



CITY OF EL CENTRO
**Annual Comprehensive
Financial Report**

YEAR ENDED JUNE 30, 2023

CITY OF EL CENTRO
BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

CITY OF EL CENTRO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2023

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CITY OF EL CENTRO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2022

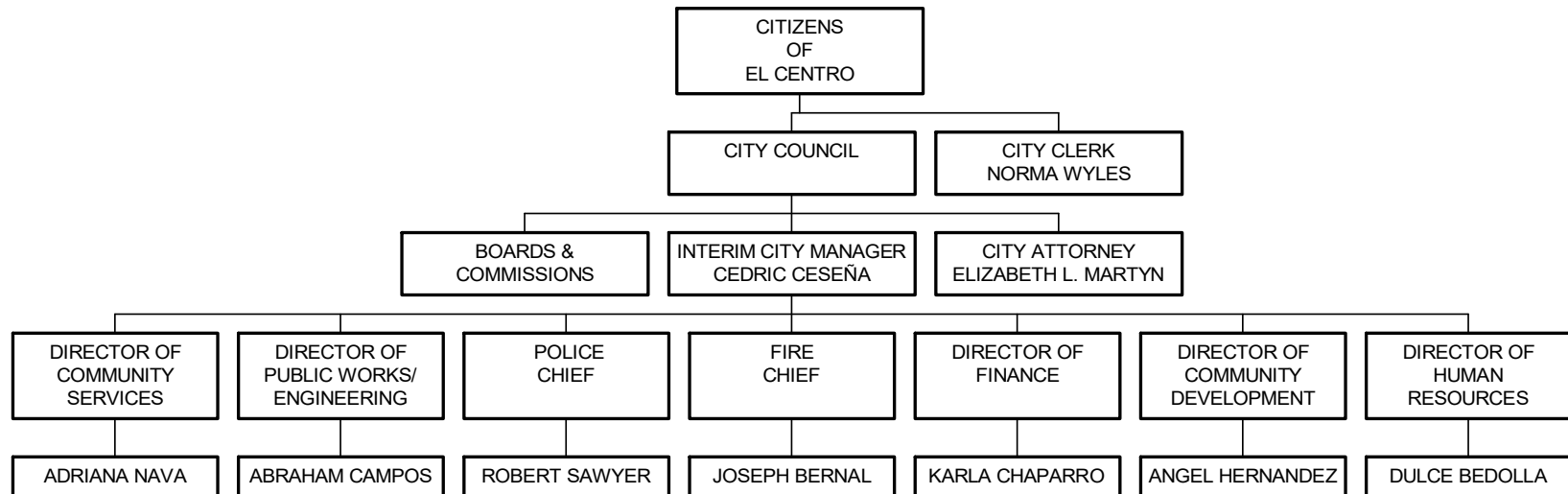
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City of El Centro Organizational Chart



CITY OF EL CENTRO

**Martha Cardenas-Singh
Mayor**

**Tomas Oliva
Council Member**

**Edgard Garcia
Council Member**

**Sonia Carter
Council Member**

**Sylvia Marroquin
Council Member**

**Cedric Ceseña
Interim City Manager**

**Elizabeth Martyn
City Attorney**

**Norma Wyles
City Clerk**

**Dulce Bedolla
Abraham Campos
Joseph Bernal
Robert Sawyer
Adriana Nava
Angel Hernandez**

**Director of Human Resources
Director of Public Works/City Engineer
Fire Chief
Police Chief
Director of Community Services
Director of Community Development**

Prepared By:

**Elizabeth Fuchen
Interim Director of Finance**

FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Members of the City Council of the
City of El Centro
El Centro, California

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Centro, California (City), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Centro, California, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Hospital Fund, which represents 75.1%, 87.2%, and (26.6%), respectively, of the assets, revenues, and net position of Business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital Fund, is based solely on the report of the other auditors. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Emphasis of Matter

Substantial Doubt about the Hospital Fund's Ability to Continue as a Going Concern

The financial statements of the Hospital fund have been prepared assuming that the Hospital Fund will continue as a going concern. As Discussed in Note 23 to the financial statements, the Hospital Fund does not have recurring income sufficient to meet its ongoing operating expenditures or debt service obligations that raise substantial doubt about its ability to continue as a going concern. Management evaluation of these events and conditions and management's plan regarding those matters are also described in note 23. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, the Note to Required Supplementary Information, the Schedule of Changes in Net OPEB Liability and Related Ratios, the Schedule of OPEB Employer Contributions, the Schedule of Changes in Net Pension Liability and Related Ratios – City Miscellaneous Plan, the Schedule of Pension Contributions – City Miscellaneous Plan, the Schedule of Proportionate Share of Net Pension Liability – City Safety Plan, the Schedule of Pension Contributions – City Safety Plan, the Schedule of Proportionate Share of Net Pension

Liability – Hospital Plan, the Schedule of Pension Contributions – Hospital Plan on pages 101 through 110 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Management has elected not to present the Management Discussion and Analysis section. 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s financial statements as a whole. The introductory section, combining nonmajor governmental fund financial statements, combining nonmajor proprietary fund financial statements, combining internal service fund financial statements, the combining private purpose trust and agency fund financial statements are presented for purposes of additional analysis and are not required parts of the financial statements. The combining nonmajor governmental fund financial statements, combining nonmajor proprietary fund financial statements, combining internal service fund financial statements, and combining private purpose trust and agency fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, 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



Moss, Levy & Hartzheim, LLP
Culver City, California
March 31, 2025

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CITY OF EL CENTRO

Statement of Net Position

June 30, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Investments	\$ 89,212,168	\$ 59,503,291	\$ 148,715,459
Restricted Assets:			
Cash and Investments	4,114,184	14,392,976	18,507,160
Cash and Investments with Fiscal Agent	50,739,887	3,974,524	54,714,411
Receivables (net of allowances for uncollectibles)			
Accounts		16,538,643	16,538,643
Taxes	4,005,639		4,005,639
Interest	3,553,113	260,195	3,813,308
Grants	776,870		776,870
Leases	418,149		418,149
Notes	22,086,786	378,220	22,465,006
Other	1,342,974	1,034,618	2,377,592
Internal Balances	85,830	(85,830)	
Inventories		2,754,579	2,754,579
Net OPEB Asset	4,111,250		4,111,250
Prepaid Items		2,366,993	2,366,993
Investment in Joint Venture		262,595	262,595
Land Held for Resale	59,089		59,089
Capital Assets Not Being Depreciated	28,708,442	75,890,009	104,598,451
Capital Assets, Net of Accumulated Depreciation	82,851,988	122,205,611	205,057,599
Total Assets	<u>292,066,369</u>	<u>299,476,424</u>	<u>591,542,793</u>
Deferred Outflows of Resources:			
Deferred Loss on Debt Refunding		2,834,469	2,834,469
OPEB related	1,398,281		1,398,281
Pension related	23,151,632	13,926,196	37,077,828
Total Deferred Outflows of Resources	<u>24,549,913</u>	<u>16,760,665</u>	<u>41,310,578</u>
Liabilities:			
Accounts Payable	4,684,249	26,423,209	31,107,458
Salaries/Benefits Payable	847,457	8,185,069	9,032,526
Interest Payable	231,716	450,473	682,189
Unearned Revenue		68,395	68,395
Deposits	5,218,572	93,584	5,312,156
Non-Current Liabilities:			
Net Pension Liability	52,322,002	60,752,783	113,074,785
Due Within One Year	3,129,963	121,150,566	124,280,529
Due in More Than One Year	77,641,242	48,734,545	126,375,787
Total Liabilities	<u>144,075,201</u>	<u>265,858,624</u>	<u>409,933,825</u>
Deferred Inflows of Resources:			
Leases	405,619		405,619
OPEB related	2,546,563		2,546,563
Pension related	4,303,257	654,559	4,957,816
Total Deferred Inflows of Resources	<u>7,255,439</u>	<u>654,559</u>	<u>7,909,998</u>
Net Position:			
Net Investment in Capital Assets	42,540,383	28,566,759	71,107,142
Restricted for:			
Housing	5,347,475		5,347,475
Special Projects	2,794,814		2,794,814
Debt Service	2,692,332	15,679,656	18,371,988
Community Development	38,051,466		38,051,466
Asset Forfeiture	745,254		745,254
Public Safety	43,014,054		43,014,054
Street and Roads	11,410,234		11,410,234
Pension Plan	4,114,184		4,114,184
Landscaping	144,494		144,494
Unrestricted	14,430,952	5,477,491	19,908,443
Total Net Position	<u>\$ 165,285,642</u>	<u>\$ 49,723,906</u>	<u>\$ 215,009,548</u>

The notes to the financial statements are an integral part of this statement

CITY OF EL CENTRO
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 4,775,746	\$ 805,241	\$ 275,385	\$ -	\$ (3,695,120)	\$ -	\$ (3,695,120)
Public Protection	16,287,726	296,950	982,725		(15,008,051)		(15,008,051)
Community Development	4,678,930	737,684	1,742,130	18,264	(2,180,852)		(2,180,852)
Public Works	6,249,575	31,425	3,104,696	6,215,058	3,101,604		3,101,604
Parks and Recreation	10,171,690	389,050	707	83,595	(9,698,338)		(9,698,338)
Interest on Long-Term Liabilities	1,269,848				(1,269,848)		(1,269,848)
Total Governmental Activities	<u>43,433,515</u>	<u>2,260,350</u>	<u>6,105,643</u>	<u>6,316,917</u>	<u>(28,750,605)</u>		<u>(28,750,605)</u>
Business-Type Activities:							
Water	11,800,702	9,057,522	868,000	(868,000)		(2,743,180)	(2,743,180)
Wastewater	11,124,078	10,108,923				(1,015,155)	(1,015,155)
Hospital	183,003,766	147,493,385	1,692,721			(33,817,660)	(33,817,660)
Solid Waste	2,403,686	2,442,053				38,367	38,367
Total Business-Type Activities	<u>208,332,232</u>	<u>169,101,883</u>	<u>2,560,721</u>	<u>(868,000)</u>		<u>(37,537,628)</u>	<u>(37,537,628)</u>
Total Primary Government	<u>\$ 251,765,747</u>	<u>\$ 171,362,233</u>	<u>\$ 8,666,364</u>	<u>\$ 5,448,917</u>	<u>(28,750,605)</u>	<u>(37,537,628)</u>	<u>(66,288,233)</u>
General Revenues:							
Taxes:							
Property Taxes					4,348,235		4,348,235
Sales Taxes					24,647,456		24,647,456
Transient Occupancy Taxes					2,598,662		2,598,662
Franchise Taxes					335,254		335,254
Other Taxes					576,285		576,285
Motor Vehicle in Lieu, unrestricted					5,162,740		5,162,740
Investment Earnings					1,204,386	1,603,694	2,808,080
Miscellaneous Revenue					851,239		851,239
Total General Revenues					<u>39,724,257</u>	<u>1,603,694</u>	<u>41,327,951</u>
Change in Net Position					10,973,652	(35,933,934)	(24,960,282)
Net Position - Beginning of Fiscal Year					<u>154,311,990</u>	<u>85,657,840</u>	<u>239,969,830</u>
Net Position - End of Fiscal Year					<u>\$ 165,285,642</u>	<u>\$ 49,723,906</u>	<u>\$ 215,009,548</u>

The notes to the financial statements are an integral part of this statement

CITY OF EL CENTRO

Balance Sheet
Governmental Funds
 June 30, 2023

	<u>General</u>	<u>Capital Projects Fund Library Project</u>	<u>Debt Service Fund Police Project 2023</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and Investments	\$ 37,606,244	\$ -	\$ -	\$ 42,788,355	\$ 80,394,599
Investments					
Receivables (Net of Allowances for Uncollectible):					
Taxes	4,005,241			398	4,005,639
Interest	92,191			202,770	294,961
Grants	54,542			722,328	776,870
Notes	937,350			21,149,436	22,086,786
Leases	418,149				418,149
Other	545,793			797,181	1,342,974
Due from Other Funds	6,488,783			138,029	6,626,812
Restricted Assets:					
Cash and Investments	4,114,184				4,114,184
Cash and Investments with Fiscal Agent	141,224	6,660,222	41,644,544	2,293,897	50,739,887
Other Assets:					
Land Held for Resale				59,089	59,089
Total Assets	<u>\$ 54,403,701</u>	<u>\$ 6,660,222</u>	<u>\$ 41,644,544</u>	<u>\$ 68,151,483</u>	<u>\$ 170,859,950</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 1,361,958	\$ 73,257	\$ -	\$ 2,432,276	\$ 3,867,491
Salaries/Benefits Payable	841,425			4,675	846,100
Deposits	666,773			4,551,799	5,218,572
Due to Other Funds		4,738,996		1,801,986	6,540,982
Total Liabilities	<u>2,870,156</u>	<u>4,812,253</u>		<u>8,790,736</u>	<u>16,473,145</u>
Deferred Inflows of Resources:					
Lease revenue	405,619				405,619
Total Deferred Inflows of Resources	<u>405,619</u>				<u>405,619</u>
Fund Balances:					
Restricted	4,255,408	1,847,969	41,644,544	57,995,810	105,743,731
Committed				2,487,046	2,487,046
Assigned	85,872				85,872
Unassigned	46,786,646			(1,122,109)	45,664,537
Total Fund Balances	<u>51,127,926</u>	<u>1,847,969</u>	<u>41,644,544</u>	<u>59,360,747</u>	<u>153,981,186</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 54,403,701</u>	 <u>\$ 6,660,222</u>	 <u>\$ 41,644,544</u>	 <u>\$ 68,151,483</u>	 <u>\$ 170,859,950</u>

