsair, LLC Capital Projects Fund	General Fund	243,497	Operations
IVECA Special Revenue Fund	General Fund	40,421	Operations
	Subtotal	<u>1,279,994</u>	
Airport Fund	General Capital Projects Funds	10,000	Capital projects
	Subtotal	<u>10,000</u>	
Workers' Compensation	General Liability	455,000	Operations
Workers' Compensation	Unemployment Insurance	58,000	Operations
	Subtotal	<u>513,000</u>	
	Total	<u>\$ 1,802,994</u>	

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Interfund Transactions (Continued)

C. Long-Term Advances

On June 30, 2016, the City Council adopted a capital lease financing program in which the City’s Wastewater Fund advanced \$3.5 million to the General Fund to cover General Fund cash shortages. The terms of the advance include a 2% interest rate and a five-year repayment schedule. As of June 30, 2020, the General Fund has repaid the long-term advance in full.

Note 5 – Capital Assets

A. Governmental Activities

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

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Non-depreciable Assets:					
Land	\$ 5,511,772	\$ -	\$ -	\$ -	\$ 5,511,772
Construction in progress	17,004,856	6,971,526	-	(985,624)	22,990,758
Total non-depreciable assets	<u>22,516,628</u>	<u>6,971,526</u>	<u>-</u>	<u>(985,624)</u>	<u>28,502,530</u>
Depreciable Assets:					
Building and improvements	21,441,488	84,122	-	267,551	21,793,161
Machinery and equipment	10,791,567	214,533	-	-	11,006,100
Infrastructure	106,483,422	-	-	718,073	107,201,495
Total depreciable assets, at cost	<u>138,716,477</u>	<u>298,655</u>	<u>-</u>	<u>985,624</u>	<u>140,000,756</u>
Less accumulated depreciation:					
Building and improvements	(11,163,508)	(439,208)	-	-	(11,602,716)
Machinery and equipment	(8,096,399)	(625,551)	-	-	(8,721,950)
Infrastructure	(76,672,426)	(2,224,576)	-	-	(78,897,002)
Total accumulated depreciation	<u>(95,932,333)</u>	<u>(3,289,335)</u>	<u>-</u>	<u>-</u>	<u>(99,221,668)</u>
Total depreciable assets, net	<u>42,784,144</u>	<u>(2,990,680)</u>	<u>-</u>	<u>985,624</u>	<u>40,779,088</u>
Total governmental activities	<u>\$ 65,300,772</u>	<u>\$ 3,980,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,281,618</u>

Depreciation expense for capital assets of the governmental activities for the year ended June 30, 2020 was \$3,289,335 and was not allocated to any function or program.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Capital Assets (Continued)

B. Business-Type Activities

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

	Balance July 1, 2019	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2020
Non-depreciable Assets:					
Land	\$ 281,615	\$ -	\$ -	\$ -	\$ 281,615
Construction in progress	722,121	1,899,498	-	(160,082)	2,461,537
Total non-depreciable assets	<u>1,003,736</u>	<u>1,899,498</u>	<u>-</u>	<u>(160,082)</u>	<u>2,743,152</u>
Depreciable Assets:					
Building and improvements	37,017,197	-	-	-	37,017,197
Machinery and equipment	19,426,322	830,845	(76,856)	-	20,180,311
Infrastructure	23,173,393	-	-	160,082	23,333,475
Total depreciable assets, at cost	<u>79,616,912</u>	<u>830,845</u>	<u>(76,856)</u>	<u>160,082</u>	<u>80,530,983</u>
Less accumulated depreciation:					
Building and improvements	(16,388,008)	(670,140)	-	-	(17,058,148)
Machinery and equipment	(8,075,493)	(1,118,371)	23,057	-	(9,170,807)
Infrastructure	(7,528,056)	(524,178)	-	-	(8,052,234)
Total accumulated depreciation	<u>(31,991,557)</u>	<u>(2,312,689)</u>	<u>23,057</u>	<u>-</u>	<u>(34,281,189)</u>
Total depreciable assets, net	<u>47,625,355</u>	<u>(1,481,844)</u>	<u>(53,799)</u>	<u>160,082</u>	<u>46,249,794</u>
Total business-type activities	<u>\$ 48,629,091</u>	<u>\$ 417,654</u>	<u>\$ (53,799)</u>	<u>\$ -</u>	<u>\$ 48,992,946</u>

Depreciation expense for capital assets of the business-type activities for the year ended June 30, 2020 was as follows:

Water	\$ 1,530,802
Wastewater	522,340
Airport	259,547
Total depreciation expense	<u>\$ 2,312,689</u>

C. Fiduciary Funds

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Non-depreciable Assets:				
Land	\$ 1,281,663	\$ -	\$ (175,000)	\$ 1,106,663
Total non-depreciable assets	<u>1,281,663</u>	<u>-</u>	<u>(175,000)</u>	<u>1,106,663</u>
Depreciable Assets:				
Building and improvements	2,293,864	-	-	2,293,864
Total depreciable assets, at cost	<u>2,293,864</u>	<u>-</u>	<u>-</u>	<u>2,293,864</u>
Less accumulated depreciation:				
Building and improvements	(539,058)	(45,878)	-	(584,936)
Total accumulated depreciation	<u>(539,058)</u>	<u>(45,878)</u>	<u>-</u>	<u>(584,936)</u>
Total depreciable assets, net	<u>1,754,806</u>	<u>(45,878)</u>	<u>-</u>	<u>1,708,928</u>
Total fiduciary funds	<u>\$ 3,036,469</u>	<u>\$ (45,878)</u>	<u>\$ (175,000)</u>	<u>\$ 2,815,591</u>

Depreciation expense for capital assets of the fiduciary funds for the year ended June 30, 2020 was \$45,878.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt

A. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Debt Issued	JPIA Retrospective Charge Adjustments	Debt Retired	Balance June 30, 2020	Classification	
						Due in One Year	Due in more than One Year
Governmental Activities:							
Publicly Offered:							
LTA Sales Tax Revenue Bonds, Series 2012B	\$ 11,285,000	\$ -	\$ -	\$ (685,000)	\$ 10,600,000	\$ 710,000	\$ 9,890,000
Bond premium	25,660	-	-	(8,554)	17,106	-	17,106
Measure H Lease Revenue Bonds	8,365,000	-	-	(610,000)	7,755,000	635,000	7,120,000
Bond premium	606,625	-	-	(60,662)	545,963	-	545,963
LTA Sales Tax Revenue Bonds, Series 2018A	12,070,000	-	-	(155,000)	11,915,000	165,000	11,750,000
Bond premium	714,597	-	-	(37,611)	676,986	-	676,986
Privately Offered:							
Tax sharing agreement	46,000	-	-	-	46,000	-	46,000
Capital lease obligations	116,102	73,697	-	(31,448)	158,351	33,600	124,751
JPIA payable internal service funds:							
Workers compensation	330,246	-	33,710	-	363,956	363,956	-
General liability	694,187	-	(215,010)	-	479,177	479,177	-
Total JPIA payable	1,024,433	-	(181,300)	-	843,133	843,133	-
Total internal service funds	1,024,433	-	(181,300)	-	843,133	843,133	-
Total long-term debt	34,253,417	73,697	(181,300)	(1,588,275)	32,557,539	2,386,733	30,170,806
Total governmental activities	\$ 34,253,417	\$ 73,697	\$ (181,300)	\$ (1,588,275)	\$ 32,557,539	\$ 2,386,733	\$ 30,170,806

LTA Sales Tax Revenue Bonds, Series 2012B

On May 1, 2012, the Imperial County Local Transportation Authority issued the 2012 LTA Sales Tax Revenue Bonds on behalf of the City in the amount of \$15,410,000. The Bonds are being issued to (i) finance certain costs associated with certain transportation projects, (ii) fund a reserve for the Bonds, and (iii) pay certain costs of issuing the Bonds. The Bonds are payable from and secured by the pledged allocable Measure D sales tax revenues of the City.

The issue consists of serial bonds in the amount \$15,410,000 payable annually on June 1 of each year, commencing on June 1, 2013 and maturing in 2032 with interest rates ranging from 3% to 4% per annum. Interest payments are due on June 1 and December 1 of each year until the bonds are paid off. At June 30, 2020, the outstanding balance of the bonds was \$10,600,000. Total principal and interest remaining on the bond is \$13,776,300, payable through 2032.

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 710,000	\$ 430,800	\$ 1,140,800
2022	735,000	406,450	1,141,450
2023	755,000	384,775	1,139,775
2024	795,000	354,875	1,149,875
2025	825,000	320,100	1,145,100
2026-2030	4,650,000	1,088,000	5,738,000
2031-2032	2,130,000	191,300	2,321,300
Total	\$ 10,600,000	\$ 3,176,300	\$ 13,776,300

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – 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, 2020, the outstanding balance of the bonds was \$7,755,000. Total principal and interest remaining on the bond is \$9,782,900, payable through 2030.

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 635,000	\$ 348,100	\$ 983,100
2022	660,000	322,200	982,200
2023	685,000	295,300	980,300
2024	715,000	267,300	982,300
2025	745,000	234,375	979,375
2026-2030	4,315,000	560,625	4,875,625
Total	\$ 7,755,000	\$ 2,027,900	\$ 9,782,900

LTA Sales Tax Revenue Bonds, Series 2018A

In September 2018, the Imperial County Local Transportation Authority issued LTA Sales Tax Revenue Bonds (Bonds) on behalf of the City in the amount of \$12,375,000. The Bonds were issued to finance certain transportation projects, fund a reserve for the Bonds, and to pay certain cost of issuing the Bonds. The Bonds are payable from and secured by a pledge of Measure D sales tax revenues of the City.