The notes to the financial statements are an integral part of this statement

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

Total fund balances - governmental funds		\$ 153,981,186
<p>In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Capital assets at historical cost	\$ 289,888,585	
Accumulated depreciation	<u>(178,328,155)</u>	111,560,430
<p>In governmental funds, certain receivable are not available to pay for current period expenditures and, therefore, are offset by deferred revenue.</p>		
		107,234
<p>In governmental funds, certain accrued interest receivables on notes receivable are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.</p>		
		3,217,370
<p>In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>		
Advances from Successor Agency (including premium)	\$ (9,684,424)	
Revenue bonds (net of original issue discount)	(1,987,391)	
Lease revenue bonds (net of discount and deferred loss on refunding)	(67,032,656)	
Net pension liability	(51,909,222)	
Other post-employment benefits	4,111,250	
Compensated absences payable	<u>(2,173,968)</u>	(128,676,411)
<p>Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.</p>		
Deferred outflow - pension related		22,986,983
Deferred inflow - pension related		(4,269,324)
Deferred outflow - OPEB related		1,398,281
Deferred inflow - OPEB related		(2,546,563)
<p>Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.</p>		
		(231,716)
<p>Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.</p>		
		<u>7,758,172</u>
Total net position - governmental activities		<u><u>\$ 165,285,642</u></u>

The notes to the financial statements are an integral part of this statement

CITY OF EL CENTRO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	<u>General</u>	<u>Capital Projects Fund Library Project</u>	<u>Debt Service Fund Police Project 2023</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 32,399,705	\$ -	\$ -	\$ 106,187	\$ 32,505,892
Licenses and Permits	441,224				441,224
Intergovernmental	7,348,126			7,832,483	15,180,609
Charges for Services	1,022,282			524,489	1,546,771
Fines and Forfeitures	57,644			309,640	367,284
Interest	1,020,352	366		880,121	1,900,839
Other	2,077,881			223,030	2,300,911
Total Revenues	<u>44,367,214</u>	<u>366</u>		<u>9,875,950</u>	<u>54,243,530</u>
Expenditures					
Current					
General Government	4,076,774				4,076,774
Public Safety	15,718,185			309,701	16,027,886
Public Works	1,728,152			368,441	2,096,593
Parks and Recreation	8,909,665			270,619	9,180,284
Community Development	2,383,213			1,189,650	3,572,863
Capital Outlay	3,572,483	2,554,699		3,384,689	9,511,871
Debt Service					
Principal				1,670,000	1,670,000
Interest and Fiscal Charges			496,491	923,439	1,419,930
Total Expenditures	<u>36,388,472</u>	<u>2,554,699</u>	<u>496,491</u>	<u>8,116,539</u>	<u>47,556,201</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>7,978,742</u>	<u>(2,554,333)</u>	<u>(496,491)</u>	<u>1,759,411</u>	<u>6,687,329</u>
Other Financing Sources (Uses):					
Issuance of debt			42,141,035		42,141,035
Transfers In	1,189,017			1,821,961	3,010,978
Transfers Out	(951,661)			(2,059,317)	(3,010,978)
Total Other Financing Sources (Uses)	<u>237,356</u>		<u>42,141,035</u>	<u>(237,356)</u>	<u>42,141,035</u>
Net Changes in Fund Balances	8,216,098	(2,554,333)	41,644,544	1,522,055	48,828,364
Fund Balances - Beginning of Fiscal Year	<u>42,911,828</u>	<u>4,402,302</u>		<u>57,838,692</u>	<u>105,152,822</u>
Fund Balances - End of Fiscal Year	<u>\$ 51,127,926</u>	<u>\$ 1,847,969</u>	<u>\$ 41,644,544</u>	<u>\$ 59,360,747</u>	<u>\$ 153,981,186</u>

The notes to the financial statements are an integral part of this statement

CITY OF EL CENTRO
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance-total governmental funds \$ 48,828,364

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

	\$ 8,302,267	
Capital outlay		
Depreciation expense	(10,902,950)	(2,600,683)

Certain receivable are reported in the governmental funds as expenditures and then offset by unearned revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. (107,234)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position.

	\$ 115,989	
Current year amortization of premium for advances from Successor Agency		
Revenue bonds (net of original issue discount)	663,182	
Lease revenue bonds (net of original issue discount)	1,148,145	
Issuance of debt	(42,141,035)	(40,213,719)

Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period. 54,193

In governmental funds, pension and OPEB costs are recognized when employer contributions are made. In the statement of activities, pension and OPEB costs are recognized on the accrual basis. This is the difference between accrual-basis pension and OPEB costs and actual employer contributions. 4,431,617

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. 581,114

Change in net position of governmental activities \$ 10,973,652

CITY OF EL CENTRO
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities-Enterprise Funds					Governmental Activities
	Water Fund	Wastewater Fund	Hospital Fund	Nonmajor Enterprise Fund	Total	Internal Service Funds
Assets and Deferred Outflows of Resources						
Current Assets:						
Cash and Investments	\$ 25,873,286	\$ 26,316,311	\$ 7,143,861	\$ 169,833	\$ 59,503,291	\$ 8,817,569
Cash and Investments with Fiscal Agent	2,353,841	1,620,683			3,974,524	
Receivables (Net of Allowances for Uncollectibles):						
Accounts	1,324,581	1,462,901	13,382,682	368,479	16,538,643	24,112
Notes	198,990	179,230			378,220	
Other	2,439	29	1,032,150		1,034,618	
Interest	129,096	130,201		898	260,195	40,782
Inventories			2,754,579		2,754,579	
Prepaid Expenses			2,366,993		2,366,993	
Total Current Assets	<u>29,882,233</u>	<u>29,709,355</u>	<u>26,680,265</u>	<u>539,210</u>	<u>86,811,063</u>	<u>8,882,463</u>
Noncurrent Assets:						
Investment in Joint Venture			262,595		262,595	
Restricted Assets:						
Cash and Investments			14,392,976		14,392,976	
Capital Assets:						
Land	181,547	78,560	665,935		926,042	
Buildings	920,335	835,015	118,356,025		120,111,375	
Improvements other than Buildings	78,847,161	74,378,608			153,225,769	
Machinery and Equipment	4,062,140	2,145,669	79,746,892		85,954,701	
Furniture and Fixtures	33,740	28,515			62,255	
Vehicles	1,183,977	1,106,477			2,290,454	
Construction in Progress	194,525	4,972,135	69,797,307		74,963,967	
Less:						
Accumulated Depreciation	(60,348,865)	(55,603,538)	(123,486,540)		(239,438,943)	
Total Noncurrent Assets	<u>25,074,560</u>	<u>27,941,441</u>	<u>159,735,190</u>		<u>212,751,191</u>	
Total Assets	<u>54,956,793</u>	<u>57,650,796</u>	<u>186,415,455</u>	<u>539,210</u>	<u>299,562,254</u>	<u>8,882,463</u>
Deferred Outflows of Resources:						
Deferred loss on debt refunding	1,429,907	1,404,562			2,834,469	
Pension related	1,173,845	1,450,051	11,302,300		13,926,196	164,649
Total Deferred Outflows of Resources	<u>2,603,752</u>	<u>2,854,613</u>	<u>11,302,300</u>		<u>16,760,665</u>	<u>164,649</u>
Liabilities and Deferred Inflows of Resources						
Current Liabilities:						
Accounts Payable	1,136,476	595,553	24,408,915	282,265	26,423,209	816,758
Salaries/Benefits Payable	37,738	37,558	8,109,773		8,185,069	1,357
Interest Payable	244,189	206,284			450,473	
Customer Deposits	93,584				93,584	
Due to Other Funds				85,830	85,830	
Unearned Revenue	68,072	323			68,395	24,112
Current Portion of Compensated Absences	93,147	105,487			198,634	
Current Portion of Long-term Obligations	1,500,892	1,554,310	117,896,730		120,951,932	
Total Current Liabilities	<u>3,174,098</u>	<u>2,499,515</u>	<u>150,415,418</u>	<u>368,095</u>	<u>156,457,126</u>	<u>842,227</u>
Noncurrent Liabilities:						
Compensated Absences	157,384	185,276			342,660	
Net Pension Liability	2,942,863	3,635,320	54,174,600		60,752,783	412,780
Long-term Debt	23,666,294	18,479,166	6,246,425		48,391,885	
Total Noncurrent Liabilities	<u>26,766,541</u>	<u>22,299,762</u>	<u>60,421,025</u>		<u>109,487,328</u>	<u>412,780</u>
Total Liabilities	<u>29,940,639</u>	<u>24,799,277</u>	<u>210,836,443</u>	<u>368,095</u>	<u>265,944,454</u>	<u>1,255,007</u>
Deferred Inflows of Resources:						
Pension related	241,918	298,841	113,800		654,559	33,933
Total Deferred Inflows of Resources	<u>241,918</u>	<u>298,841</u>	<u>113,800</u>		<u>654,559</u>	<u>33,933</u>
Net Position						
Net Investment in Capital Assets	(92,626)	9,528,648	19,130,737		28,566,759	
Restricted For :						
Debt Service	2,109,652		13,570,004		15,679,656	
Unrestricted	25,360,962	25,878,643	(45,933,229)	171,115	5,477,491	7,758,172
Total Net Position	<u>\$ 27,377,988</u>	<u>\$ 35,407,291</u>	<u>\$ (13,232,488)</u>	<u>\$ 171,115</u>	<u>\$ 49,723,906</u>	<u>\$ 7,758,172</u>

The notes to the financial statements are an integral part of this statement

CITY OF EL CENTRO
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Business-type Activities - Enterprise funds				Governmental Activities	
	Water Fund	Wastewater Fund	Hospital Fund	Nonmajor Enterprise Fund	Total	Internal Service Funds
Operating Revenues:						
Charges for Services	\$ 8,965,546	\$ 10,108,923	\$ 143,490,579	\$ 2,442,053	\$ 165,007,101	\$ 6,781,270
Other Revenues	91,976		4,002,806		4,094,782	416,273
Total Operating Revenues	<u>9,057,522</u>	<u>10,108,923</u>	<u>147,493,385</u>	<u>2,442,053</u>	<u>169,101,883</u>	<u>7,197,543</u>
Operating Expenses:						
Personnel Services	2,461,120	2,433,375	84,730,698		89,625,193	786,015
Supplies and Services	4,385,814	4,140,789	81,863,894	2,163,617	92,554,114	5,994,051
General and Administrative	1,148,480	1,016,875		240,069	2,405,424	
Depreciation	2,918,336	3,121,469	8,924,938		14,964,743	
Total Operating Expenses	<u>10,913,750</u>	<u>10,712,508</u>	<u>175,519,530</u>	<u>2,403,686</u>	<u>199,549,474</u>	<u>6,780,066</u>
Operating Income (Loss)	<u>(1,856,228)</u>	<u>(603,585)</u>	<u>(28,026,145)</u>	<u>38,367</u>	<u>(30,447,591)</u>	<u>417,477</u>
Non-Operating Revenues (Expenses):						
Investment Revenue (Loss)	575,476	514,438	509,738	4,042	1,603,694	163,637
Interest Expense	(886,952)	(411,570)	(7,484,236)		(8,782,758)	
Grant Revenue			1,446,340		1,446,340	
Other Non-Operating Revenue (Expense)			246,381		246,381	
Total Non-Operating Revenue (Expenses)	<u>(311,476)</u>	<u>102,868</u>	<u>(5,281,777)</u>	<u>4,042</u>	<u>(5,486,343)</u>	<u>163,637</u>
Change in Net Position	<u>(2,167,704)</u>	<u>(500,717)</u>	<u>(33,307,922)</u>	<u>42,409</u>	<u>(35,933,934)</u>	<u>581,114</u>
Net Position - Beginning of Fiscal Year	<u>29,545,692</u>	<u>35,908,008</u>	<u>20,075,434</u>	<u>128,706</u>	<u>85,657,840</u>	<u>7,177,058</u>
Net Position - End of Fiscal Year	<u>\$ 27,377,988</u>	<u>\$ 35,407,291</u>	<u>\$ (13,232,488)</u>	<u>\$ 171,115</u>	<u>\$ 49,723,906</u>	<u>\$ 7,758,172</u>

The notes to the financial statements are an integral part of this statement

CITY OF EL CENTRO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental	
	Water	Wastewater	Hospital	Nonmajor Enterprise Fund	Activities Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received from Patients and Third Parties on Behalf of Patients	\$ -	\$ -	\$ 147,670,738	\$ -	\$ 147,670,738	\$ -
Cash Received from Operations, other than Patient Services			3,998,050		3,998,050	
Cash Received from Users	9,167,191	10,125,560		2,401,346	21,694,097	7,197,543
Cash Payments to Suppliers and Contractors	(3,879,557)	(3,655,537)	(80,092,043)	(2,136,255)	(89,763,392)	(5,834,923)
Cash Payments for General and Administrative Expenses	(1,148,480)	(1,016,875)		(240,069)	(2,405,424)	
Cash Payments for Employees and Benefit Programs	(2,493,231)	(2,436,320)	(77,541,403)		(82,470,954)	(824,899)
Net Cash Provided (Used) By Operating Activities	1,645,923	3,016,828	(5,964,658)	25,022	(1,276,885)	537,721
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Intergovernmental			2,363,713		2,363,713	
Notes Receivable Issued	6,181				6,181	
Other Receivable	(2,290)		414,484		412,194	
Net Cash Provided (Used) by Noncapital Financing Activities	3,891		2,778,197		2,782,088	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest Received	459,426	405,050	796,679	3,489	1,664,644	132,903
Proceeds from Sales and Maturities of Investments			36,480,181		36,480,181	
Purchases of Investments			(9,059,255)		(9,059,255)	
Net Cash Provided (Used) by Investing Activities	459,426	405,050	28,217,605	3,489	29,085,570	132,903
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal Payments on Debt Borrowings	(1,305,000)	(1,478,447)	(4,851,913)		(7,635,360)	
Interest and Fiscal Fees Paid	(912,431)	(448,342)	(7,260,880)		(8,621,653)	
Acquisition of Property, Plant, and Equipment	(258,802)	(182,157)	(6,778,976)		(7,219,935)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,476,233)	(2,108,946)	(18,891,769)		(23,476,948)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(366,993)	1,312,932	6,139,375	28,511	7,113,825	670,624
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	28,594,120	26,624,062	952,850	141,322	56,312,354	8,146,945
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 28,227,127	\$ 27,936,994	\$ 7,092,225	\$ 169,833	\$ 63,426,179	\$ 8,817,569
Noncash Transactions:						
Amortization	\$ (9,166)	\$ 15,348	\$ -	\$ -	\$ 6,182	\$ -
Reconciliation to Statement of Net Position:						
Cash and Investments	\$ 25,873,286	\$ 26,316,311	\$ 7,143,861	\$ 169,833	\$ 59,503,291	\$ 8,817,569
Restricted Cash and Investments with Fiscal Agents	2,353,841	1,620,683	14,392,976		18,367,500	
Less investments not meeting definition of cash equivalents			(14,444,612)		(14,444,612)	
	\$ 28,227,127	\$ 27,936,994	\$ 7,092,225	\$ 169,833	\$ 63,426,179	\$ 8,817,569
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ (1,856,228)	\$ (603,585)	\$ (28,026,145)	\$ 38,367	\$ (30,447,591)	\$ 417,477
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation and Amortization	2,918,336	3,121,469	8,924,938		14,964,743	
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	108,701	16,637	(475,843)	(40,707)	(391,212)	
(Increase) Decrease in Inventories, Prepaid Expenses, Other Receivables, and Other Assets			559,639		559,639	
(Increase) Decrease in Estimated Third Party Payor Settlements			4,651,246		4,651,246	
Increase (Decrease) in Accounts Payable and Accrued Liabilities	506,257	485,252	3,762,852	27,362	4,781,723	117,978
Increase (Decrease) in Salary/Benefits Payable	11,974	10,344	217,855		240,173	
Increase (Decrease) in Deposit Payable	585				585	
Increase (Decrease) in Unearned Revenue	383				383	
Increase (Decrease) in Net Pension Liability	16,148	19,946	4,420,800		4,456,894	2,266
Increase (Decrease) in Compensated Absences	(60,233)	(33,235)			(93,468)	
Total Adjustments	3,502,151	3,620,413	22,061,487	(13,345)	29,170,706	120,244
Net Cash Provided (Used) By Operating Activities	\$ 1,645,923	\$ 3,016,828	\$ (5,964,658)	\$ 25,022	\$ (1,276,885)	\$ 537,721

The notes to the financial statements are an integral part of this statement

CITY OF EL CENTRO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private-Purpose Trust Funds
Assets:	
Cash and Investments	\$ 1,982,677
Cash and Investments with Fiscal Agent	3,906,747
Interest Receivable	508,549
Notes Receivable	129,259
Other Receivable	6,981
Advances to City of El Centro	9,413,455
Discount for advances to City of El Centro	386,958
Capital Assets, Not Being Depreciated	7,458,729
Capital Assets, Net of Accumulated Depreciation	11,079,326
Total Assets	34,872,681
 Deferred outflows of resources:	
Deferred loss on refunding	477,132
Total Deferred outflows of resources	477,132
 Liabilities:	
Accounts Payable	5,846
Interest Payable	172,454
Due within One Year	2,131,924
Due in More than One Year	19,282,059
Total Liabilities	21,617,254
 Net Position:	
Unrestricted	13,732,559
Total Net Position	\$ 13,732,559

The notes to the financial statements are an integral part of this statement

CITY OF EL CENTRO
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2023

	Private-Purpose Trust Funds
Additions:	
Investment Revenue	\$ 31,054
Intergovernmental	35,876
Property Taxes	4,215,324
Total Additions	4,282,254
Deductions:	
Community Development	17,806
Depreciation	92,972
Interest Expense	880,409
Total Deductions	991,187
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,291,067
Change in Net Position	3,291,067
Net Position, Beginning of Fiscal Year	10,441,492
Net Position, End of Fiscal Year	\$ 13,732,559

The notes to the financial statements are an integral part of this statement

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**NOTES TO
BASIC FINANCIAL STATEMENTS**

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of El Centro was incorporated under the laws of the State of California in 1908 and is governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The El Centro Regional Medical Center (Hospital) is an operating department of the City and is reported within the proprietary fund type.

Blended component units, although legally separate entities are, in substance, part of the City's operations, and so data from these units are combined with data of the City. There are no component units included in this report.

B. Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Certain eliminations have been made as prescribed by GASB Statement No. 34 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. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. These statements distinguish between the governmental and business-type activities of the City and between the City and its blended component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues. When both restricted and unrestricted resources are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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

The City reports two major governmental fund:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes activities such as public protection, public works and facilities, parks and recreation, and community development.
- The *Police Project 2023 Fund* is used to account for all revenues and expenditures related to the construction of the El Centro Police Station.
- The *Library Project Fund* is used to account for all revenues and expenditures related to the construction of the El Centro City Library.

The City reports the following major enterprise funds:

- The *Hospital Fund* accounts for the operations of the El Centro Regional Medical Center, which provides health care services to the community and surrounding area.
- The *Water Fund* accounts for revenues and expenses associated with the treatment and distribution of potable water.
- The *Wastewater Fund* accounts for revenues and expenses associated with the collection and treatment of wastewater.

The City reports the following additional fund types:

Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis, such as motor vehicle maintenance, worker's compensation, post-employment benefits, and group health insurance.

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds. Trust funds, such as Successor Agency to the Redevelopment Agency, use the flow of economic resources measurement focus and the accrual basis of accounting.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and along with the fiduciary fund use the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after fiscal year-end except reimbursement grants which are considered available if they are collected within one year. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures, which are recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

Property taxes, transient occupancy taxes, and interest are susceptible to accrual. Sales taxes collected and held by the state at fiscal year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Equity

1. Deposits and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the City adopts an investment policy annually that, among other things, authorizes types and concentrations of investments and maximum investment terms.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of its portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Equity (Continued)

1. Deposits and Investments (Continued)

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

Investments are stated at fair value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Short-term investments are reported at cost, which approximates fair value. The fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Interest, dividends, and realized and unrealized gains and losses, based on the specific identification method, are included in interest revenue when earned.

The City has established the PARS Post-Employment Benefits Trust as a tax-exempt trust within the meaning of Section 115 of the IRS Code to accumulate resources to "stabilize" the amount of its General fund resources that it will need to meet future contribution requirements to CalPERS. The balances and activities of the Trust are irrevocably dedicated to funding future obligations to CalPERS. The assets will benefit the City through reduced future cash flow demands on the City's General fund resources and continue to be assets of the City. These amounts are reflected as restricted cash and investments in the General fund.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due 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". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables, including those for the Hospital, are shown net of an allowance for uncollectible accounts. See Note 1-D-12 and Note 1-D-13 for Hospital receivables.

For each fiscal year beginning July 1, taxes are levied on taxable real (secured) and personal (unsecured) property located within the City as of the preceding January 1. Secured property taxes are payable in two installments on November 1, and February 1 of each fiscal year, and become delinquent after December 10 and April 10, respectively. Taxes on unsecured property become delinquent if not paid by August 31. A 10 percent penalty attaches to delinquent taxes, which have been levied on property on the secured roll. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1 ½ percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is subject to sale by the County Tax Collector.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Equity (Continued)

2. Receivables and Payables (Continued)

The only concentrated group of credit risk is Hospital receivables from government agencies. Hospital management does not believe that there is a significant credit risk associated with these government agencies. Management continuously monitors and adjusts reserves and allowances associated with these receivables.

GASB issued Statement No. 87 “Leases” to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease asset 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 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. Implementation of GASB No. 87 resulted in the City recognizing 2 property leases that are recognized under GASB No. 87. The City recorded opening lease receivables of \$492,703 and deferred inflows related to leases of \$492,703.

The City’s lease receivables are measured at the present value of payments expected to be received during the lease term. Under the lease agreements, the City receives variable lease payments as each lease has an annual increase in payment of 1% to 4%.

3. Inventories and Prepaid Items

Inventories in Proprietary funds are valued at cost using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

Restricted funds are the portion of a fund balance that reflects constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. See below for descriptions of some restricted funds of the City. For additional information regarding Restricted Funds, see Note 18. Certain assets of special revenue/capital project grant funds are classified as restricted assets because their use is restricted by grant agreements.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Equity (Continued)

4. Restricted Assets (Continued)

Certain resources of the LTA Lease Revenue Bonds Capital Projects Fund and 2011C Bonds City Capital Projects Fund are set aside for the capital projects and are classified as restricted assets because their use is restricted by applicable bond covenants.

Certain resources of the LTA Lease Revenue Bonds Debt Service Fund, Financing Authority Debt Service Fund, and the Water and Wastewater funds are set aside for the repayment of bonds and certificates of participation and are classified as restricted assets on the balance sheet/statement of net position because their use is limited by applicable bond covenants.

Certain resources of the Group Health Insurance internal service fund are classified as restricted because its use is limited by the provisions of plan documents.

Certain resources of the Hospital set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Certain Hospital assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Hospital Board of Trustees for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Certain restricted resources consist of funds limited as to use by donors. Restricted gifts, bequests, and grants are reported as restricted funds until expenditures are made for the donor's intended purpose.

The government-wide statement of net position reports \$123,993,963 of restricted net position.

5. Capital Assets

Capital assets, including infrastructure, are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are report at acquisition value rather than fair value. Capital assets include public domain (infrastructure) general capital assets which consist of certain improvements including roads, bridges, pavements in progress, and right of way. The City defines capital assets as assets with initial, individual costs of more than \$5,000 and an estimated useful life in excess of one year. The Hospital defines capital assets as assets with initial, individual costs of more than \$500 and an estimated useful life of at least three years.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Equity (Continued)

5. Capital Assets (Continued)

Property, plant, and equipment of the City and Hospital are recorded at cost. Property, plant, and equipment donated are recorded at their acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest cost during construction is capitalized when the effects of capitalization materially impact the financial statements.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	
	<u>City</u>	<u>Hospital</u>
Buildings	5-70	5-40
Building Improvements	5-30	5-40
Equipment	3-20	3-15
Office Furniture	5	3-15
Vehicles	3-15	3-15
Infrastructure	20-50	Not Applicable

6. Intangible Assets

The Hospital classifies intangible assets as definite-lived or indefinite lived intangible assets. These assets are stated at cost. Definite-lived intangibles include non-complete covenants. These assets are amortized on a straight-line basis over the lives of the related agreement over four years. The Hospital periodically reviews the appropriateness of the amortization periods related to its definite-lived assets. Indefinite-lived intangibles consist of goodwill arising from the Hospital's purchase of an Oncology Center. In accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, indefinite lived assets are not amortized, but instead are evaluated annually for impairment. To date, the Hospital has not recorded any impairment.

7. Goodwill

Goodwill for the Hospital represents the excess of purchase price of acquired businesses over the net tangible and identifiable intangible assets acquired and liabilities assumed in connection with the acquisition of an oncology practice in fiscal year 2011. At June 30, 2022, goodwill associated with this transaction was \$0. Due to the implementation of GASB Statement No. 85, Omnibus 2017, which requires that excess consideration provided in a governmental acquisition be amortized in a systematic and rational manner considering relevant circumstances of the acquisition. GASB Statement No. 85 was effective for the Medical Center's fiscal year ended June 30, 2018 and the guidance is required to be applied retrospectively. See Note 23 for more information regarding this matter.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Equity (Continued)

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick pay is accrued when incurred in proprietary funds and reported as a fund liability. The City accrues for compensated absences in the government-wide and proprietary fund financial statements for which they are liable to make a payment directly.