The issue consists of serial bonds in the amount \$12,375,000 payable annually on June 1 of each year, commencing on June 1, 2019 and maturing in 2038 with interest rates ranging from 3.25% to 5% per annum. Interest payments are due on June 1 and December 1 of each year until the bonds are paid off. At June 30, 2020, the outstanding balance of the bonds was \$11,915,000. Total principal and interest remaining on the bond is \$18,664,700, payable through 2038.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

LTA Sales Tax Revenue Bonds, Series 2018A (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 165,000	\$ 498,650	\$ 663,650
2022	165,000	492,050	657,050
2023	175,000	485,450	660,450
2024	185,000	476,700	661,700
2025	195,000	467,450	662,450
2026-2030	1,115,000	2,182,500	3,297,500
2031-2035	4,950,000	1,744,500	6,694,500
2036-2038	4,965,000	402,400	5,367,400
Total	\$ 11,915,000	\$ 6,749,700	\$ 18,664,700

Tax Sharing Agreement – Imperial County

In June 2003, the City entered into an agreement with 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. At June 30, 2020, the outstanding balance was \$46,000.

Capital Leases

The City has entered into several lease agreements for the financing of vehicles. The lease agreements qualify as capital leases 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, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 33,600	\$ 10,756	\$ 44,356
2022	36,434	7,893	44,327
2023	39,574	4,782	44,356
2024	48,743	1,404	50,147
Total	\$ 158,351	\$ 24,835	\$ 183,186

The City acquired certain capital assets and leased them with the option to purchase. The leased assets are included in capital assets and are summarized by major asset class below:

Vehicles	\$ 194,198
Less: accumulated depreciation	(50,890)
Total	\$ 143,308

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

JPIA Payable

The City was a member of the California Joint Powers Insurance Authority (JPIA) through December 31, 2015. As of January 1, 2016, the City became self-insured for claims incurred after that date. JPIA continues to administer and settle claims incurred by the City prior to December 31, 2015.

The JPIA is composed of approximately 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the JPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage.

Each member pays an annual contribution to cover estimated losses for the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective charge is computed annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. The City's liability to the JPIA for retrospective charges is recorded in its respective Workers Compensation and General Liability Internal Service Funds.

During the year ended June 30, 2020, a net retrospective credit of \$181,300 has reduced the balance of the City's retrospective charge obligation to \$843,133. Subsequent to June 30, 2020, the City's remaining JPIA obligation has been paid and retired.

The annual debt service requirements for the JPIA Payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 843,133	\$ -	\$ 843,133
Total	\$ 843,133	\$ -	\$ 843,133

B. Business-Type Activities

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Debt Issued	Debt Retired	Balance June 30, 2020	Classification	
					Due in One Year	Due in more than One Year
Business-Type Activities:						
Capital lease obligations (privately offered)	\$ 380,131	\$ 48,236	\$ (130,158)	\$ 298,209	\$ 69,337	\$ 228,872
Lease revenue bonds (publicly offered)	12,030,000	-	(445,000)	11,585,000	465,000	11,120,000
Total long-term debt	12,410,131	48,236	(575,158)	11,883,209	534,337	11,348,872

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Capital Leases

The City has entered into several lease agreements for the financing of water and wastewater vehicles. The lease agreements qualify as capital leases 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, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 69,337	\$ 15,750	\$ 85,087
2022	75,429	10,102	85,531
2023	123,366	3,135	126,501
2024	30,077	509	30,586
Total	<u>\$ 298,209</u>	<u>\$ 29,496</u>	<u>\$ 327,705</u>

The City entered into capital lease-purchase agreements whereby the lessor acquired certain capital assets and leased them to the City with the option to purchase. The leased assets are included in capital assets and are summarized by major asset class below:

Vehicles	\$ 476,626
Less: accumulated depreciation	<u>(210,146)</u>
Total	<u>\$ 266,480</u>

Lease Revenue Bonds - 2007

On January 1, 2007, the City, through the former RDA issued \$14,030,000 in Water System Lease Revenue Bonds of 2007. Proceeds from the sale of the bonds were used to provide funds to finance certain capital improvements to the City's water system, fund a reserve account for the bonds, fund capitalized interest, and pay certain costs of issuance of the bonds. The bonds will be payable solely from certain lease payments to be made by the City to the former RDA pursuant to a lease agreement by and between the City and the former RDA. The lease payments are special limited obligations of the City payable solely from and secured by a pledge of and first lien on water revenues. The total outstanding principal balance on the bonds as of June 30, 2020 was \$11,585,000. 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.

The City has pledged a portion of future lease revenues from the former RDA to repay the 2007 Lease Revenue Bonds. Annual principal and interest payments on the notes are expected to require 100% of future lease revenues. Total principal and interest remaining on the bond is \$16,506,168, payable through 2037. Subsequent to June 30, 2020, in July 2020, the bonds have been refunded through the issuance of 2020 Water Refunding Revenue Bonds. See note 17.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Lease Revenue Bonds – 2007 (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 465,000	\$ 512,348	\$ 977,348
2022	485,000	492,752	977,752
2023	505,000	470,063	975,063
2024	530,000	444,188	974,188
2025	555,000	417,063	972,063
2026-2030	3,210,000	1,647,734	4,857,734
2031-2035	3,985,000	855,202	4,840,202
2036-2037	1,850,000	81,818	1,931,818
Total	\$ 11,585,000	\$ 4,921,168	\$ 16,506,168

C. Fiduciary Funds

Summary of changes in long-term liabilities for the fiduciary funds for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Debt Refunding	Debt Retired	Balance June 30, 2020	Classification	
					Due in One Year	Due in more than One Year
Fiduciary Funds:						
Publicly Offered:						
Tax Allocation Bonds - 2000	\$ 540,000	\$ (515,000)	\$ (25,000)	\$ -	\$ -	\$ -
Tax Allocation Refunding Bonds - 2006	9,515,000	(9,465,000)	(50,000)	-	-	-
Tax Allocation Bonds - 2011	7,120,000	(7,120,000)	-	-	-	-
Bond discount	(25,109)	25,109	-	-	-	-
Tax Allocation Bonds - 2011 School District	1,810,000	-	-	1,810,000	-	1,810,000
Bond discount	(117,104)	-	8,363	(108,741)	-	(108,741)
2014 Tax Allocation Refunding Bonds	10,645,000	-	(1,265,000)	9,380,000	1,310,000	8,070,000
Bond premium	1,199,387	-	(119,938)	1,079,449	-	1,079,449
2020 Tax Allocation Refunding Bonds	-	11,085,000	-	11,085,000	130,000	10,955,000
Total Tax Allocation Bonds	\$ 30,687,174	\$ (5,989,891)	\$ (1,451,575)	\$ 23,245,708	\$ 1,440,000	\$ 21,805,708

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2000 Tax Allocation Bonds

On December 10, 2000, the Agency issued the 2000 Tax Allocation Bonds in the amount of \$10,000,000. The proceeds from the issue were used to pay the issuance costs, fund a reserve account, and finance various projects within the Agency’s Merged Central Business District and Residential Redevelopment Project Area. The bonds are secured by a pledge of and lien on tax increment revenues.

Interest payments are payable on August 1 and February 1 of each year, commencing on August 1, 2001. The bonds consist of \$150,000 of serial bonds due August 1, 2001, at an interest rate of 3.85% and \$9,850,000 of term bonds with principal maturing on August 1 beginning 2002 and ending in 2030. Interest rates on the term bonds vary from 4.25% to 5.50% per annum. Annual debt service principal requirements range from \$10,000 to \$1,780,000. During the year, principal payments of \$25,000 were made. 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, 2020, the outstanding balance of the bonds was refunded through the issuance of the 2020 Tax Allocation Refunding Bonds.

2006 Tax Allocation Refunding Bonds

On December 1, 2006, the Agency issued \$9,995,000 of 2006 Tax Allocation Refunding Bonds. The bonds were issued to partially refund the 2000 Tax Allocation Bonds. The bonds are payable solely from the tax revenues allocated to the Agency.

The issue consists of serial bonds in the amount \$9,995,000 payable annually on August 1 of each year, commencing on August 1, 2006 and maturing in 2031 with interest rates ranging from 3.50% to 4.50% 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, 2020, the outstanding balance of the bonds was refunded through the issuance of the 2020 Tax Allocation Refunding Bonds.

2011 Tax Allocation Bonds

On February 1, 2011, the Agency issued the 2011 Tax Allocation Bonds in the amount of \$7,120,000. The Bonds were issued to (i) finance certain redevelopment activities of the Agency within the Merged Central Business District and Residential Redevelopment Project Area (the “Project Area”), (ii) fund a reserve for the Bonds, and (iii) pay certain costs of issuing the bonds. The Bonds are payable from and secured by the tax revenues to be derived from the Project Area and certain funds and accounts held under the Agency.

The issue consists of serial bonds in the amount \$7,120,000 payable annually on August 1 of each year, commencing on August 1, 2011 and maturing in 2034 with interest rates ranging from 7.25% to 7.50% 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 in the amount of \$7,120,000 was transferred to the Successor Agency on January 31, 2012 due to the dissolution of the Agency. At June 30, 2020, the outstanding balance of the bonds was refunded through the issuance of the 2020 Tax Allocation Refunding Bonds.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2011 Tax Allocation Bonds – School District

On May 19, 2011, the 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.

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, 2018, the outstanding balance of the bonds was \$1,810,000. Total principal and interest remaining on the bond is \$3,021,040 payable through 2033.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2011 Tax Allocation Bonds – School District (Continued)

The annual debt service requirements for the 2011 Tax Allocation Bonds – School District at June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 118,740	\$ 118,740
2022	-	118,740	118,740
2023	-	118,740	118,740
2024	5,000	118,580	123,580
2025	-	118,420	118,420
2026-2030	755,000	491,430	1,246,430
2031-2034	1,050,000	126,390	1,176,390
Total	\$ 1,810,000	\$ 1,211,040	\$ 3,021,040

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, 2020, the outstanding balance of the bonds was \$9,380,000. Total principal and interest remaining on the bond is \$10,884,650 payable through 2028.

The annual debt service requirements for the 2014 Tax Allocation Refunding Bonds at June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,310,000	\$ 428,150	\$ 1,738,150
2022	1,355,000	369,625	1,724,625
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
2026-2028	2,225,000	29,125	2,254,125
Total	\$ 9,380,000	\$ 1,504,650	\$ 10,884,650

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

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.

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 130,000	\$ 322,260	\$ 452,260
2022	210,000	311,086	521,086
2023	210,000	306,852	516,852
2024	215,000	302,298	517,298
2025	220,000	297,384	517,384
2026-2030	7,620,000	974,741	8,594,741
2031-2034	2,480,000	92,895	2,572,895
Total	\$ 11,085,000	\$ 2,607,516	\$ 13,692,516

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 \$4,751,497 in fiscal year 2020. Total debt service of all Tax Allocation Bonds paid was \$2,408,083, 51% of the RPTTF revenue available for distribution to the Successor Agency.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Debt (Continued)

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.

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, 2020 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, 2020, the scheduled principal payments due September 1, 2016, 2017, 2018, and 2019 have not been paid. The bond reserve account held by the trustee was \$138,531, 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 \$6,715,000 at June 30, 2020 were held by the District.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – 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 \$1,461,259 at June 30, 2020.

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 1,461,259	\$ 60,339	\$ (105,755)	\$ 1,415,843	\$ 96,504	\$ 1,319,339
Total governmental activities	\$ 1,461,259	\$ 60,339	\$ (105,755)	\$ 1,415,843	\$ 96,504	\$ 1,319,339

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 \$359,995 at June 30, 2020.

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due Within One Year	Due in More Than One Year
Business-Type Activities:						
Compensated absences	\$ 359,995	\$ 5,500	\$ (16,006)	\$ 349,489	\$ 20,765	\$ 328,724
Total business-type activities	\$ 359,995	\$ 5,500	\$ (16,006)	\$ 349,489	\$ 20,765	\$ 328,724

Note 8 – 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
2017-2018	\$ 1,336,000	\$ 756,487	\$ (526,487)	\$ 1,566,000
2018-2019	1,566,000	603,262	(569,262)	1,600,000
2019-2020	1,600,000	895,375	(556,375)	1,939,000

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Risk Management (Continued)

A. Summary (Continued)

General Liability

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017-2018	\$ 395,267	\$ (9,267)	\$ -	\$ 386,000
2018-2019	386,000	214,914	(36,914)	564,000
2019-2020	564,000	225,130	(31,562)	757,568

B. California State Association of Cities – Excess Insurance Authority

The City is a member of California State Association of Counties - Excess Insurance Authority (CSAC-EIA). 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). CSAC-EIA 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 CSAC Excess Insurance Authority (EIA) to \$5 million per claim; there is an additional \$45 million of reinsurance above CSAC-EIA coverage bringing the total coverage to over \$50 million per claim. The CSAC-EIA 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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Risk Management (Continued)

B. California State Association of Cities – Excess Insurance Authority (Continued)

Workers’ Compensation (Continued)

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2020, is as follows:

Total assets	\$ 965,769,045
Total deferred outflows	<u>\$ 1,227,362</u>
Total liabilities	<u>\$ 766,369,209</u>
Total deferred inflows	<u>\$ 595,345</u>
Total equities	<u>\$ 200,031,853</u>
Total revenues	<u>\$1,027,734,008</u>
Total expenses	<u>\$ 950,272,749</u>
Revenues over expenses	<u>\$ 77,461,259</u>

Note 9 – 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	\$ 723,275	\$ 410,053	\$ 1,133,328
CalPERS Safety	1,517,998	-	1,517,998
Total pension contribution made after measurement date	<u>2,241,273</u>	<u>410,053</u>	<u>2,651,326</u>
Change in assumption:			
CalPERS Miscellaneous	251,372	142,513	393,885
CalPERS Safety	490,195	-	490,195
Total change in assumption	<u>741,567</u>	<u>142,513</u>	<u>884,080</u>
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	225,251	127,703	352,954
CalPERS Safety	-	-	-
Total adjustment due to difference in proportions	<u>225,251</u>	<u>127,703</u>	<u>352,954</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	523,253	296,653	819,906
CalPERS Safety	970,168	-	970,168
Total difference between expected and actual experience	<u>1,493,421</u>	<u>296,653</u>	<u>1,790,074</u>
Total deferred outflows of resources:			
CalPERS Miscellaneous	1,723,151	976,922	2,700,073
CalPERS Safety	2,978,361	-	2,978,361
Total deferred outflows of resources	<u>\$ 4,701,512</u>	<u>\$ 976,922</u>	<u>\$ 5,678,434</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Pension Plans (Continued)

A. Summary (Continued)

	Governmental Activities	Business-Type Activities	Total
Net Pension Liabilities:			
CalPERS Miscellaneous	\$ 8,166,527	\$ 4,629,921	\$ 12,796,448
CalPERS Safety	14,859,140	-	14,859,140
Total net pension liabilities	<u>\$ 23,025,667</u>	<u>\$ 4,629,921</u>	<u>\$ 27,655,588</u>
Deferred Inflows of Resources:			
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	\$ 142,777	\$ 80,945	\$ 223,722
CalPERS Safety	204,413	-	204,413
Total projected earnings on pension plan investments in excess of actual earnings	<u>347,190</u>	<u>80,945</u>	<u>428,135</u>
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	-	-	-
CalPERS Safety	85,451	-	85,451
Total adjustment due to difference in proportions	<u>85,451</u>	<u>-</u>	<u>85,451</u>
Employer contributions in excess of proportionate share of contribution:			
CalPERS Miscellaneous	750,537	425,509	1,176,046
CalPERS Safety	431,152	-	431,152
Total employer contributions in excess of proportionate share of contribution	<u>1,181,689</u>	<u>425,509</u>	<u>1,607,198</u>
Total deferred inflows of resources:			
CalPERS Miscellaneous	893,314	506,454	1,399,768
CalPERS Safety	721,016	-	721,016
Total deferred inflows of resources	<u>\$ 1,614,330</u>	<u>\$ 506,454</u>	<u>\$ 2,120,784</u>
Pension Expense:			
CalPERS Miscellaneous	\$ 1,442,891	\$ 519,564	\$ 1,962,455
CalPERS Safety	2,838,435	-	2,838,435
Total net pension expense	<u>\$ 4,281,326</u>	<u>\$ 519,564</u>	<u>\$ 4,800,890</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, 2020

Note 9 – Pension Plans (Continued)

B. General Information about Pension Plans (Continued)

Employees Covered by Benefit Terms

At June 30, 2019, the measurement date, the following employees were covered by the benefit terms:

	Miscellaneous	Miscellaneous PEPRA	Safety	Safety PEPRA Police	Safety PEPRA Fire
Active employees	64	40	33	7	6
Transferred and terminated employees	106	11	81	10	1
Retired employees and beneficiaries	128	-	92	-	-
Total	<u>298</u>	<u>51</u>	<u>206</u>	<u>17</u>	<u>7</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	Miscellaneous PEPRA	Safety	Safety PEPRA Police	Safety 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 employee contribution rate	8.00%	6.75%	9.00%	11.50%	11.50%
Required employer contribution rate	6.829%	6.058%	16.636%	13.034%	13.034%

Contributions

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each plan were as follows:

Miscellaneous	\$ 1,133,328
Safety	1,517,998
	<u>\$ 2,651,326</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – 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: 6/30/18 (valuation date)	\$ 51,239,313	\$ 39,627,144	\$ 11,612,169
Balance at: 6/30/19 (measurement date)	53,400,450	40,604,002	12,796,448
Net changes during 2018-2019	2,161,137	976,858	1,184,279
Safety			
Balance at: 6/30/18 (valuation date)	\$ 53,738,256	\$ 39,609,126	\$ 14,129,130
Balance at: 6/30/19 (measurement date)	55,748,051	40,888,911	14,859,140
Net changes during 2018-2019	2,009,795	1,279,785	730,010
Total			
Balance at: 6/30/18 (valuation date)	\$ 104,977,569	\$ 79,236,270	\$ 25,741,299
Balance at: 6/30/19 (measurement date)	109,148,501	81,492,913	27,655,588
Net changes during 2018-2019	4,170,932	2,256,643	1,914,289

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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2018	0.12050%	0.14662%	0.26351%
Proportion - June 30, 2019	0.12488%	0.14501%	0.26989%
Change - increase/(decrease)	0.00437%	-0.00161%	0.00638%

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Pension Plans (Continued)

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

For the year ended June 30, 2020, the City recognized pension expense of \$1,962,455 and \$2,838,435, for the Miscellaneous and Safety plans, respectively. At June 30, 2020, 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	\$ 1,133,328	\$ -
Difference between projected and actual earning on pension plan investments	-	223,722
Adjustment due to differences in proportions	352,954	-
Changes in assumptions	393,885	-
Difference between actual and expected experience	819,906	-
Difference between employer's actual contributions and proportionate share of contributions	-	1,176,046
Total	<u>\$ 2,700,073</u>	<u>\$ 1,399,768</u>
Safety Plans		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 1,517,998	\$ -
Difference between projected and actual earning on pension plan investments	-	204,413
Adjustment due to differences in proportions	-	85,451
Changes in assumptions	490,195	-
Difference between actual and expected experience	970,168	-
Difference between employer's actual contributions and proportionate share of contributions	-	431,152
Total	<u>\$ 2,978,361</u>	<u>\$ 721,016</u>
Total		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 2,651,326	\$ -
Difference between projected and actual earning on pension plan investments	-	428,135
Adjustment due to differences in proportions	352,954	85,451
Changes in assumptions	884,080	-
Difference between actual and expected experience	1,790,074	-
Difference between employer's actual contributions and proportionate share of contributions	-	1,607,198
Total	<u>\$ 5,678,434</u>	<u>\$ 2,120,784</u>

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – 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, \$1,133,328 and \$1,517,998, 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, 2020. 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
2021	\$ 404,554	\$ 909,954	\$ 1,314,508
2022	(302,728)	(236,117)	(538,845)
2023	19,943	25,738	45,681
2024	45,208	39,772	84,980
2025	-	-	-
Thereafter	-	-	-
	<u>\$ 166,977</u>	<u>\$ 739,347</u>	<u>\$ 906,324</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	3.3% to 14.2% depending on age, service, and type of employment
Investment rate of return	7.15%
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, 2018 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – 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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11 +²
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	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 2.0% was used for this period.