Vacation, sick, and/or annual leave is dependent on the respective employee's bargaining group agreement. Leave provided is to be utilized as sick leave, to attend medical appointments, vacation, etc. Sick leave payoff is available for accumulated sick leave hours over 288 hours. Hospital employees are not paid for accumulated sick leave if they leave before retirement. Compensated absences have been liquidated in the past fiscal year in the general fund and enterprise funds.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has deferred outflows from deferred gain/loss on debt refundings, net pension liability and net OPEB asset.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City recognizes deferred inflow and outflows of resources pursuant to GASB Statement No. 68, 71, and 75 regarding Pension and Other Post-Employment Benefits. The City also recognizes deferred inflow of resources pursuant to GASB Statement No. 87 regarding leases receivable. The City also recognizes unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as: property taxes, grant revenue, and long-term loan receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method. Bonds payable are reported net of the applicable bond discount in the Hospital Fund.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Equity (Continued)

11. Net Position and Fund Equity

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. In the Government-wide financial statements, proprietary fund financial statements, and fiduciary financial statements, net position is classified as either net investment in capital assets, restricted, or unrestricted. See note 17 for additional information regarding governmental net position.

In the fund financial statements with the implementation of GASB Statement No. 54, governmental funds report fund balance is either non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, or unassigned fund balance. See Note 18 for additional information regarding the governmental fund balances.

12. Net Patient Service Revenue

Hospital net patient service revenue is reported at estimated net realizable amounts from patients, governmental programs, health maintenance, and preferred provider organizations and insurance contracts under applicable laws, regulations, and program instructions. In some cases, reimbursement is based on formulas, which cannot be determined until after cost reports are filed and audited or otherwise settled by the various programs. Estimation differences between final settlements and amounts accrued in previous years are reflected in net patient service revenue.

13. Allowance for Contractual Adjustments and Doubtful Accounts (Hospital)

Hospital's patient accounts receivable are reduced by allowances for contractual adjustments and doubtful accounts. In evaluating the collectability of patient accounts receivable, the Hospital management analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowances for both contractual adjustments and doubtful accounts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of these allowances. For receivables associated with services provided to patients who have third-party coverage, the Hospital management analyzes contractually due amounts and provides an allowance for doubtful accounts, if necessary. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Equity (Continued)

14. Land held for resale or exchange

Cost of project land and improvements held for resale or exchange are recorded in the Successor Agency Special Revenue Fund as inventory at the lower of acquisition cost or net realizable value. The fund balance is restricted in an amount equal to the carrying value of land held for resale or exchange.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. New GASB Pronouncements

GASB Statement No. 96, SBITAs

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, as amended.

The City did not report any significant accounting changes from the implementation of this Statement during the fiscal year ended June 30, 2023.

Upcoming Accounting and Reporting Changes

GASB Statements listed below will be implemented in future financial statements.

The provisions for GASB Statement Number 99, “Omnibus 2022” are effective for fiscal year beginning after June 15, 2023.

The provisions of Statement Number 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” are effective for fiscal years beginning after June 15, 2023.

The provisions of Statement Number 101 “Compensated Absences” are effective for fiscal years beginning after December 15, 2023.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budgets are adopted annually, and all annual appropriations lapse at the fiscal year end.

The City utilizes the following procedures when establishing the budgetary data reflected in the financial statements:

Prior to June 30 of each fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at City Hall to obtain citizen input. Prior to July 1, the budget is adopted by motion of the City Council.

The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revision that increases the total appropriations of any fund must be approved by the City Council. The appropriated budget is prepared by fund, function, and department.

Formal budgetary integration is employed as a management control device during the year for all funds.

See Note to Required Supplementary Information for more details.

B. Budget/GAAP Reconciliation

No funds adopted project-length or budgetary basis budgets and, therefore, no schedule reconciling the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual to the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances has been prepared.

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, expenditures exceeded appropriations in the following funds:

Fund	Final Appropriation	Expenditures	Excess
Major Fund:			
General Fund:			
Parks and Recreation	\$ 3,879,050	\$ 8,909,665	\$ 5,030,615
Capital Outlay	3,537,884	3,572,483	34,599

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

D. Deficit Fund Equity

At June 30, 2023, the following funds had an accumulated deficit:

Fund	Amount
<u>Major Enterprise Fund</u>	
Hospital Fund	\$ 13,232,481
<u>Nonmajor Governmental Funds</u>	
Recreation Projects	224,326
CDBG COVID-19	51,577
Per Capita Parks Grant	6,003

The City anticipates additional funding sources or transfers from the General Fund will address deficit fund balances in the nonmajor governmental funds. More information regarding the deficit net position of the Hospital Fund can be found in Note 24.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 148,715,459
Restricted Cash and investments	18,507,160
Restricted Cash and investments with fiscal agents	54,714,411
Fiduciary funds:	
Cash and investments	1,982,677
Cash and investments with fiscal agents	3,906,747
Total cash and investments	\$ 227,826,454

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 23,195
Deposits with financial institutions	54,862,102
Investments	172,941,157
Total cash and investments	\$ 227,826,454

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. 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 of El Centro (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>
Local Agency Bonds	10 years	None	None
U.S. Treasury Obligations	10 years	None	None
U.S. Government Agency Issues	10 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	None
Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Time Deposits	5 years	None	None
Cal-Trust JPA	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 million

The investment policy allows for the above investments, which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

The Hospital does not conform with this investment policy. Please contact the management of the Hospital for more information.

B. 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 bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
State Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Money Market Deposits	N/A	None	None
Bankers Acceptances	N/A	None	None
Commercial Paper	270 days	None	None
Certificates of Deposit	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreements	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

C. Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Totals	Remaining maturity (in Months)			
		12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
State Investment Pool (LAIF)	\$ 65,780,416	\$ 65,780,416	\$ -	\$ -	\$ -
Federal Agency Securities	29,058,406	16,215,598	12,165,055	677,753	
Money Market Funds	2,912,377	2,912,377			
Certificates of Deposit	4,360,100	4,360,100			
Guaranteed Investment Contracts	8,094,516	8,094,516			
PARS Trust:					
Money Market Funds	4,114,184	4,114,184			
Held by Bond Trustees:					
Money Market Deposits	57,501,083	57,501,083			
Repurchase Agreements	1,120,075			1,120,075	
Totals	<u>\$ 172,941,157</u>	<u>\$ 158,978,274</u>	<u>\$ 12,165,055</u>	<u>\$ 1,797,828</u>	<u>\$ -</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented on the previous page 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 fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool (LAIF)	\$ 65,780,416	N/A	\$ -	\$ -	\$ -	\$ -	\$ 65,780,416
Federal Agency Securities	29,058,406	N/A		29,058,406			
Money Market Funds	2,912,377	N/A					2,912,377
Certificates of Deposit *	4,360,100	N/A					4,360,100
Guaranteed Investment Contracts	8,094,516	N/A					8,094,516
PARS Trust:							
Money Market Funds	4,114,184	N/A					4,114,184
Held by Bond Trustee:							
Money Market Deposits	57,501,083	Aam		57,501,083			
Repurchase Agreements	1,120,075	N/A					1,120,075
Total	\$ 172,941,157		\$ -	\$ 86,559,489	\$ -	\$ -	\$ 86,381,668

* Covered by FDIC Insurance up to \$250,000 per institution.

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. The City has no Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent more than 5% or more of total City investments.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. 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. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, \$7,125,455 of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2023, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment Type	Reported Amount
Federal Agency Securities	\$ 29,058,406
Medium Term Notes	-
Certificates of Deposit	4,360,100
Money Market Funds	64,395,466
Repurchase Agreements	1,120,075
Guaranteed Investment Contracts	8,094,516

G. Investment in State Investment Pool

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

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

H. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources.

Investment Type	Total Assets at Fair Value	Level 1	Level 2	Level 3	Exempt from Disclosure
State Investment Pool (LAIF)	\$ 65,780,416	\$ -	\$ -	\$ -	\$ 65,780,416
Federal Agency Securities	29,058,406	29,058,406			
Money Market Funds	2,912,377	2,912,377			
Certificates of Deposit	4,360,100				4,360,100
Guaranteed Investment Contracts	8,094,516		8,094,516		
PARS Trust:					
Money Market Funds	4,114,184	4,114,184			
Held by Bond Trustees:					
Money Market Deposits	57,501,083	57,501,083			
Repurchase Agreements	1,120,075	1,120,075			
Totals	\$ 172,941,157	\$ 94,706,125	\$ 8,094,516	\$ -	\$ 70,140,516

NOTE 4 – RECEIVABLES

A. Receivables

Accounts, taxes, interest, grants, and other receivable balances of the General, Special Revenue, Capital Projects, Debt Service, Proprietary, and Fiduciary Funds are stated net of allowances for uncollectible accounts. The following is a schedule of receivables at June 30, 2023:

	Receivable	Allowance	Net
Governmental Activities			
Taxes	\$ 4,005,639	\$ -	\$ 4,005,639
Interest	3,553,113		3,553,113
Grants	776,870		776,870
Leases	455,390		455,390
Others	1,342,974		1,342,974
Total Governmental Activities	\$ 10,133,986	\$ -	\$ 10,133,986

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – RECEIVABLES (Continued)

A. Receivables (Continued)

The following is a schedule of receivables at June 30, 2023 (Continued)

	Receivable	Allowance	Net
Business-type Activities			
Accounts	\$ 77,760,477	\$ 61,221,834	\$ 16,538,643
Interest	260,195		260,195
Others	1,034,618		1,034,618
Total Business-type Activities	<u>\$ 79,055,290</u>	<u>\$ 61,221,834</u>	<u>\$ 17,833,456</u>
Fiduciary Funds			
Interest	\$ 508,549	\$ -	\$ 508,549
Others	6,981		6,981
Total Fiduciary Funds	<u>\$ 515,530</u>	<u>\$ -</u>	<u>\$ 515,530</u>

B. Notes Receivable

The City administers a residential rehabilitation program, a commercial micro-enterprise program, and a First Time Home Buyer Program. A committee approves the loans, and the funds are disbursed to the contractor awarded the bid upon review of the building inspector, the administrating City, the homeowner and the City. The balance of the City’s loans receivable arising from these programs at June 30, 2023 is \$21,149,436. The remainder of the City’s loans is composed of a loan issue by the General Fund totaling \$937,350.

The Water and Wastewater Fund notes receivable consists of amounts due from homeowners for the installation of water and sewer lines and from new developers for the capacity fees. The balance of the notes receivable at June 30, 2023 for the Water Fund is \$198,990 and \$179,230 for the Wastewater Fund.

C. Leases Receivable

The City has 2 lease agreements in place as of June 30, 2023. Revenue recognition is in accordance with GASB Statement No. 87. Summarized information for each lease is as follows:

Greyhound Lines, Inc.

In May 2020, the City entered into a lease with Greyhound Lines, Inc. to operate a ticket counter location together with a Greyhound bus stop at the Regional Bus Terminal facility at 378 W. State Street. The original lease term was for 5 years and includes two additional optional 5-year terms. If the extensions are exercised the lease would end in May 2035. The options to extend are exercised unless written notification of cancellation occurs within prior to the expiration of the existing term. Rent payments are \$1,587 a month increasing by CPI each year under the terms of the lease. Payments received during the fiscal year were \$1,587 monthly from July 2022 through June 2023. The current 5-year term will expire in May 2025.

Riverside County Superintendent of Schools

In September 2000, the City entered into a lease with the Riverside County Superintendent of Schools for the Headstart Program at the Community Center at 375 S. First Street. The original lease term was for 10 years and includes four additional optional 5-year terms. If all extensions are exercised the lease would end in September February 2030. The options to extend are exercised unless written notification of cancellation occurs within prior to the expiration of the existing term. Initial rent payments were \$1,500 a month increasing by CPI every exercise of extension under the terms of the lease. Payments received during the fiscal year were \$2,163 monthly from July 2022 through June 2023. The current 5-year term will expire in August 2025.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. The following presents a summary of current interfund balances at June 30, 2023:

Receivable Fund	Amount	Payable Fund	Amount
Major Fund:		Major Fund:	
General	\$ 5,642,577	Library Project	\$ 4,738,996
Nonmajor Fund:		Nonmajor Funds:	
Development Impact Fee	11,755	Recreation Projects	200,258
FHWA	126274	Gas Tax	99,680
Total	\$ 5,780,606	CDBG COVID-19	27,677
		HOME Grants	448,064
		Per Capita Parks Grant	178,827
		FHWA	1,274
		Nonmajor Proprietary Fund:	
		Solid Waste	85,830
		Totals	\$ 5,780,606

B. Long-term Interfund Advances

Advances from Successor Agency

The former Redevelopment Agency of the City of El Centro (former RDA) issued the Tax Allocation Bonds Series 2011C totaling \$11,095,000 which were acquired by the El Centro Financing Authority prior to the dissolution of the former RDA on February 1, 2012. The Financing Authority acquired the bonds at an approximate 85% discount of the par value totaling \$9,413,455. However, instead of providing the bond proceeds to the former Redevelopment Agency immediately, the City set up an advance payable in the amount of the proceeds (\$9,413,455) and premium of \$1,681,545 due to the former RDA. As the former RDA incurs projects costs, the City will make the payments to all vendors on behalf of the former RDA and reduce the advance payable to the former RDA by that amount. The premium on advances will be amortized over approximately 14.5 years. As of June 30, 2023, the outstanding balance for the premium on advances was \$270,969. The advances from the Successor Agency have been reclassified as long-term debt. See Note 21 for additional information in regards to the advances.