² An expected inflation of 2.9% 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. The difference was deemed immaterial to the Public Agency Cost Sharing Multiple-Employer Defined Benefit Pension Plan.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – 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% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 19,978,972	\$ 12,796,449	\$ 6,867,783
Safety	\$ 22,499,042	\$ 14,859,140	\$ 8,595,618
Total	\$ 42,478,014	\$ 27,655,589	\$ 15,463,401

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, 2020, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2020.

Note 10 – Other Postemployment Benefits

A. General Information about OPEB

Plan Description

As of June 30, 2020, the date of its most recent OPEB actuarial valuation, the City provided health benefits to 37 retirees. In addition, 102 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.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (Continued)

A. General Information about OPEB (Continued)

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, 2020, the date of the latest actuarial valuation:

Retirees	37
Active plan members	102
Total	139

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, 2020. For the fiscal year ended June 30, 2020, the City’s average contribution rate was 9.0 % of covered-employee payroll. Employees are not required to contribute to the plan.

B. 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, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability at June 30, 2020 was \$27,955,092.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Discount Rate	2.66%
Inflation	2.75%
Aggregate payroll increases	2.75%
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-2019
Healthcare Trend Rate	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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (Continued)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66% 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, 2019	\$ 33,880,635
Changes Recognized for the Measurement Period:	
Service Cost	590,159
Interest on the total OPEB liability	1,072,411
Difference between expected and actual experience	(9,512,833)
Changes of assumptions	2,776,757
Benefit payments	(852,037)
Net Changes during July 1, 2019 to June 30, 2020	(5,925,543)
Balance at June 30, 2020 (measurement date)	\$ 27,955,092

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 (1.66 percent) or 1-percentage- point higher (3.66 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (1.66%)	Current Discount Rate (2.66%)	Discount Rate + 1% (3.66%)
\$ 39,461,040	\$ 27,955,092	\$ 29,332,290

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%
\$ 24,024,174	\$ 27,955,092	\$ 40,456,559

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (Continued)

B. 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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$945,178. At June 30, 2020, 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	\$ -	\$ 8,153,857
Changes of assumptions	3,209,239	-
Total	\$ 3,209,239	\$ 8,153,857

As of June 30, 2020, 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, 2019, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

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

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2021	\$ (717,391)
2022	(717,391)
2023	(622,944)
2024	(962,296)
2025	(962,296)
Thereafter	(962,300)
	\$ (4,944,618)

Note 11 – Joint Powers Agreement – Calexico Special Financing Authority

The Calexico Special Financing Authority (“Authority”) was formed by a Joint Exercise of Powers Agreement (Joint Powers Agreement), dated as of June 20, 1996, by and between the City and the Heffernan Memorial Hospital District (“District”). The Authority is a public entity separate from the City and District. The Authority was created for the purpose of providing financing for local agencies, including the District and the City; and it is authorized pursuant to the Bond Law to issue bonds for the purpose of providing such financing. The debts, liabilities, and obligations of the Authority do not constitute debts, liabilities, or obligations of either the City or the District.

The Authority is administered by a commission (Commission) which consists of four members, each serving in his or her individual capacity as a member of the Commission. Two members of the Commission are appointed by the Mayor of the City, and two members of the Commission are appointed by the governing body of the District. All actions taken by the Authority require the affirmative vote of not less than three members of the Commission.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Joint Powers Agreement – Calexico Special Financing Authority (Continued)

The Joint Powers Agreement continues in full force and effect until December 31, 2016, unless extended or earlier terminated. The date of the final maturity of the bonds is January 1, 2018, but the Joint Powers Agreement may not terminate or be terminated until the date on which all the bonds and other indebtedness issued or to be issued by the Authority shall have been retired or full provision shall have been made for their retirement. The Joint Powers Agreement provides, among other things, that the City shall not be liable to the District or the Hospital on account of the City's participation in the Authority; that the City shall not be required to make any contributions, payments, or advances of public funds to the Authority.

In the Joint Powers Agreement, the City and the District agree to comply with all provisions of law relating to the one half percent special district sales tax; the City specifically agrees to take the steps necessary to continue to levy and collect the sales tax for the use thereof by the District; and the District agrees to take any and all actions required to maintain its status as a health care district under the State Constitution and laws of the State.

The Authority has no assets other than the Trust Estate and no income other than the tax revenues. Moreover, any assets acquired or income received by it in the future (other than assets that would be part of the Trust Estate and income that would constitute the revenues) would be pledged to the payment of the principal of or interest on the bonds.

On June 21, 2001, the Authority issued the Refunding Revenue Bonds, Series 2001 to advance refund the previously issue Revenue Bonds, Series 1996.

The bonds were issued to provide funds to purchase certain obligations of the District and to establish a reserve fund for the bonds. The bonds are authorized pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985 and are issued pursuant to a Trust Agreement dated October 29, 1996 by and between the Authority and State Street Bank and Trust Company of California, N.A. (Trustee). The bonds are payable from the ½ cent sales tax authorized to be imposed and collected within the corporate boundaries of the City for exclusive use of the District. The District has pledged and assigned its rights in the sales tax revenue to the Authority; and the Authority, in turn, has pledged and assigned its rights therein to the Trustee for the benefit of the owners of the bonds.

The bonds are special limited obligations of the Authority, payable from, and secured as to the payment of the principal and interest on the bonds in accordance with their terms and the terms of the trust agreement, solely from the Trust Estate. The bonds do not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal or interest on the bonds except from the Trust Estate. Neither the State of California nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal or interest on the bonds. Neither the faith and credit (except to the extent of the sales tax revenues) nor the taxing power of the State of California or any public agency thereof or any member of the Authority is pledged to the payment of the principal or interest on the bonds, and neither the principal or interest on the bonds constitutes a debt, liability or obligation of the State of California or any public agency (other than the Authority) or any member of the Authority.

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 8.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Commitments and Contingencies (Continued)

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, 2020 with an estimated cost to complete of approximately \$13,507,549 planned for in all fund types.

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 outstand District bonds.

During the year ended June 30, 2020, the City paid \$381,281 to the District under the terms of this Agreement.

E. COVID-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the City could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be estimated at this time.

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 of Calexico 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.

Note 15 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2020, the Governmental Activities Statement of Net Position had an unrestricted net position deficit of \$(45,637,213).

At June 30, 2020, the following funds had a fund balances (deficit) or net position (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
Other Operating Grants	Special Revenue Fund	\$ 23,336
DIF - Fire	Special Revenue Fund	142,610
Workers Compensation	Internal Service Fund	165,177
Successor Agency to the Calexico Community Redevelopment Agency	Private Purpose Trust Fund	14,257,408

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 15 – Other Required Disclosures (Continued)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations in the following functions of the General Fund:

<u>Fund</u>	<u>Function</u>	<u>Excess Expenditures</u>
General Fund	Public safety: Fire	\$ 289,007
General Fund	Community development	19,403

Note 16 – Fund Balance Classification

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds* as of June 30, 2020 as follows:

	Major Funds					Total
	General Fund	LTA Measure D Special Revenue Fund	LTA Measure D Capital Projects Fund	Measure H Capital Projects Fund	Other Governmental Funds	
Non-spendable:						
Inventories and prepaid items	\$ 88,731	\$ -	\$ -	\$ -	\$ -	\$ 88,731
Total non-spendable	88,731	-	-	-	-	88,731
Restricted:						
LTA Measure D	-	8,275,157	-	-	-	8,275,157
Debt service payments	-	-	-	-	3,028,031	3,028,031
Public works	-	-	-	-	4,377,866	4,377,866
Culture and recreation	-	-	-	-	94,602	94,602
Housing	-	-	-	-	4,858,138	4,858,138
Capital projects	-	-	7,669,501	6,504,953	8,583,347	22,757,801
Total restricted	-	8,275,157	7,669,501	6,504,953	20,941,984	43,391,595
Unassigned (deficit)	917,032	-	-	-	(165,946)	751,086
Total unassigned	917,032	-	-	-	(165,946)	751,086
Total fund balances	\$ 1,005,763	\$ 8,275,157	\$ 7,669,501	\$ 6,504,953	\$ 20,776,038	\$44,231,412

City of Calexico
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 17 – Subsequent Events

A. 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 will be 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 will be 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.