C. Transfers between Funds

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations, re-allocations of special revenues, debt service transfers to pay principal and interest payments on bonds, and other post employment benefits. All interfund transfers between individual government funds have been eliminated on the government-wide statements. Transfer from the General fund to the LTA Lease Revenue Bonds Debt Service Fund are provide funds to make debt service payments. Transfers from the General Fund to General Fund are department to department transfers. Transfer from the General Fund to Special Events is to provide funding for events. Transfers in to the General Fund from Gas Tax fund and LTA are to provide funding for projects. Transfers to the General Fund from the Landscaping funds are for administrative costs.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 – INTERFUND TRANSACTIONS (CONTINUED)

C. Transfers between Funds (Continued)

The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2023:

Fund	Transfers-in	Transfers-out
Major Fund:		
General	\$ 1,189,017	\$ 951,661
Nonmajor Governmental Funds:		
Gas Tax		1,138,434
Special Events	65,226	
Local Transportation Authority		893,300
Town Center Lighting and Landscape		5,550
Legacy Ranch Light and Landscaping		3,500
Buena Vista Landscaping		3,500
LTA Lease Revenue Bonds Debt Service	1,756,735	15,033
Totals	<u>\$ 3,010,978</u>	<u>\$ 3,010,978</u>

NOTE 6 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,346,222	\$ -	\$ -	\$ -	\$ 2,346,222
Construction in progress	20,729,541	6,004,838		(372,159)	26,362,220
Total capital assets, not being depreciated	<u>23,075,763</u>	<u>6,004,838</u>		<u>(372,159)</u>	<u>28,708,442</u>
Capital assets, being depreciated:					
Infrastructure	79,530,204				79,530,204
Structures and improvements	151,333,871	396,476		372,159	152,102,506
Vehicles	10,208,548	1,091,349			11,299,897
Furniture, equipment, and books	17,437,932	809,604			18,247,536
Total capital assets being depreciated	<u>258,510,555</u>	<u>2,297,429</u>		<u>372,159</u>	<u>261,180,143</u>
Less accumulated depreciation for:					
Infrastructure	(64,715,146)	(1,613,327)			(66,328,473)
Structures and improvements	(80,363,765)	(8,279,299)			(88,643,064)
Vehicles	(7,856,315)	(511,303)			(8,367,618)
Furniture, equipment, and books	(14,489,979)	(499,021)			(14,989,000)
Total accumulated depreciation	<u>(167,425,205)</u>	<u>(10,902,950)</u>			<u>(178,328,155)</u>
Total capital assets, being depreciated net	<u>91,085,350</u>	<u>(8,605,521)</u>		<u>372,159</u>	<u>82,851,988</u>
Governmental activities capital assets, net	<u>\$ 114,161,113</u>	<u>\$ (2,600,683)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,560,430</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 – CAPITAL ASSETS (Continued)

Business-type activities (including Hospital Fund):	Balance at June 30, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Capital assets, not being depreciated:					
Land and land improvements	\$ 926,042	\$ -	\$ -	\$ -	\$ 926,042
Construction in progress	69,055,476	6,950,546		(1,042,055)	74,963,967
Total capital assets, not being depreciated	<u>69,981,518</u>	<u>6,950,546</u>		<u>(1,042,055)</u>	<u>75,890,009</u>
Capital assets, being depreciated:					
Structures and improvements	269,704,661	3,627,332		5,151	273,337,144
Vehicles	2,107,517	182,937			2,290,454
Equipment	83,747,754	1,650,612	(418,314)	1,036,904	86,016,956
Total capital assets, being depreciated	<u>355,559,932</u>	<u>5,460,881</u>	<u>(418,314)</u>	<u>1,042,055</u>	<u>361,644,554</u>
Less accumulated depreciation for:					
Structures and improvements	(171,548,078)	(14,661,023)			(186,209,101)
Vehicles	(1,642,767)	(158,424)			(1,801,191)
Equipment	(51,500,645)	(178,217)	250,211		(51,428,651)
Total accumulated depreciation	<u>(224,691,490)</u>	<u>(14,997,664)</u>	<u>250,211</u>		<u>(239,438,943)</u>
Total capital assets, being depreciated net	<u>130,868,442</u>	<u>(9,536,783)</u>	<u>(168,103)</u>	<u>1,042,055</u>	<u>122,205,611</u>
Business-type activities capital assets, net	<u>\$ 200,849,960</u>	<u>\$ (2,586,237)</u>	<u>\$ (168,103)</u>	<u>\$ -</u>	<u>\$ 198,095,620</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,817,158
Public Safety	1,817,158
Public Works	3,634,317
Community Development	1,817,158
Parks and Recreation	1,817,159
Total depreciation expense - governmental activities	<u>\$ 10,902,950</u>

Depreciation expense was charged to business-type functions as follows:

Water	\$ 2,918,336
Wastewater	3,121,469
Hospital	8,957,859
Total depreciation expense - business-type activities	<u>\$ 14,997,664</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 – COMMITMENTS

A. Operating Leases

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. The statement enhances the relevance and consistency of reporting for the Hospital Enterprise Fund’s leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of underlying right-to-use assets. A lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The City adopted this guidance for the fiscal year ended June 30, 2022. The City has 2 leases recorded as lessor and no leases where the City is a lessee.

B. Construction Commitments

At June 30, 2023, the Medical Center has projects in progress to construct and improve various routine, ancillary, and support services. Projects in progress include major repair and expansion projects on the Medical Center's premises. Total expenditures for the fiscal years ended June 30, 2023 and 2022, related to construction in progress were \$6,950,546 and \$17,267,285, respectively. At June 30, 2023, the remaining commitments of the Medical Center for future payments on these projects are estimated at approximately \$28,348,000.

At June 30, 2023, the city has no significant encumbrances with relation to any commitments other than noted above.

NOTE 8 – LONG-TERM LIABILITIES

The following is a schedule of long-term liabilities for Governmental Activities and Business-type Activities for the fiscal year ended June 30, 2022:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 2,228,161	\$ 827,930	\$ (882,123)	\$ 2,173,968	\$ 928,931
Advances from Successor Agency	9,413,455			9,413,455	
Unamortized premiums	386,958		(115,989)	270,969	115,989
Lease revenue bonds	23,760,000	40,825,000	(995,000)	63,590,000	1,215,000
Unamortized premium	2,172,532	1,316,035	(153,145)	3,335,422	206,861
Revenue bonds	2,690,000		(675,000)	2,015,000	675,000
Unamortized discount	(39,427)		11,818	(27,609)	(11,818)
Total	\$ 40,611,679	\$ 42,968,965	\$ (2,809,439)	\$ 80,771,205	\$ 3,129,963

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
Business-type Activities:					
Water Fund:					
Compensated absences	\$ 310,764	\$ 32,914	\$ (93,147)	\$ 250,531	\$ 93,147
Revenue bonds	24,930,000		(1,305,000)	23,625,000	1,375,000
Unamortized premium	1,668,078		(125,892)	1,542,186	125,892
Sewer Fund:					
Compensated absences	323,998	72,252	(105,487)	290,763	105,487
Revenue bonds	16,450,000		(665,000)	15,785,000	900,000
Unamortized premium	1,371,035		(103,474)	1,267,561	103,474
Revenue refunding bonds (2012A)	3,540,000		(540,000)	3,000,000	555,000
Unamortized discount	(23,249)		4,164	(19,085)	(4,164)
Installment sale	273,447		(273,447)		
Hospital Fund:					
Financed purchases	259,667		(66,617)	193,050	60,775
Leases payable	7,546,542	4,439,659	(3,502,027)	8,484,174	2,712,008
Refundable advances	7,082,862		(7,082,862)		
Hospital revenue bonds	125,000,000		(1,175,000)	123,825,000	115,123,947
Unamortized discount	(8,950,844)		249,791	(8,701,053)	
Total	\$ 179,782,300	\$ 4,544,825	\$ (14,783,998)	\$ 169,543,127	\$ 121,150,566

A. Governmental Activities – Lease Revenue Bonds Payable

Lease Revenue Bonds. On December 16, 2009, the City issued its \$4,615,000 Lease Revenue Bonds 2009 Series A and \$10,125,000 Lease Revenue Bonds 2009 Series B. The bond funds are to be used for the acquisition, construction, and installation of certain transportation-related improvements within the City. The Series A bonds has been paid of as of June 30, 2021. The Series B bonds have a stated interest rate of 8.250% and mature in the fiscal year ending 2032. The original issue discount on these bonds is being amortized over the life of the bonds and is included with long-term debt on the balance sheet. The Series B bonds have been refunded during fiscal year ended June 30, 2022.

On July 15, 2021, the City issued its \$7,940,000 Lease Revenue Refunding Bonds 2021 Series B. The bonds are being issued to provide funds to refund and defease the 2009 Series B bonds. The bonds have a stated interest rate of 4% and mature in the fiscal year ending 2032. The City reduced its total debt service over the next ten years by \$3,391,900 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,285,155. The original issue premium on these bonds is being amortized over the life of the bonds and is included with long-term debt on the balance sheet. Deferred loss on refunding of \$107,234 will be amortized over the life of the bonds on the balance sheet. In the event of a default, the full outstanding balance of the bonds immediately becomes due and payable. The principal balance outstanding at June 30, 2023 is \$ 7,602,688, which includes \$ 1,017,688 of unamortized original bond premium.

On June 1, 2021, the City issued its \$16,700,000 Lease Revenue Bonds 2021 Series A. The bond funds are to be used for the finance the acquisition, construction and improvement of a new library facility in the City of El Centro (the “Library Project”). The Series A bonds have a stated interest rate of 4% and are payable over a period of twenty-seven years maturing in fiscal year ending 2047. The original issue premium on these bonds is being amortized over the life of the bonds and is included with long-term debt on the balance sheet. The principal balance outstanding at June 30, 2023 is \$17,181,699, which includes \$1,001,699 of unamortized original bond premium. In the event of a default, the full outstanding balance of the bonds immediately becomes due and payable.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

A. Governmental Activities – Lease Revenue Bonds Payable (Continued)

On May 9 2023, the City issued its \$40,825,000 Lease Revenue Bonds 2023 Series A. The bond funds are to be used for the finance the acquisition, construction and improvement of a new police facility in the City of El Centro (the “Police Station Project”). The Series A bonds have a stated interest rate of 5% and are payable over a period of twenty-five years maturing in fiscal year ending 2047. The original issue premium on these bonds is being amortized over the life of the bonds and is included with long-term debt on the balance sheet. The principal balance outstanding at June 30, 2023 is \$42,141,035, which includes \$1,316,035 of unamortized original bond premium. In the event of a default, the full outstanding balance of the bonds immediately becomes due and payable.

B. Governmental Activities – Revenue Bonds Payable

On May 3, 2011, the El Centro Financing Authority issued the Revenue Bonds Series 2011. The Bonds are being issued to (i) finance the acquisition of the Redevelopment Agency of the City of the City of El Centro, El Centro Redevelopment Project, Tax Allocation Bonds Series 2011C, (ii) fund the Reserve Fund, and (iii) pay costs of issuing the Bonds and the Local Obligations. The Bonds have a stated interest rate from 6.000% to 6.625% and have a maturity date of November 1, 2025. The original issue discount on these bonds is being amortized over the life of the bonds and is included with long-term debt on the balance sheet. The principal balance outstanding at June 30, 2022 is \$2,650,573, which is net of the \$39,427 of unamortized original bond discount. See Note 22 for additional information in regards to the Bonds. In the event of a default, the full outstanding balance of the bonds immediately becomes due and payable.

C. Governmental Activities - Long-Term Debt Amortization

The annual requirements to amortize long-term debt outstanding at June 30, 2023 (other than compensated absences, advances from successor agency, and other post-employment benefits) are as follows:

Fiscal Year Ended June 30,	2021 Series A Lease Revenue Bonds		
	Principal	Interest	Total
2024	\$ 415,000	\$ 485,169	\$ 900,169
2025	430,000	468,269	898,269
2026	445,000	450,769	895,769
2027	465,000	432,569	897,569
2028	485,000	413,569	898,569
2029-2033	2,730,000	1,754,744	4,484,744
2034-2038	3,270,000	1,209,116	4,479,116
2039-2043	3,730,000	756,263	4,486,263
2044-2048	4,210,000	268,500	4,478,500
	16,180,000	6,238,968	22,418,968
Plus bond premium	1,001,699		1,001,699
	<u>\$ 17,181,699</u>	<u>\$ 6,238,968</u>	<u>\$ 23,420,667</u>

Fiscal Year Ended June 30,	Series 2011 Revenue Bonds		
	Principal	Interest	Total
2024	\$ 675,000	\$ 111,135	\$ 786,135
2025	670,000	66,582	736,582
2026	670,000	22,194	692,194
	2,015,000	199,911	2,214,911
Less bond discount	(27,609)		(27,609)
	<u>\$ 1,987,391</u>	<u>\$ 199,911</u>	<u>\$ 2,187,302</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

C. Governmental Activities - Long-Term Debt Amortization (Continued)

Fiscal Year Ended June 30,	2021 Series B Lease Revenue Refunding Bonds		
	Principal	Interest	Total
2024	\$ 620,000	\$ 251,000	\$ 871,000
2025	645,000	225,700	870,700
2026	670,000	199,400	869,400
2027	700,000	172,000	872,000
2028	730,000	143,400	873,400
2029-2032	3,220,000	264,200	3,484,200
	6,585,000	1,255,700	7,840,700
Less bond premium	1,017,688		1,017,688
	<u>\$ 7,602,688</u>	<u>\$ 1,255,700</u>	<u>\$ 8,858,388</u>

Fiscal Year Ended June 30,	2023 Series A Lease Revenue Bonds		
	Principal	Interest	Total
2024	\$ 180,000	\$ 1,618,927	\$ 1,798,927
2025	520,000	1,875,513	2,395,513
2026	545,000	1,848,888	2,393,888
2027	1,045,000	1,809,138	2,854,138
2028	1,090,000	1,755,763	2,845,763
2029-2033	6,345,000	7,880,438	14,225,438
2034-2038	8,100,000	6,083,063	14,183,063
2039-2043	10,290,000	3,862,619	14,152,619
2044-2048	12,710,000	1,395,063	14,105,063
	40,825,000	28,129,412	68,954,412
Plus bond premium	1,316,035		1,316,035
	<u>\$ 42,141,035</u>	<u>\$ 28,129,412</u>	<u>\$ 70,270,447</u>

Fiscal Year Ended June 30,	Total Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,890,000	\$ 2,466,231	\$ 4,356,231
2024	2,265,000	2,636,064	4,901,064
2025	2,330,000	2,521,251	4,851,251
2026	2,210,000	2,413,707	4,623,707
2027	2,305,000	2,312,732	4,617,732
2028-2032	12,295,000	9,899,382	22,194,382
2033-2037	11,370,000	7,292,179	18,662,179
2038-2042	14,020,000	4,618,882	18,638,882
2043-2047	16,920,000	1,663,563	18,583,563
	65,605,000	35,823,991	101,428,991
Less bond discount	(27,609)		(27,609)
Plus bond premium	3,335,422		3,335,422
	<u>\$ 68,912,813</u>	<u>\$ 35,823,991</u>	<u>\$ 104,736,804</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

D. Business -type Activities – Revenue Bonds

2012 Wastewater Revenue Refunding Bonds Series A. On February 16, 2012 the City issued its \$7,835,000 Wastewater Revenue Refunding Bonds (par value). The proceeds of the sale of the Wastewater Refunding Bonds were used to refund all of the outstanding portion of the 1997 Series A Water and Wastewater Revenue Bonds, fund a reserve account for the bonds, and pay costs of issuance. The City advance refunded the 1997 Series A Water and Wastewater Revenue Bonds to reduce its total debt service over the next sixteen years by \$964,302 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$719,153.

The City has covenanted and agreed to fix, prescribe, and collect rates, fees and charges for the Water Service and the Wastewater Service so that net revenues are at least 1.15 times the installment purchase payments of the 2012 bonds and all parity of obligations due and payable in the fiscal year following the date of such calculation.

The bonds have a stated interest from 2.00% to 3.625% and are payable over a period of 16 years maturing in 2028. Total pledged revenues for the Wastewater Fund were \$10,108,923 while principal and interest payments for the fiscal year totaled \$540,000 and \$112,328 respectively. The principal balance outstanding at June 30, 2023 is \$2,980,915, which is net of the \$19,085 of unamortized original bond discount. In the event of a default, the full outstanding balance of the bonds immediately becomes due and payable.

2014 Series A Water and Wastewater Revenue Bonds. On June 21, 2014, the City issued its \$31,980,000 (par value) Water Revenue Bonds, 2014 Series A and \$20,450,000 (par value) Wastewater Revenue Bonds, 2014 Series A.

The proceeds of the sale of the Water and Wastewater Revenue Bonds were used to refund all of the outstanding portion of the 2006 Series A Water and Wastewater Revenue Bonds, fund a reserve account for the bonds, and pay costs of issuance.

The City has covenanted and agreed to fix, prescribe, and collect rates and charges for the Water Service and the Wastewater Service so that net revenues are at least 1.15 times the installment purchase payments of the 2014 bonds and all parity of obligations due and payable in the Certificate Year following the date of such calculation.

The bonds have a stated interest from 2.00% to 5.00% and are payable over a period of 20 years maturing in 2036. Total pledged revenues for the Water and Wastewater Funds were \$8,965,546 and \$10,108,923 respectively while principal and interest payments for the fiscal year totaled \$1,970,000 and \$1,747,456 respectively. The principal balance outstanding at June 30, 2022 is \$42,219,747, which includes \$2,809,747 of unamortized original bond premium. In the event of a default, the full outstanding balance of the bonds immediately becomes due and payable.

E. Business-type Activities – Installment Sale Payable

2003 Enterprise Fund Installment Sale. On December 17, 2002, the City entered into an agreement with the California Infrastructure and Economic Development Bank to sell water and wastewater bonds, the bonds were issued on March 18, 2004.

The proceeds from the issuance of these bonds, \$5,880,100, were used to fund the Alder water/sewer project.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

E. Business-type Activities – Installment Sale Payable (Continued)

The City has covenanted and agreed to fix, prescribe, and collect rates, fees and charges for the Water Service and the Wastewater Service so that net revenues are at least 1.10 times the installment purchase payments of the 2003 bonds and all debt service obligations due and payable in the fiscal year.

The bonds have a stated interest rate of 3.00% and are payable over a period of twenty years maturing in 2023. The 2003 Enterprise bonds maturing on or after October 1, 2014, are subject to redemption prior to maturity. This installment sale payable was paid off during the fiscal year ended June 30, 2023.

F. Business-type Activities – Hospital Long Term Debt

El Centro Financing Authority Insured Hospital Revenue Refunding Bonds, Series 2018 Direct Placement. On April 4, 2018, the Hospital issued the El Centro Financing Authority Hospital Revenue Refunding Bonds, Series 2018, in the principal amount of \$125,000,000 and an original discount of \$9,991,639. Proceeds of the bonds were used to pay in full the Series 2015 A and B Bonds, fund a bond reserve account, fund capitalized interest on the Series 2018 bonds, and pay issuance costs of the Series 2018 bonds. Proceeds will also be used to finance capital improvements to the Medical Center. Principal payments are due annually on July 1, beginning in 2022 and through 2058, in amounts ranging from \$1,175,000 to \$7,650,000. Interest payments are due semiannually on July 1 and January 1, beginning in 2018 and through 2058, at 4.50% to 5.75%. The current refunding resulted in an economic loss of \$7,437,518 and an increase in cash flows to service debt related to the refunding of \$82,676,039.

The Hospital has pledged future revenues to secure payment of the principal of, redemption price of, and interest on the Series 2018 bonds in accordance with their agreed-on terms and provisions. Revenues are defined in the agreement as all revenues, income, receipts, and money received in any period by the Hospital (other than casualty insurance, donor-restricted gifts, grants, bequests, donations, contributions, and tax revenues, if any). There were no principal deposits required and two interest deposits required totaling \$6,915,312. The revenues as defined in the agreement totaled \$161,734,135. In the event of a default, the full outstanding balance of the bonds immediately becomes due and payable. The Bonds do not constitute a debt of the City and are non-recourse to the City's General Fund.

The Medical Center did not meet the debt service coverage or deposit account control agreement (DACA) covenants as required by the Series 2018 bond agreement, which is conserved an event of default, and waivers were not granted. In accordance with the terms of the Series 2018 bond agreement, the bond Trustee may declare the principal of all bonds outstanding, including interest accrued to be due and payable immediately and, as such, the outstanding balance of the Series 2018 bonds as of June 30, 2023 has been classified as a current liability within the accompanying statements of net position. In addition, after an event of default the Trustee may increase the interest rate by 5% per annum.

Financed Purchases Payable. The Medical Center has entered into three financed purchase agreements for equipment. The agreements mature in August 2023 and March 2027, and have interest rates between 3.0% and 3.50%.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

G. Business-type Activities – Leases Payable

The terms and expiration dates of the Medical Center's leases payable at June 30, 2023, follow:

Intuitive Surgical - Lease agreement dated August 2018 in the original principal amount of \$1,804,000, due in monthly installments of \$29,075, including imputed interest at 3.00%, through March 2024, collateralized by leased equipment.

GE Lease B - Lease agreement dated September 2018 in the original principal amount of \$3,000,000, due in monthly installments of \$56,986, including imputed interest at 4.41%, through August 2023, collateralized by leased equipment.

Calexico clinic - Lease agreement dated July 2021 in the original principal amount of \$3,542,145, due in monthly installments of \$35,863, including imputed interest at 4.00% through June 2031, for building space.

Stryker Beds - Lease agreement dated April 2020 in the original principal amount of \$1,766,998, due in monthly installments of \$22,560, including imputed interest at 2.00%, through March 2027, collateralized by leased equipment.

MedOne Pumps - Lease agreement dated June 2020 in the original principal amount of \$1,487,456, due in monthly installments of \$18,991, including imputed interest at 2.00%, through June 2027, collateralized by leased equipment.

Interventional Radiology - Lease agreement dated December 2020 in the original principal amount of \$532,635, due in monthly installments of \$6,501, including interest at 4.00%, through January 2026, collateralized by leased equipment.

Insight Olympus - Lease agreement dated April 2022 in the original principal amount of \$532,995, due in monthly installments of \$16,134, including imputed interest at 5.67%, through March 2025.

Shared Imaging - Lease agreement dated March 2022 in the original principal amount of \$829,834, due in monthly installments of \$24,500, including imputed interest at 4.00%, through March 2025.

The Medical Center has entered into various other lease agreements due in monthly installments from \$520 to \$35,863, including interest from 0% to 4.95%, expiring from August 2023 to November 2027, collateralized by various leased assets.

The Medical Center has also entered into rental agreements that do not meet the criteria for capitalization, with related rentals charged to operations as incurred. Rental expense for these agreements amounted to \$501,400 and \$1,032,006 for the years ended June 30, 2023 and 2022, respectively.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

G. Business-type Activities – Leases Payable (Continued)

Lease commitments on these leases, including interest, are as follows:

Fiscal Year Ended June 30,	Leases Payable		
	Principal	Interest	Total
2024	\$ 2,712,008	\$ 237,919	\$ 2,949,927
2025	1,953,613	156,638	2,110,251
2026	1,178,173	109,340	1,287,513
2027	899,590	81,785	981,375
2028	491,890	60,203	552,093
2028-2032	1,248,900	76,359	1,325,259
	<u>\$ 8,484,174</u>	<u>\$ 722,244</u>	<u>\$ 9,206,418</u>

H. Business-type Activities - Long-Term Debt Amortization

The annual requirements to amortize long-term debt outstanding at June 30, 2023 (other than compensated absences and net pension liability) are as follows:

Fiscal Year Ended June 30,	2014 Series A Water Revenue Bonds		
	Principal	Interest	Total
2024	\$ 1,375,000	\$ 942,381	\$ 2,317,381
2025	1,450,000	871,756	2,321,756
2026	1,510,000	810,969	2,320,969
2027	1,570,000	747,182	2,317,182
2028	1,655,000	666,556	2,321,556
2029-2033	9,465,000	2,119,375	11,584,375
2034-2036	6,600,000	350,597	6,950,597
	<u>23,625,000</u>	<u>6,508,816</u>	<u>30,133,816</u>
Plus bond premium	<u>1,542,186</u>		<u>1,542,186</u>
	<u>\$ 25,167,186</u>	<u>\$ 6,508,816</u>	<u>\$ 31,676,002</u>

Fiscal Year Ended June 30,	2014 Series A Wastewater Revenue Bonds		
	Principal	Interest	Total
2024	\$ 900,000	\$ 698,950	\$ 1,598,950
2025	940,000	652,950	1,592,950
2026	990,000	604,700	1,594,700
2027	1,030,000	554,200	1,584,200
2028	1,085,000	501,325	1,586,325
2028-2032	6,320,000	1,612,750	7,932,750
2033-2036	4,520,000	240,975	4,760,975
	<u>15,785,000</u>	<u>4,865,850</u>	<u>20,650,850</u>
Plus bond premium	<u>1,267,561</u>		<u>1,267,561</u>
	<u>\$ 17,052,561</u>	<u>\$ 4,865,850</u>	<u>\$ 21,918,411</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

I. Business-type Activities - Long-Term Debt Amortization (Continued)

The annual requirements to amortize long-term debt outstanding at June 30, 2023 (other than compensated absences and net pension liability) are as follows (Continued):

Fiscal Year Ended June 30,	2012 Series A Wastewater Refunding Bonds		
	Principal	Interest	Total
2024	\$ 555,000	\$ 94,669	\$ 649,669
2025	580,000	75,863	655,863
2026	605,000	55,488	660,488
2027	620,000	34,050	654,050
2028	640,000	11,600	651,600
	<u>3,000,000</u>	<u>271,670</u>	<u>3,271,670</u>
Less bond discount	<u>(19,085)</u>		<u>(19,085)</u>
	<u>\$ 2,980,915</u>	<u>\$ 271,670</u>	<u>\$ 3,252,585</u>