B. Coronavirus Relief Funds Allocation

On June 29, 2020, the State approved the budget and authorized the Department of Finance to allocate \$1,289,065,000 to address the public health and public safety impacts of COVID-19 including homelessness. Pursuant to the provisions of Control Section 11.90, cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. Based on the City’s population, the City is allocated \$284,898 and will be received in six installments starting July 2020.

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**REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited).**

City of Calexico
Required Supplementary Information (Unaudited)
Notes to the Budgetary Information
For the Year Ended June 30, 2020

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 a General Fund department, or within a non-General Fund fund. Budget amendments to a total General Fund department budget, non-General Fund 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.

The adopted budget of the City for governmental funds is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America, with one exception. The City includes in its General Fund budget the annual principal repayment of its long-term advance from the Wastewater Fund to reflect the full allocation of available revenues necessary to cover this debt service obligation. Consequently, the following non-GAAP adjustments were made to budgetary basis expenditures to provide a meaningful budget comparison.

	<u>Total Expenditures</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 16,270,129
Principal Payment on Wastewater Advance	<u>1,441,715</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	<u>\$ 17,711,844</u>

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts				Actual Amounts	Variance with Final Budget
	General Fund Original	Measure H Fund Original	Original Total	Final		
REVENUES:						
Property taxes	\$ 2,474,800	\$ -	\$ 2,474,800	\$ 2,735,800	\$ 2,719,600	\$ (16,200)
Other taxes:						
Other taxes	5,368,779	-	5,368,779	5,409,779	5,290,309	(119,470)
Measure H sales tax	-	2,637,000	2,637,000	2,737,000	2,749,782	12,782
Total other taxes	5,368,779	2,637,000	8,005,779	8,005,779	8,040,091	34,312
Licenses, permits and fees	1,995,600	-	1,995,600	1,645,600	1,701,031	55,431
Intergovernmental	3,257,000	-	3,257,000	3,257,000	3,343,601	86,601
Charges for services	1,985,147	-	1,985,147	1,886,460	2,123,497	237,037
Fines and forfeitures	255,500	-	255,500	195,500	223,491	27,991
Use of money and property	503,000	-	503,000	564,500	564,670	170
Other revenues	-	-	-	103,500	103,631	131
Total revenues	15,839,826	2,637,000	18,476,826	18,535,139	18,819,612	284,473
EXPENDITURES:						
Current:						
General government	3,319,309	-	3,319,309	3,343,281	3,341,169	2,112
Public safety:						
Police	4,767,383	850,000	5,617,383	5,595,323	5,224,122	371,201
Fire	3,806,918	400,000	4,206,918	4,303,717	4,592,724	(289,007)
Total public safety	8,574,301	1,250,000	9,824,301	9,899,040	9,816,846	82,194
Public works	939,166	-	939,166	912,825	835,564	77,261
Culture and recreation	988,235	-	988,235	942,228	832,660	109,568
Community development	531,617	-	531,617	599,381	618,784	(19,403)
Housing	320,198	-	320,198	316,599	316,158	441
Contribution to CFD 2013-1	300,000	-	300,000	382,000	381,281	719
Budgetary basis to GAAP conversion -						
Principal payment on wastewater advance	742,555	-	742,555	1,441,715	1,441,715	-
Capital outlay	-	-	-	56,400	53,976	2,424
Debt service:						
Principal	-	-	-	31,500	31,447	53
Interest and fiscal charges	-	-	-	42,333	42,244	89
Total expenditures	15,715,381	1,250,000	16,965,381	17,967,302	17,711,844	255,458
REVENUES OVER (UNDER) EXPENDITURES	124,445	1,387,000	1,511,445	567,837	1,107,768	539,931
OTHER FINANCING SOURCES (USES):						
Transfers in	387,000	(387,000)	-	-	-	-
Transfers out	(31,143)	(1,000,000)	(1,031,143)	(1,050,429)	(1,279,994)	(229,565)
Total other financing sources (uses)	355,857	(1,387,000)	(1,031,143)	(1,050,429)	(1,279,994)	(229,565)
Net changes in fund balance	480,302	-	480,302	(482,592)	(172,226)	310,366
Budgetary basis to GAAP conversion -						
Principal payment on wastewater advance	699,726	-	699,726	1,441,715	1,441,715	-
Net changes in fund balance, after budgetary conversion	\$ 1,180,028	\$ -	\$ 1,180,028	\$ 959,123	1,269,489	\$ 310,366
FUND BALANCE:						
Beginning of year					(263,726)	
End of year					<u>\$ 1,005,763</u>	

City of Calexico
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – LTA Measure D Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 840,000	\$ 840,000	\$ 724,625	\$ (115,375)
Use of money and property	-	-	157,764	157,764
Total revenues	<u>840,000</u>	<u>840,000</u>	<u>882,389</u>	<u>42,389</u>
EXPENDITURES:				
Current:				
Public works	-	-	150,000	(150,000)
Capital outlay	2,103,089	2,103,089	1,291,064	812,025
Total expenditures	<u>2,103,089</u>	<u>2,103,089</u>	<u>1,441,064</u>	<u>662,025</u>
Net changes in fund balance	<u>\$ (1,263,089)</u>	<u>\$ (1,263,089)</u>	(558,675)	<u>\$ 704,414</u>
FUND BALANCE:				
Beginning of year			<u>8,833,832</u>	
End of year			<u>\$ 8,275,157</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, 2020

Miscellaneous Plan

Measurement period, year ended	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016*</u>
Plan's proportion of the net pension liability	0.1248795%	0.1205049%	0.1152051%	0.1187121%
Plan's proportionate share of the net pension liability	\$ 12,796,448	\$ 11,612,169	\$ 11,772,982	\$ 11,772,982
Plan's covered-employee payroll	\$ 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	235.28%	219.91%	229.64%	236.53%
Plan's fiduciary net position	\$ 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	76.04%	77.34%	76.49%	75.16%
Plan's proportionate share of aggregate employer contributions	\$ 895,434	\$ 687,419	\$ 467,363	\$ 438,015

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

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, 2020

	Safety Plan					
Measurement period, year ended	<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	0.145009%	0.146625%	0.144796%	0.144796%	0.151039%	0.159430%
Plan's proportionate share of the net pension liability	\$ 14,859,140	\$ 14,129,130	\$ 14,359,822	\$ 12,862,930	\$ 10,367,155	\$ 9,920,642
Plan's covered-employee payroll	\$ 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	345.39%	338.28%	354.12%	326.72%	234.36%	203.93%
Plan's fiduciary net position	\$ 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	73.35%	73.71%	72.10%	72.85%	77.82%	78.05%
Plan's proportionate share of aggregate employer contributions	\$ 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 (Continued)
Last Ten Years
For the Year Ended June 30, 2020

Miscellaneous Plan

Total Pension Liability	6/30/2015*	6/30/2014*
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:

* - 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, 2020

Miscellaneous Plan

Fiscal Year:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14¹</u>
Contractually determined contribution (actuarially determined)	\$ 1,133,328	\$ 895,434	\$ 687,419	\$ 467,363	\$ 438,015	\$ 389,770	\$ 344,145
Contributions in relation to the actuarially determined contributions	(1,133,328)	(895,434)	(687,419)	(467,363)	(438,015)	(389,770)	(344,145)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 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	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 2020 were derived from the June 30, 2018 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA 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, 2020

Safety Plan							
Fiscal Year:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14¹</u>
Contractually determined contribution (actuarially determined)	\$ 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	(1,517,998)	(1,249,931)	(1,523,035)	(1,466,631)	(1,385,061)	(1,275,182)	(1,305,223)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 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	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 2020 were derived from the June 30, 2018 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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, 2020

Measurement period, year ending:	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018¹</u>
Total OPEB liability			
Service cost	\$ 590,159	\$ 517,429	\$ 515,161
Interest	1,072,411	1,102,423	1,060,772
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(9,512,833)	-	-
Changes of assumptions	2,776,757	1,696,768	(472,245)
Benefit payments, including refunds of member contributions	(852,037)	(832,731)	(781,907)
Net change in total OPEB liability	<u>(5,925,543)</u>	<u>2,483,889</u>	<u>321,781</u>
Total OPEB liability - beginning	<u>33,880,635</u>	<u>31,396,746</u>	<u>31,074,965</u>
Total OPEB liability - ending (a)	<u><u>\$ 27,955,092</u></u>	<u><u>\$ 33,880,635</u></u>	<u><u>\$ 31,396,746</u></u>
OPEB fiduciary net position			
Contributions - employer	\$ 852,037	\$ 832,731	\$ 781,907
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(852,037)	(832,731)	(781,907)
Administrative expense	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>	<u>-</u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 27,955,092</u></u>	<u><u>\$ 33,880,635</u></u>	<u><u>\$ 31,396,746</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 9,072,293	\$ 9,741,006	\$ 9,457,287
Plan net OPEB liability as a percentage of covered-employee payroll	308.14%	347.81%	331.98%

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, 2020

Special Revenue

	Library Grant	Community Donations	Art in Public Places	Cannabis Permits	El Portal	Gas Tax
ASSETS						
Cash and investments	\$ 4,512	\$ 95,003	\$ 104,258	\$ 39,975	\$ -	\$ 1,311,392
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	421	8,118	-
Intergovernmental	-	-	-	-	-	-
Total assets	\$ 4,512	\$ 95,003	\$ 104,258	\$ 40,396	\$ 8,118	\$ 1,311,392
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 4,512	\$ 401	\$ -	\$ 2,552	\$ 2,688	\$ 71,737
Accrued payroll	-	-	-	-	-	2,045
Due to other funds	-	-	-	-	5,430	-
Deposits payable	-	-	-	37,844	-	-
Total liabilities	4,512	401	-	40,396	8,118	73,782
Fund Balances:						
Restricted	-	94,602	104,258	-	-	1,237,610
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	-	94,602	104,258	-	-	1,237,610
Total liabilities and fund balances	\$ 4,512	\$ 95,003	\$ 104,258	\$ 40,396	\$ 8,118	\$ 1,311,392