Fiscal Year Ended June 30,	Hospital Bonds and Financed Purchases Payable		
	Principal	Interest	Total
2024	\$ 1,290,775	\$ 6,868,128	\$ 8,158,903
2025	1,343,453	6,810,730	8,154,183
2026	1,387,779	6,751,235	8,139,014
2027	1,438,079	6,689,221	8,127,300
2028	1,465,000	6,625,512	8,090,512
2029-2033	8,430,000	32,025,210	40,455,210
2034-2038	10,965,000	29,494,385	40,459,385
2039-2043	14,325,000	26,129,485	40,454,485
2044-2048	18,725,000	21,731,686	40,456,686
2049-2053	24,550,000	15,909,061	40,459,061
2054-2058	32,450,000	8,005,148	40,455,148
2059-2062	7,647,964	439,875	8,087,839
	<u>124,018,050</u>	<u>167,479,676</u>	<u>291,497,726</u>
Less bond discount	<u>(8,701,053)</u>		<u>(8,701,053)</u>
	<u>\$ 115,316,997</u>	<u>\$ 167,479,676</u>	<u>\$ 282,796,673</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

I. Business-type Activities - Long-Term Debt Amortization (Continued)

The annual requirements to amortize long-term debt outstanding at June 30, 2023 (other than compensated absences and net pension liability) are as follows (Continued):

Fiscal Year Ended June 30,	Total Business-type Activities		
	Principal	Interest	Total
2024	\$ 6,832,783	\$ 8,842,047	\$ 15,674,830
2025	6,267,066	8,567,937	14,835,003
2026	5,670,952	8,331,732	14,002,684
2027	5,557,669	8,106,438	13,664,107
2028	5,336,890	7,865,196	13,202,086
2029-2033	25,463,900	35,833,694	61,297,594
2034-2038	22,085,000	30,085,957	52,170,957
2039-2043	14,325,000	26,129,485	40,454,485
2044-2048	18,725,000	21,731,686	40,456,686
2049-2053	24,550,000	15,909,061	40,459,061
2054-2058	32,450,000	8,005,148	40,455,148
2059-2062	7,647,964	439,875	8,087,839
	<u>174,912,224</u>	<u>179,848,256</u>	<u>354,760,480</u>
Plus bond premium	2,809,747		2,809,747
Less bond discount	<u>(8,720,138)</u>		<u>(8,720,138)</u>
	<u>\$ 169,001,833</u>	<u>\$ 179,848,256</u>	<u>\$ 348,850,089</u>

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to workers' compensation claims, torts, the theft of, damage to, and destruction of assets, errors and omission, natural disasters, and group health insurance claims. To deal with these risks, the City has adopted a formal risk management program. As part of this program, various risk control techniques, including employee accident prevention training, are being implemented to minimize accident-related losses. An integral part of the program, however, continues to be insuring arrangements.

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority 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. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Audited financial statements for the Authority are available from Finance Director, at California Joint Powers Insurance Authority, 8081 Moody Street, La Palma, California 90623.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 – RISK MANAGEMENT (Continued)

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

Payments to the Authority for property and casualty coverage are recorded as expenditures in the General Fund.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 – RISK MANAGEMENT (Continued)

B. Insurance Programs of the Authority (Continued)

Workers Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

The City is responsible for workers' compensation claims incurred before July 1, 1997, under its self-insured program. Estimated unpaid claims reflect the maximum probable outcome of all claims without regard to the City's self-insured retention level. Reserves are assessed for indemnity, medical, and expense categories. Indemnity claims are estimated on the basis of computations, which will develop the probable total future cost of compensation and medical benefits due or potentially due. Medical-only claims are estimated on the basis of computations, which will develop the total future cost of medical benefits due or potentially due. Liability estimates are not reduced for third party recoveries, subrogation recoveries, or aggregate excess insurance coverage.

Payments for workers' compensation coverage are recorded as an expense to Workers' Compensation Internal Service Fund. Changes in workers' compensation liability for the current and past two fiscal years are as follows:

Fiscal Years	Balance at Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year Liability
2020-21	\$ 186,420	\$ 1,087,447	\$ (1,194,163)	\$ 79,704
2021-22	79,704	942,422	(957,430)	64,696
2022-23	64,696	1488044	(1,491,591)	61,149

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 – RISK MANAGEMENT (Continued)

B. Insurance Programs of the Authority (Continued)

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2022 through July 1, 2025. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of El Centro property is currently insured according to a schedule of covered property submitted by the City of El Centro to the Authority. City of El Centro property currently has all-risk property insurance protection in the amount of \$45,057,283. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Special Event Tenant User Liability Insurance

The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Authority.

The City did not purchase *Earthquake and Flood Insurance*.

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2022-2023.

C. Additional Insurance Programs

Group Health Insurance

The "Risks of Loss" to the City under the City sponsored group health insurance plans include major medical, dental, and vision claims. Prior to August 1, 1999, the City contracted with Pacific Mutual Insurance Company for a fully insured plan for medical and dental coverage.

On August 1, 1999, the City implemented a self-funded plan providing for the same benefits as the Pacific Mutual plan. The City's liability is limited to \$100,000 per employee with an overall cap of 125% of projected medical claims and 100% of dental and vision claims.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 – RISK MANAGEMENT (Continued)

C. Additional Insurance Programs (Continued)

Group Health Insurance (Continued)

The Hospital self-insures against medical costs for its employees and dependents. The Hospital has purchased supplemental coverage for losses in excess of \$175,000 per incident and \$2,000,000 in aggregate. The related liability is reported in accounts payable and accrued expenses on the statement of net position

The Hospital's accrued health insurance losses also include an estimate of possible losses attributable to incidents that may have occurred but not been identified under the incident reporting system. Historically, the actual liabilities incurred have not been materially different than the recorded estimates.

Workers' Compensation Self-Insurance

The Hospital self-insures against workers' compensation losses. The Medical Center has purchased supplemental coverage for losses in excess of \$1,000,000 per incident. Losses from asserted and unasserted claims identified under the Medical Center's incident reporting system are accrued based on estimates that incorporate the Medical Center's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. The related liability is reported in accrued compensation and benefits on the accompanying statements of net position. Historically, the actual losses incurred have not been materially different than the recorded estimates.

Medical Malpractice Insurance Coverage

The Hospital maintains medical malpractice insurance on a claims-made basis. The policy provides for a per claim deductible of \$5,000 with per occurrence coverage of \$26 million and aggregate annual coverage limits of \$30 million. In management's opinion, the Hospital has sufficiently accrued an estimated liability for claims incurred prior to June 30, 2023 that are expected to be subsequently reported to the insurance company. The related liability is reported in accounts payable and accrued expenses on the statement of net position.

NOTE 10 – PROPRIETARY FUNDS INFORMATION

The City maintains four enterprise funds. The Water and Wastewater funds account for the provision of basic utility services to all citizens. The Solid Waste fund accounts for trash collection throughout the City. The Hospital is an acute care facility providing health care to the community and surrounding area.

NOTE 11 – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the State of California. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

There are pending lawsuits involving complaints and cross complaints with the City involving performance of action and for damages incurred but a decision/settlement has not been reached.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 – CONTINGENT LIABILITIES (Continued)

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management, that the ultimate disposition of these lawsuits and proceedings will not have a material adverse effect on the financial condition of the City.

Malpractice, workers' compensation, and medical benefits claims have been asserted against the Hospital by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are also known incidents that have occurred through June 30, 2023, that may result in the assertion of additional claims. The Hospital management has accrued their best estimate of these contingent losses.

With changes now made to the pilot and permanent RAC (Recovery Audit Contractor) program, it is expected that RAC program review activities will resume by early next year. It is possible the Hospital has a contingent repayment liability for claims not previously reviewed. However, the Hospital has not received any notice from either the pilot RAC or the new permanent RAC regarding any intent to resume a RAC audit.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Over the last several years, government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers which could result in the imposition of significant fines and penalties as well as significant repayment of previously billed and collected revenue for patient services. Other than the issue discussed above, Hospital's management believes that the Hospital is in substantial compliance with current laws and regulations and that any potential liability arising from compliance issues have been properly reflected in the financial statements or are not considered to be material to the Hospital's financial position and results of operations as of and for the fiscal year ended June 30, 2023.

The Medicare and Medi-Cal government reimbursement programs account for a substantial amount of the Hospital's net patient service revenue. Expenditure reduction efforts and budget concerns within the United States and California legislature continue to create uncertainty over the volume of future health care funding. It is at least reasonably possible that future reimbursements for patient services under these programs could be negatively impacted.

NOTE 12 – NET PATIENT REVENUE

The Hospital has arrangements with third-party payors that provide payments to the Hospital at amounts different from its established rates. A summary of the basis of reimbursement with major third-party payer categories follows:

Medicare - Inpatient acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicare reimburses the Company for covered outpatient services rendered to Medicare beneficiaries by way of an outpatient prospective payment system based on ambulatory payment classifications.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 – NET PATIENT REVENUE (Continued)

Medicare (Continued)

Inpatient non-acute services, certain outpatient services, and defined capital costs related to Medicare beneficiaries are paid based, in part, on a cost reimbursement methodology. The Company is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The estimated amounts due to or from the program are reviewed and adjusted annually based on the status of such audits and any subsequent appeals. Differences between final settlements and amounts accrued in previous years are reported as adjustments to net patient service revenue in the year examination is substantially completed. Effective January 1, 2014, inpatient services rendered to Medi-Cal program beneficiaries under a diagnostic related group (DRG) methodology. Under this methodology, similar to Medicare, services are paid at prospectively determined rates per discharge according to a patient classification system that is based on clinical, diagnostic, and other factors.

Medi-Cal - Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed under noncontracted payment arrangements. The Hospital is reimbursed using a cost reimbursement methodology. Interim payments are based on a cost to charge ratio with final settlement determined after submission of annual cost reports and audits thereof by the Department of Health Care Services (“DHCS”). The estimated amounts due to or from DHCS are reviewed and adjusted annually based on the status of such audits and any subsequent appeals. Differences between final settlements and amounts accrued in previous years are reported as adjustments to net patient service revenue in the year examination is substantially complete.

Net Medicare and Medi-Cal program patient service revenue amounted to \$111,583,412 and \$119,085,008 for the fiscal years ended June 30, 2023 and 2022, respectively.

Commercial Insurance, Health Maintenance Organizations, and Preferred Provider Organizations - The Company has also entered into agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Company under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Other - The Company also provides its services to patients enrolled in programs of commercial insurance carriers, health maintenance organizations and preferred provider organizations under which the Company does not have agreements. The Company recognizes revenue for these patients based on its usual customary rates for these services adjusted for historical trends in the Company’s reimbursement for similar services.

Laws and regulations governing the third party payor arrangements are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 – NET PATIENT REVENUE (Continued)

Significant concentrations of gross patient accounts receivable at June 30 were as follows:

	2023	2022
Medicare	\$ 27,213,240	\$ 50,791,432
Medi-Cal	27,198,224	38,157,507
Commercial and other	18,680,685	21,236,181
Self pay	1,452,448	3,540,541
Gross patient accounts receivable	74,544,597	113,725,661
Less: Allowances for contractual and bad debt adjustments	(61,161,915)	(93,731,204)
Net patient accounts receivable	\$ 13,382,682	\$ 19,994,457

Revenue from Medicare and Medi-Cal programs accounted for approximately 44% and 33%, respectively, of net patient service revenue for the year ended June 30, 2023, and 40% and 34%, respectively, of net patient service revenue for the year ended June 30, 2022.

Net Medicare and Medi-Cal program patient service revenue amounted \$111,583,412 and \$119,085,008 for the fiscal years ended June 30, 2023 and 2022, respectively. Amounts written off to bad debt expense included in net patient service revenue totaled approximately \$4,112,360 and \$5,694,516 for the fiscal years ended June 30, 2023 and 2022, respectively. Allowances for contractual adjustments included in net patient service revenue totaled approximately \$573,628,757 and \$628,841,577 for the fiscal years ended June 30, 2023 and 2022, respectively.

NOTE 13 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation program created in accordance with Internal Revenue Code Section 457. The program, available to all full-time City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the program, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held for the exclusive benefit of the participants.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The postemployment benefit plan is a single-employer defined healthcare plan administered by the City. The City provides postretirement health, dental, vision, and life insurance benefits, as provided for in various collective bargaining agreements for retirees that meet certain criteria. The City pays 100 percent of the employee’s premium for benefit coverage for qualifying management employees and elected & contract employees until age 65 and a portion of the employee’s premium for qualifying non-management employees. These costs are typically liquidated in the General Fund. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

Eligibility

The table below presents a summary of the basic participant information for the active and retired participants covered under the terms of the Plan.

	Number of Covered Participants
■ Inactives currently receiving benefits	47
■ Inactives entitled to but not yet receiving benefits	-
■ Active employees	258
■ Total	305

Annual OPEB Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2023, the total contribution made was \$305,643. Forty-seven retired employees received OPEB benefits during the fiscal year.