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Special Revenue					
	Road Maintenance Rehabilitation	LTF Article 3	TDA	Prop 172 Public Safety Sales Tax	State COPS Grant	Operation Stonegarden
ASSETS						
Cash and investments	\$ 1,043,448	\$ 371,996	\$ 116,250	\$ -	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	111,607	35,261	42,381	223,966	160,290	-
Total assets	\$ 1,155,055	\$ 407,257	\$ 158,631	\$ 223,966	\$ 160,290	\$ -
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	223,966	160,290	-
Deposits payable	-	-	-	-	-	-
Total liabilities	-	-	-	223,966	160,290	-
Fund Balances:						
Restricted	1,155,055	407,257	158,631	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	1,155,055	407,257	158,631	-	-	-
Total liabilities and fund balances	\$ 1,155,055	\$ 407,257	\$ 158,631	\$ 223,966	\$ 160,290	\$ -

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Special Revenue					General Plan Update
	HIDTA	FEMA	Bravo-Victoria Eastside Village Assessment	Other Operating Grants	IVECA	
ASSETS						
Cash and investments	\$ -	\$ -	\$ 982,311	\$ -	\$ -	\$ 8,517
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	3,636	243,273	63,196	-	-	-
Total assets	<u>\$ 3,636</u>	<u>\$ 243,273</u>	<u>\$ 1,045,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,517</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 36,613	\$ 3,161	\$ 497	\$ -	\$ -
Accrued payroll	-	-	-	73	-	-
Due to other funds	3,636	206,660	-	22,766	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	<u>3,636</u>	<u>243,273</u>	<u>3,161</u>	<u>23,336</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	-	-	1,042,346	-	-	8,517
Unassigned (deficit)	-	-	-	(23,336)	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>1,042,346</u>	<u>(23,336)</u>	<u>-</u>	<u>8,517</u>
Total liabilities and fund balances	<u>\$ 3,636</u>	<u>\$ 243,273</u>	<u>\$ 1,045,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,517</u>

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Special Revenue					Federal CDBG Grant
	Solid Waste	Business Improvement District	Federal HOME Grant Fund	Successor Housing	State CalHOME Grant	
ASSETS						
Cash and investments	\$ 415,154	\$ 16,496	\$ 587,974	\$ 2,045,101	\$ 56,401	\$ 2,274,502
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	1,460	-	-	5,127
Intergovernmental	-	-	-	-	-	-
Total assets	<u>\$ 415,154</u>	<u>\$ 16,496</u>	<u>\$ 589,434</u>	<u>\$ 2,045,101</u>	<u>\$ 56,401</u>	<u>\$ 2,279,629</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 166,758	\$ 700	\$ 27,253	\$ -	\$ -	\$ 101,087
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	<u>166,758</u>	<u>700</u>	<u>27,253</u>	<u>-</u>	<u>-</u>	<u>101,087</u>
Fund Balances:						
Restricted	248,396	15,796	562,181	2,045,101	56,401	2,178,542
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>248,396</u>	<u>15,796</u>	<u>562,181</u>	<u>2,045,101</u>	<u>56,401</u>	<u>2,178,542</u>
Total liabilities and fund balances	<u>\$ 415,154</u>	<u>\$ 16,496</u>	<u>\$ 589,434</u>	<u>\$ 2,045,101</u>	<u>\$ 56,401</u>	<u>\$ 2,279,629</u>

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Special Revenue	Debt Service		Capital Projects		
	Local			Capital Grants		
	Housing Programs	Measure H Debt Service	Measure D Debt Service	General Capital Projects	Capital Projects Fund	DIF - Libraries
ASSETS						
Cash and investments	\$ 9,675	\$ -	\$ -	\$ 2,282,296	\$ -	\$ 243,004
Cash and investments with fiscal agents	-	998,831	2,029,200	-	-	-
Receivables:						
Accounts	6,238	-	-	-	-	-
Intergovernmental	-	-	-	-	180,084	-
Total assets	\$ 15,913	\$ 998,831	\$ 2,029,200	\$ 2,282,296	\$ 180,084	\$ 243,004
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 24,801	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	155,283	-
Deposits payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	180,084	-
Fund Balances:						
Restricted	15,913	998,831	2,029,200	2,282,296	-	243,004
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	15,913	998,831	2,029,200	2,282,296	-	243,004
Total liabilities and fund balances	\$ 15,913	\$ 998,831	\$ 2,029,200	\$ 2,282,296	\$ 180,084	\$ 243,004

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Capital Projects					
	DIF - Parks/ Recreation	DIF - Parking	DIF - General Government	DIF - Traffic	DIF - Police	DIF - Fire
ASSETS						
Cash and investments	\$ 507,283	\$ 264,793	\$ 340,713	\$ 1,830,662	\$ 239,403	\$ -
Cash and investments with fiscal agents	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Total assets	\$ 507,283	\$ 264,793	\$ 340,713	\$ 1,830,662	\$ 239,403	\$ -
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 98,538	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	142,610
Deposits payable	-	-	-	-	-	-
Total liabilities	98,538	-	-	-	-	142,610
Fund Balances:						
Restricted	408,745	264,793	340,713	1,830,662	239,403	-
Unassigned (deficit)	-	-	-	-	-	(142,610)
Total fund balances	408,745	264,793	340,713	1,830,662	239,403	(142,610)
Total liabilities and fund balances	\$ 507,283	\$ 264,793	\$ 340,713	\$ 1,830,662	\$ 239,403	\$ -

(Continued)

City of Calexico
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Capital Projects					Other Governmental Funds
	Cole Road Improvements	Northwest Area Development	East Area Facilities Plan	Corsair, LLC	New River Grants	
ASSETS						
Cash and investments	\$ 1,573,683	\$ 464,275	\$ 935,773	\$ -	\$ 690	\$ 18,165,540
Cash and investments with fiscal agents	-	-	-	-	-	3,028,031
Receivables:						
Accounts	-	-	-	-	-	21,364
Intergovernmental	-	-	-	-	38,659	1,102,353
Total assets	\$ 1,573,683	\$ 464,275	\$ 935,773	\$ -	\$ 39,349	\$ 22,317,288
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 690	\$ 541,988
Accrued payroll	-	-	-	-	-	2,118
Due to other funds	-	-	-	-	38,659	959,300
Deposits payable	-	-	-	-	-	37,844
Total liabilities	-	-	-	-	39,349	1,541,250
Fund Balances:						
Restricted	1,573,683	464,275	935,773	-	-	20,941,984
Unassigned (deficit)	-	-	-	-	-	(165,946)
Total fund balances	1,573,683	464,275	935,773	-	-	20,776,038
Total liabilities and fund balances	\$ 1,573,683	\$ 464,275	\$ 935,773	\$ -	\$ 39,349	\$ 22,317,288

(Concluded)

City of Calexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue					
	Library Grant	Community Donations	Art in Public Places	Cannabis Permits	El Portal	Gas Tax
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	24,635	-	-	-	-	904,744
Charges for services	-	-	9,902	31,779	8,117	-
Use of money and property	-	-	1,893	-	-	23,715
Other revenues	-	113,458	-	-	-	-
Total revenues	24,635	113,458	11,795	31,779	8,117	928,459
EXPENDITURES:						
Current:						
General government	-	93,895	-	-	4,261	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	2,688	1,197,599
Culture and recreation	33,799	-	26,955	-	-	-
Community development	-	-	-	31,779	-	-
Housing	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	33,799	93,895	26,955	31,779	6,949	1,197,599
REVENUES OVER (UNDER) EXPENDITURES	(9,164)	19,563	(15,160)	-	1,168	(269,140)
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	(9,164)	19,563	(15,160)	-	1,168	(269,140)
FUND BALANCES:						
Beginning of year	9,164	75,039	119,418	-	(1,168)	1,506,750
End of year	\$ -	\$ 94,602	\$ 104,258	\$ -	\$ -	\$ 1,237,610

(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, 2020

	Special Revenue					
	Road Maintenance Rehabilitation	LTF Article 3	TDA	Prop 172 Public Safety Sales Tax	State COPS Grant	Operation Stonegarden
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	778,304	35,261	84,347	223,966	160,290	12,995
Charges for services	-	-	-	-	-	-
Use of money and property	18,950	6,756	1,690	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	797,254	42,017	86,037	223,966	160,290	12,995
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	223,966	160,290	12,995
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	-	-	223,966	160,290	12,995
REVENUES OVER (UNDER) EXPENDITURES	797,254	42,017	86,037	-	-	-
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	797,254	42,017	86,037	-	-	-
FUND BALANCES:						
Beginning of year	357,801	365,240	72,594	-	-	-
End of year	<u>\$ 1,155,055</u>	<u>\$ 407,257</u>	<u>\$ 158,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2020

	Special Revenue					General Plan Update
	HIDTA	FEMA	Bravo-Victoria Eastside Village Assessment	Other Operating Grants	IVECA	
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 93,274	\$ -
Intergovernmental	12,471	271,533	-	-	-	-
Charges for services	-	-	152,188	-	-	-
Use of money and property	-	-	17,840	-	-	154
Other revenues	-	-	-	-	-	-
Total revenues	12,471	271,533	170,028	-	93,274	154
EXPENDITURES:						
Current:						
General government	-	28,371	-	-	-	-
Public safety	12,471	221,777	-	23,336	133,695	-
Public works	-	9,482	33,133	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	2,702	-	-	-	-
Housing	-	-	-	-	-	-
Capital outlay	-	9,201	5,337	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	12,471	271,533	38,470	23,336	133,695	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	131,558	(23,336)	(40,421)	154
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	40,421	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	40,421	-
Net change in fund balances	-	-	131,558	(23,336)	-	154
FUND BALANCES:						
Beginning of year	-	-	910,788	-	-	8,363
End of year	\$ -	\$ -	\$ 1,042,346	\$ (23,336)	\$ -	\$ 8,517

(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, 2020

	Special Revenue					Federal CDBG Grant
	Solid Waste	Business Improvement District	Federal HOME Grant Fund	Successor Housing	State CalHOME Grant	
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	15,790	34,553	-	42,276	64,390
Charges for services	2,188,222	-	-	-	-	-
Use of money and property	3,705	300	-	46,703	1,025	-
Other revenues	-	-	-	-	-	-
Total revenues	2,191,927	16,090	34,553	46,703	43,301	64,390
EXPENDITURES:						
Current:						
General government	-	55,388	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	2,038,784	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Housing	-	-	4,078	226	-	7,052
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	2,038,784	55,388	4,078	226	-	7,052
REVENUES OVER (UNDER) EXPENDITURES	153,143	(39,298)	30,475	46,477	43,301	57,338
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	153,143	(39,298)	30,475	46,477	43,301	57,338
FUND BALANCES:						
Beginning of year	95,253	55,094	531,706	1,998,624	13,100	2,121,204
End of year	\$ 248,396	\$ 15,796	\$ 562,181	\$ 2,045,101	\$ 56,401	\$ 2,178,542

(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, 2020

	Special Revenue	Debt Service		Capital Projects		
	Local Housing Programs	Measure H Debt Service	Measure D Debt Service	General Capital Projects	Capital Grants Capital Projects Fund	DIF - Libraries
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,770,065	-	59,188	-
Charges for services	4,000	-	-	-	-	2,632
Use of money and property	21,001	1,473	38,769	41,630	-	4,413
Other revenues	-	-	-	-	-	-
Total revenues	25,001	1,473	1,808,834	41,630	59,188	7,045
EXPENDITURES:						
Current:						
General government	-	3,877	1,674	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Housing	19,693	-	-	-	-	-
Capital outlay	-	-	-	83,468	59,188	-
Debt service:						
Principal	-	610,000	840,000	-	-	-
Interest and fiscal charges	-	385,200	949,350	-	-	-
Total expenditures	19,693	999,077	1,791,024	83,468	59,188	-
REVENUES OVER (UNDER) EXPENDITURES	5,308	(997,604)	17,810	(41,838)	-	7,045
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of long-term debt	-	-	-	73,697	-	-
Transfers in	-	996,076	-	-	-	-
Transfers out	-	-	-	(10,000)	-	-
Total other financing sources (uses)	-	996,076	-	63,697	-	-
Net change in fund balances	5,308	(1,528)	17,810	21,859	-	7,045
FUND BALANCES:						
Beginning of year	10,605	1,000,359	2,011,390	2,260,437	-	235,959
End of year	\$ 15,913	\$ 998,831	\$ 2,029,200	\$ 2,282,296	\$ -	\$ 243,004

(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, 2020

	Capital Projects					
	DIF - Parks/ Recreation	DIF - Parking	DIF - General Government	DIF - Traffic	DIF - Police	DIF - Fire
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	13,068	-	1,861	13,676	8,350	8,725
Use of money and property	9,213	4,809	6,188	33,246	4,348	-
Other revenues	-	-	-	-	-	-
Total revenues	22,281	4,809	8,049	46,922	12,698	8,725
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Capital outlay	261,287	-	273	-	48,010	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	261,287	-	273	-	48,010	-
REVENUES OVER (UNDER) EXPENDITURES	(239,006)	4,809	7,776	46,922	(35,312)	8,725
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	(239,006)	4,809	7,776	46,922	(35,312)	8,725
FUND BALANCES:						
Beginning of year	647,751	259,984	332,937	1,783,740	274,715	(151,335)
End of year	<u>\$ 408,745</u>	<u>\$ 264,793</u>	<u>\$ 340,713</u>	<u>\$ 1,830,662</u>	<u>\$ 239,403</u>	<u>\$ (142,610)</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, 2020

	Capital Projects					Other Governmental Funds
	Cole Road Improvements	Northwest Area Development	East Area Facilities Plan	Corsair, LLC	New River Grants	
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,274
Intergovernmental	-	-	-	-	130	4,494,938
Charges for services	-	-	-	-	-	2,442,520
Use of money and property	28,580	8,431	16,994	-	-	341,826
Other revenues	-	-	-	-	-	113,458
Total revenues	28,580	8,431	16,994	-	130	7,486,016
EXPENDITURES:						
Current:						
General government	-	-	-	243,497	-	430,963
Public safety	-	-	-	-	-	788,530
Public works	-	-	-	-	-	3,281,686
Culture and recreation	-	-	-	-	-	60,754
Community development	-	338	-	-	-	34,819
Housing	-	-	-	-	-	31,049
Capital outlay	16,801	-	-	-	130	483,695
Debt service:						
Principal	-	-	-	-	-	1,450,000
Interest and fiscal charges	-	-	-	-	-	1,334,550
Total expenditures	16,801	338	-	243,497	130	7,896,046
REVENUES OVER (UNDER) EXPENDITURES	11,779	8,093	16,994	(243,497)	-	(410,030)
OTHER FINANCING SOURCES (USES):						
Proceeds from issuance of long-term debt	-	-	-	-	-	73,697
Transfers in	-	-	-	243,497	-	1,279,994
Transfers out	-	-	-	-	-	(10,000)
Total other financing sources (uses)	-	-	-	243,497	-	1,343,691
Net change in fund balances	11,779	8,093	16,994	-	-	933,661
FUND BALANCES:						
Beginning of year	1,561,904	456,182	918,779	-	-	19,842,377
End of year	<u>\$ 1,573,683</u>	<u>\$ 464,275</u>	<u>\$ 935,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,776,038</u>

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INTERNAL SERVICE FUNDS

City of Calexico
Statement of Net Position
All Internal Service Funds
June 30, 2020

	Payroll	Medical Active	Medical Retirees	Workers' Compensation
ASSETS				
Current assets:				
Cash and investments	\$ 408,400	\$ 214,339	\$ 100,073	\$ 961,440
Accounts receivable, net	-	11,629	34,068	11,074
Intergovernmental receivable	21,307	-	-	-
Due from other funds	-	-	-	1,100,877
Deposits	-	-	-	125,000
Inventories and prepaid items	-	-	-	-
Total current assets	429,707	225,968	134,141	2,198,391
Total assets	429,707	225,968	134,141	2,198,391
LIABILITIES				
Current liabilities:				
Accounts payable	157,410	94,277	59,377	60,612
Accrued payroll	272,297	-	-	-
Claims payable - due within one year	-	-	-	596,000
Long-term debt - due within one year	-	-	-	363,956
Total current liabilities	429,707	94,277	59,377	1,020,568
Noncurrent liabilities:				
Claims payable - due in more than one year	-	-	-	1,343,000
Total noncurrent liabilities	-	-	-	1,343,000
Total liabilities	429,707	94,277	59,377	2,363,568
NET POSITION				
Unrestricted (deficit)	-	131,691	74,764	(165,177)
Total net position	\$ -	\$ 131,691	\$ 74,764	\$ (165,177)

(Continued)

City of Calexico
Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2020

	General Liability	Unemployment Insurance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 590,418	\$ 2,333	\$ 2,277,003
Accounts receivable, net	-	182	56,953
Intergovernmental receivable	-	-	21,307
Due from other funds	683,441	-	1,784,318
Deposits	50,000	-	175,000
Inventories and prepaid items	122,729	-	122,729
Total current assets	1,446,588	2,515	4,437,310
Total assets	1,446,588	2,515	4,437,310
LIABILITIES			
Current liabilities:			
Accounts payable	188,741	1,731	562,148
Accrued payroll	-	-	272,297
Claims payable - due within one year	526,568	-	1,122,568
Long-term debt - due within one year	479,177	-	843,133
Total current liabilities	1,194,486	1,731	2,800,146
Noncurrent liabilities:			
Claims payable - due in more than one year	231,000	-	1,574,000
Total noncurrent liabilities	231,000	-	1,574,000
Total liabilities	1,425,486	1,731	4,374,146
NET POSITION			
Unrestricted (deficit)	21,102	784	63,164
Total net position	\$ 21,102	\$ 784	\$ 63,164

(Concluded)

City of Calexico
Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2020

	Payroll	Medical Active	Medical Retirees	Workers' Compensation
OPERATING REVENUES:				
Charges for services	\$ -	\$ 1,641,086	\$ 990,000	\$ 1,428,407
Other revenue	-	330,167	57,604	-
Total operating revenues	-	1,971,253	1,047,604	1,428,407
OPERATING EXPENSES:				
Material, supplies, and operational expenses	-	35,738	8,400	43,373
Insurance	-	-	-	172,543
Claim payments (reserves)	-	1,359,972	885,704	939,820
Claims administration	-	619,523	194,309	56,677
Total operating expenses	-	2,015,233	1,088,413	1,212,413
OPERATING INCOME (LOSS)	-	(43,980)	(40,809)	215,994
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	-	8,251	2,271	28,137
Total nonoperating revenues (expenses)	-	8,251	2,271	28,137
INCOME (LOSS) BEFORE TRANSFERS	-	(35,729)	(38,538)	244,131
TRANSFERS:				
Transfers in	-	-	-	513,000
Transfers out	-	-	-	-
Total transfers	-	-	-	513,000
Changes in net position	-	(35,729)	(38,538)	757,131
NET POSITION:				
Beginning of year	-	167,420	113,302	(922,308)
End of year	\$ -	\$ 131,691	\$ 74,764	\$ (165,177)

(Continued)

City of Calexico
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2020

	General Liability	Unemployment Insurance	Total
OPERATING REVENUES:			
Charges for services	\$ 1,100,131	\$ 74,873	\$ 5,234,497
Other revenue	-	-	387,771
Total operating revenues	1,100,131	74,873	5,622,268
OPERATING EXPENSES:			
Material, supplies, and operational expenses	31,891	-	119,402
Insurance	345,218	-	517,761
Claim payments (reserves)	17,163	18,137	3,220,796
Claims administration	32,250	-	902,759
Total operating expenses	426,522	18,137	4,760,718
OPERATING INCOME (LOSS)	673,609	56,736	861,550
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	31,398	1,096	71,153
Total nonoperating revenues (expenses)	31,398	1,096	71,153
INCOME (LOSS) BEFORE TRANSFERS	705,007	57,832	932,703
TRANSFERS:			
Transfers in	-	-	513,000
Transfers out	(455,000)	(58,000)	(513,000)
Total transfers	(455,000)	(58,000)	-
Changes in net position	250,007	(168)	932,703
NET POSITION:			
Beginning of year	(228,905)	952	(869,539)
End of year	\$ 21,102	\$ 784	\$ 63,164

(Concluded)

City of Calexico
Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2020

	Payroll	Medical Active	Medical Retirees	Workers Compensation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	\$ -	\$ 2,002,580	\$ 1,208,362	\$ 1,430,873
Cash payments to suppliers for goods and services	429,707	(620,755)	(189,522)	(77,667)
Cash payments for claims and insurance	-	(1,359,972)	(885,704)	(755,593)
Net cash provided by operating activities	<u>429,707</u>	<u>21,853</u>	<u>133,136</u>	<u>597,613</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue (expense)	16,760	-	-	-
Interfund borrowing (lending)	-	-	(35,334)	(425,307)
Repayment of interfund borrowing (lending)	(38,067)	-	-	-
Transfers in	-	-	-	513,000
Transfers out	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(21,307)</u>	<u>-</u>	<u>(35,334)</u>	<u>87,693</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	-	8,251	2,271	28,137
Net cash provided by investing activities	<u>-</u>	<u>8,251</u>	<u>2,271</u>	<u>28,137</u>
Net increase (decrease) in cash and cash equivalents	408,400	30,104	100,073	713,443
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	184,235	-	247,997
End of year	<u>\$ 408,400</u>	<u>\$ 214,339</u>	<u>\$ 100,073</u>	<u>\$ 961,440</u>

(Continued)

City of Calexico
Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2020

	General Liability	Unemployment Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	\$ 1,100,131	\$ 74,691	\$ 5,816,637
Cash payments to suppliers for goods and services	(29,467)	-	(487,704)
Cash payments for claims and insurance	(398,924)	(23,110)	(3,423,303)
Net cash provided by operating activities	671,740	51,581	1,905,630
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue (expense)	-	-	16,760
Interfund borrowing (lending)	-	-	(460,641)
Repayment of interfund borrowing (lending)	74,126	-	36,059
Transfers in	-	-	513,000
Transfers out	(455,000)	(58,000)	(513,000)
Net cash provided by (used in) noncapital financing activities	(380,874)	(58,000)	(407,822)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	31,398	1,096	71,153
Net cash provided by investing activities	31,398	1,096	71,153
Net increase (decrease) in cash and cash equivalents	322,264	(5,323)	1,568,961
CASH AND CASH EQUIVALENTS:			
Beginning of year	268,154	7,656	708,042
End of year	<u>\$ 590,418</u>	<u>\$ 2,333</u>	<u>\$ 2,277,003</u>

(Continued)

City of Calexico
Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2020

	Payroll	Medical Active	Medical Retirees	Workers Compensation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ -	\$ (43,980)	\$ (40,809)	\$ 215,994
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in operating assets and liabilities:				
Accounts receivable	-	31,327	160,758	2,466
Inventories and prepaid items	-	-	-	-
Accounts payable	157,410	34,506	13,187	22,383
Accrued payroll	272,297	-	-	-
Claims payable	-	-	-	356,770
Total adjustments	<u>429,707</u>	<u>65,833</u>	<u>173,945</u>	<u>381,619</u>
Net cash provided by operating activities	<u><u>\$ 429,707</u></u>	<u><u>\$ 21,853</u></u>	<u><u>\$ 133,136</u></u>	<u><u>\$ 597,613</u></u>
SCHEDULE OF NONCASH NONCAPITAL FINANCING ACTIVITIES:				
JPIA payment plan adjustments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,770</u>
Total noncash noncapital financing activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,770</u></u>

(Continued)

City of Calexico
Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2020

	General Liability	Unemployment Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 673,609	\$ 56,736	\$ 861,550
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable	-	(182)	194,369
Inventories and prepaid items	(120,897)	-	(120,897)
Accounts payable	155,571	(4,973)	378,084
Accrued payroll	-	-	272,297
Claims payable	(36,543)	-	320,227
Total adjustments	<u>(1,869)</u>	<u>(5,155)</u>	<u>1,044,080</u>
Net cash provided by operating activities	<u>\$ 671,740</u>	<u>\$ 51,581</u>	<u>\$ 1,905,630</u>
SCHEDULE OF NONCASH NONCAPITAL FINANCING ACTIVITIES:			
JPIA payment plan adjustments	\$ (230,111)	\$ -	\$ (192,341)
Total noncash noncapital financing activities	<u>\$ (230,111)</u>	<u>\$ -</u>	<u>\$ (192,341)</u>

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ALL AGENCY FUNDS

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City of Calexico
Combining Statement of Fiduciary Net Position
All Agency Funds
June 30, 2020

	Corsair 2013-1 Gran Plaza CFD	Towncenter CFD	Hearthstone 2005-1 CFD	Venezia CFD	Total Agency Funds
ASSETS					
Cash and investments	\$ 195,576	\$ 8,458	\$ 57,046	\$ 22,339	\$ 283,419
Cash and investments with fiscal agents	769,387	-	195,098	-	964,485
Accounts receivable	124,488	-	197,260	-	321,748
Total assets	\$ 1,089,451	\$ 8,458	\$ 449,404	\$ 22,339	\$ 1,569,652
LIABILITIES					
Accounts payable	\$ 213	\$ -	\$ 2,842	\$ -	\$ 3,055
Due to bondholders	1,089,238	8,458	446,562	22,339	1,566,597
Total liabilities	\$ 1,089,451	\$ 8,458	\$ 449,404	\$ 22,339	\$ 1,569,652

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City of Calexico
Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Corsair 2013-1 Gran Plaza CFD</u>				
Assets:				
Cash and investments	\$ 449,421	\$ -	\$ (253,845)	\$ 195,576
Cash and investments with fiscal agent	629,480	139,907	-	769,387
Accounts receivable	-	124,488	-	124,488
Total assets	\$ 1,078,901	\$ 264,395	\$ (253,845)	\$ 1,089,451
Liabilities:				
Accounts payable	\$ 2,124	\$ -	\$ (1,911)	\$ 213
Due to bondholders	1,076,777	12,461	-	1,089,238
Total liabilities	\$ 1,078,901	\$ 12,461	\$ (1,911)	\$ 1,089,451
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Towncenter CFD</u>				
Assets:				
Cash and investments	\$ 8,304	\$ 154	\$ -	\$ 8,458
Total assets	\$ 8,304	\$ 154	\$ -	\$ 8,458
Liabilities:				
Due to bondholders	\$ 8,304	\$ 154	\$ -	\$ 8,458
Total liabilities	\$ 8,304	\$ 154	\$ -	\$ 8,458
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Hearthstone 2005-1 CFD</u>				
Assets:				
Cash and investments	\$ 132,063	\$ -	\$ (75,017)	\$ 57,046
Cash and investments with fiscal agent	362,096	-	(166,998)	195,098
Accounts receivable	10,190	187,070	-	197,260
Total assets	\$ 504,349	\$ 187,070	\$ (242,015)	\$ 449,404
Liabilities:				
Accounts payable	\$ 5,241	\$ -	\$ (2,399)	\$ 2,842
Due to bondholders	499,108	-	(52,546)	446,562
Total liabilities	\$ 504,349	\$ -	\$ (54,945)	\$ 449,404

City of Calexico
Statement of Changes in Fiduciary Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Venezia CFD</u>				
Assets:				
Cash and investments	\$ 21,933	\$ 406	\$ -	\$ 22,339
Total assets	\$ 21,933	\$ 406	\$ -	\$ 22,339
Liabilities:				
Due to bondholders	\$ 21,933	\$ 406	\$ -	\$ 22,339
Total liabilities	\$ 21,933	\$ 406	\$ -	\$ 22,339
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 611,721	\$ 560	\$ (328,862)	\$ 283,419
Cash and investments with fiscal agent	991,576	139,907	(166,998)	964,485
Accounts receivable	10,190	311,558	-	321,748
Total assets	\$ 1,613,487	\$ 452,025	\$ (495,860)	\$ 1,569,652
Liabilities:				
Accounts payable	\$ 7,365	\$ -	\$ (4,310)	\$ 3,055
Due to bondholders	1,606,122	13,021	(52,546)	1,566,597
Total liabilities	\$ 1,613,487	\$ 13,021	\$ (56,856)	\$ 1,569,652



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the 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, the 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and Members of the City Council
of the City of Calexico
Calexico, California
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

San Diego, California
March 25, 2021