Net OPEB Liability

The District’s net OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Method and Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability (Continued)

Actuarial Method and Assumptions (Continued)

Actuarial Assumption	June 30, 2022 Measurement Date
■ Actuarial Valuation Date	■ June 30, 2021
■ Contribution Policy	■ The plan is fully funded on the Measurement Date
■ Discount Rate and Long-Term Expected Rate of Return on Assets	■ 5.25% at June 30, 2022 ■ 4.75% at June 30, 2021 ■ Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
■ General Inflation	■ 2.50% annually
■ Mortality, Retirement, Disability, Termination	■ CalPERS 2000-2019 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-2021

Actuarial Assumption	June 30, 2022 Measurement Date
■ Salary Increases	■ Aggregate - 2.75% annually ■ Merit - CalPERS 2000-2019 Experience Study
■ Medical Trend	■ Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 ■ Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
■ Dental/Vision Increases	■ 2.50% annually
■ Cap Increases	■ Cost Sharing - Increases by 50% of the premium increase starting in 2026
■ Healthcare Participation for Future Retirees	■ At retirement: 90% ■ At age 65: > If no cap reduction: 100% > If cap is reduced: 90% > \$0 cap: 50% ■ Self-paying Council: 40%

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Change in Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
■ Balance at 6/30/22 (6/30/21 measurement date)	\$ 6,291,280	\$11,605,527	\$ (5,314,247)
■ Changes for the year			
● Service Cost	301,139	-	301,139
● Interest	305,881	-	305,881
● Changes of benefit terms	-	-	-
● Actual vs. expected experience	-	-	-
● Assumption changes	(349,656)	-	(349,656)
● Contributions - employer	-	305,643	(305,643)
● Contributions - employee	-	-	-
● Net investment income	-	(1,248,330)	1,248,330
● Benefit payments	(305,643)	(305,643)	-
● Administrative expenses	-	(2,946)	2,946
■ Net Changes	(48,279)	(1,251,276)	1,202,997
■ Balance at 6/30/23 (6/30/22 measurement date)	\$ 6,243,001	\$10,354,251	\$ (4,111,250)

There is sensitivity of the net OPEB liability due to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using the discount and trend rate that were 1 percentage point lower or 1 percentage point higher than the current discount and trend rates.

Changes in the Discount Rate

	Discount Rate		
	1% Decrease (4.25%)	Current Rate (5.25%)	1% Increase (6.25%)
■ Net OPEB Liability	\$ (3,381,851)	\$ (4,111,250)	\$ (4,732,031)

Changes in the Healthcare Trend Rate

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Net OPEB Liability	\$ (4,635,193)	\$ (4,111,250)	\$ (3,503,779)

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$305,643. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ -	\$ 2,137,225
■ Changes in assumptions	219,624	409,338
■ Net difference between projected and actual earnings on plan investments*	883,134	-
■ Employer contributions made subsequent to the measurement date**	295,523	-
■ Total	1,398,281	2,546,563

\$295,523 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2024. Amounts reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

FYE June 30	Deferred Outflows/(Inflows) of Resources
■ 2024	\$ (146,645)
■ 2025	(116,230)
■ 2026	(100,265)
■ 2027	64,446
■ 2028	(295,457)
■ Thereafter	(849,654)

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 – PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/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 CalPERS' Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension liabilities are typically liquidated in the General Fund for governmental activities or in the respective enterprise fund.

A. General Information about the Pension Plan

Plan Descriptions – All qualified employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, cost-sharing and agent multiple-employer defined benefit pension plans, respectively, administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

	City Miscellaneous Plan		City Safety Plan	
	Prior to July 1, 2013	On or after July 1, 2013	Prior to July 1, 2013	On or after July 1, 2013
Hire date				
Benefit formula	2.5% @ 55	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	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
Retirement age	50-55	52 - 67	50	50-57
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	3%	2.0% to 2.7%
Required employee contribution rates	7.00%	7.00%	9.00%	12.25%
Required employer contribution rates	10.283%	10.283%	58.458%	12.25%

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered – At June 30, 2023, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	155	137
Inactive employees entitled to but not yet receiving benefits	186	82
Active employees	117	123
Total	458	342

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans are measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	3.30%-14.20% (1)	3.30%-14.20% (1)
Investment Rate of Return	6.90% (2)	6.90% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 – PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for each 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 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS’ website.

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

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

The table below reflects the 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 rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10(a) (b)</u>
Global Equity - cap-weighted	30.00%	4.45%
Global Equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation of 2.0% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 – PENSION PLAN (Continued)

C. Changes in the Net Pension Liability

The change in the Net Pension Liability for each Plan follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at: 06/30/2021	\$90,723,028	\$81,910,721	\$8,812,307
Beginning of Year Adjustment	\$0	\$0	\$0
Adjusted Balance at: 06/30/2021	\$90,723,028	\$81,910,721	\$8,812,307
Changes Recognized for the Measurement Period:			
Service Cost	1,555,588		1,555,588
Interest on Total Pension Liability	6,186,282		6,186,282
Changes of Benefit Terms	0		0
Changes of Assumptions	2,654,723		2,654,723
Differences Between Expected and Actual Experience	(2,354,840)		(2,354,840)
Net Plan to Plan Resource Movement		0	0
Contributions – Employer		2,219,923	(2,219,923)
Contributions – Employees		623,160	(623,160)
Net Investment Income		(6,158,679)	6,158,679
Benefit Payments, Including Refunds of Employee Contributions	(4,288,910)	(4,288,910)	0
Administrative Expense		(51,025)	51,025
Other Miscellaneous (Income)/Expense		0	0
Net Changes During 2021-22	\$3,752,843	(\$7,655,531)	\$11,408,374
Balance at: 06/30/2022	\$94,475,871	\$74,255,190	\$20,220,681

Safety plan:

As of June 30, 2023, the City Safety Plan reported net pension liabilities for its proportionate share of the net position liability of the Plan as follows:

Proportionate Share of Net Pension Liability
<hr/>
\$ 39,092,285
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CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 – PENSION PLAN (Continued)

C. Changes in the Net Pension Liability (Continued)

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City’s proportion of the net pension liability 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 for the Plan as of June 30, 2022 and 2023 was as follows:

	Percentage Share of Plan		Change: Increase/ (Decrease)
	6/30/2023	6/30/2022	
■ Fiscal Year End	6/30/2023	6/30/2022	
■ Measurement Date	6/30/2022	6/30/2021	
■ Percentage of Plan (PERF C) NPL	0.33844%	0.39657%	-0.05813%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate –The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the City's 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:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 32,807,707	\$ 56,956,383
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 20,220,681	\$ 39,092,285
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 9,836,634	\$ 24,492,420

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS’ financial reports.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 – PENSION PLAN (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2023, the City recognized pension expense of \$11,331,276. With \$3,737,433 from the Safety Plan, \$2,262,743 from the Misc Plan and \$5,331,100 from the Hospital Plan. At June 30, 2023, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each plan:

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ 1,617,888	(424,511)
■ Changes of assumptions	3,941,686	-
■ Net differences between projected and actual earnings on plan investments	6,173,218	-
■ Change in employer's proportion	1,992,945	-
■ Differences between the employer's contributions and the employer's proportionate share of contributions	-	(2,791,198)
■ Pension contributions subsequent to measurement date	4,148,844	-
■ Total	<u>17,874,581</u>	<u>(3,215,709)</u>

\$4,148,844 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Deferred Outflows/(Inflows) of Resources
■ Fiscal Year Ending June 30:	
● 2024	\$ 2,978,306
● 2025	2,402,976
● 2026	1,363,004
● 2027	3,765,742
● 2028	-
● Thereafter	-

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 15 – PENSION PLAN (Continued)

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

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,231,746	\$ -
Change of assumptions	1,873,922	
Net difference between actual vs project experiences	221,042	(1,662,240)
Net differences between projected and actual earnings on plan investments	3,738,887	
Total	<u>\$ 8,065,597</u>	<u>\$ (1,662,240)</u>

\$2,231,746 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	\$899,631
2024	627,970
2025	294,068
2026	2,349,942
2027	0
Thereafter	0

NOTE 16 – EL CENTRO REGIONAL MEDICAL CENTER PENSION PLAN

General Information about the Retirement Plan

Plan description – The Retirement Plan is a single-employer defined benefit pension plan sponsored and administered by the Medical Center. The Retirement Plan covers all employees of the Medical Center hired before January 1, 2010. Employees first hired after December 31, 2009 are not eligible to participate in the Retirement Plan. The Retirement Plan provides retirement and death benefits to participants and its beneficiaries. The Retirement Plan is administered by a retirement plan committee appointed by the Board of Trustees of the Medical Center.

Benefits provided – The Retirement Plan provides retirement and death benefits. Retirement benefits for employees are calculated as the average of the highest consecutive three years of earnings. Employees are eligible to participate on their date of hire. Employees’ retirement benefits vest 100% at sixty years of age and after twenty-five years of completed service. Normal retirement is the later of age 65 and the 5th anniversary of hire. Early retirement is available at age 55 based on credited service to the date of retirement, with a benefit that is actuarially reduced for commencement prior to the normal retirement date. Death benefits are paid as a lump sum equal to the greater of the present value of the participant’s accrued benefit or the participant’s accumulated employee contributions.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 – EL CENTRO REGIONAL MEDICAL CENTER PENSION PLAN (Continued)

General Information about the Retirement Plan (Continued)

Employees covered by benefit terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	340
Inactive employees entitled to but not yet receiving benefits	992
Active employees	<u>254</u>
 Total	 <u>1,586</u>

As of January 1, 2010 the Retirement Plan was closed to new entrants.

Contributions – The Retirement Plan’s funding policy provides for annual employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The Medical Center is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2022, participants contributed 6.00% of their annual pay and the Medical Center’s average contribution rate was 23.38% of annual payroll. The contribution requirements of participants and the Medical Center are established and may be amended by the Medical Center’s Board of Trustees. Please contact the El Centro Regional Medical Center at 1415 Ross Avenue, El Centro CA, 92243 or (760) 339-7100 for more information regarding this plan.

Net Pension Liability

The Medical Center’s net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Salary increases	2.0% including inflation
Investment rate of return	7.25% net pension plan expense, including inflation

Mortality rates were based on the Society of Actuaries RP 2014 Table with the current MP 2020 adjustment for males or females, as appropriate.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 – EL CENTRO REGIONAL MEDICAL CENTER PENSION PLAN (Continued)

Net Pension Liability (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equities	20.00%	8.00%
International equities	10.00%	0.00%
Convertible bonds	10.00%	0.00%
Fixed income	25.00%	3.50%
Alternative investments	35.00%	7.00%
Cash	0.00%	-1.00%
Total	100.00%	

Discount rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at 6.00% of pay from July 1, 2022 through June 30, 2023. Based on those assumptions, the Retirement Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2022	\$ 125,459,600	\$ 86,340,600	\$ 39,119,000
Changes for the year:			
Service cost incurred	727,200	-	727,200
Interest on total pension liability	8,943,000	-	8,943,000
Actuarial liability loss (gain)	4,317,300	-	4,317,300
Changes in assumptions	(304,400)	-	(304,400)
Benefit payments	(5,962,900)	(5,962,900)	-
Contributions - Employer	-	5,331,100	(5,331,100)
Contributions - Employee	-	1,333,500	(1,333,500)
Net investment income	-	(7,987,900)	7,987,900
Administrative expense	-	(49,200)	49,200
Current-year net changes	7,720,200	(7,335,400)	15,055,600
Balances as of June 30, 2023	\$ 133,179,800	\$ 79,005,200	\$ 54,174,600

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 – EL CENTRO REGIONAL MEDICAL CENTER PENSION PLAN (Continued)

Net Pension Liability (Continued)

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2021	\$ 117,039,100	\$ 73,426,000	\$ 43,613,100
Changes for the year:			
Service cost incurred	853,900	-	853,900
Interest on total pension liability	8,311,300	-	8,311,300
Actuarial liability loss (gain)	6,475,400	-	6,475,400
Changes in assumptions	(440,000)	-	(440,000)
Retiree liability transferred to Prudential	(531,400)	-	(531,400)
Benefit payments	(6,248,700)	(6,248,700)	-
Contributions - Employer	-	5,400,000	(5,400,000)
Contributions - Employee	-	1,317,900	(1,317,900)
Net investment income	-	13,295,000	(13,295,000)
Annuity purchases at Prudential	-	(689,300)	689,300
Administrative expense	-	(160,300)	160,300
Current-year net changes	8,420,500	12,914,600	(4,494,100)
Balances as of June 30, 2022	\$ 125,459,600	\$ 86,340,600	\$ 39,119,000

The mortality assumption was changed from the 2016 Annuitant and Nonannuitant table for males and females to the 2016 Annuitant and Nonannuitant table for males and females published by the Internal Revenue Service in Notice 2015-53.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the Medical Center, calculated using the discount rate of 7.25%, as well as what the Medical Center’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	2023	2022
1% decrease	6.25 %	6.25 %
Net pension liability	\$ 70,339,200	\$ 52,302,500
Current discount rate	7.25 %	7.25 %
Net pension liability	\$ 54,174,600	\$ 39,119,000
1% increase	8.25 %	8.25 %
Net pension liability	\$ 40,663,800	\$ 25,422,900

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 – EL CENTRO REGIONAL MEDICAL CENTER PENSION PLAN (Continued)

Net Pension Liability (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2023, the Medical Center recognized pension expense of \$5,331,100. At June 30, 2023, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Contributions made after the measurement date (\$3,726,700) reported as deferred outflows of resources will be recognized as reductions of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2023, will be recognized as pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 1,613,900	\$ -
Changes in assumptions	-	113,800
Net differences between projected and actual earnings on plan investments	5,961,700	-
Contributions made after the measurement date of June 30, 2022	3,726,700	-
Totals	\$ 11,302,300	\$ 113,800

Other amounts reported as deferred outflows of resources and deferred inflows of resources relate to pension as of June 30, 2023, will be recognized as pension expense as follows:

	Recognized deferred Inflows/Outflows
2024	\$ 2,436,100
2025	837,700
2026	1,319,200
2027	2,868,800
Total	\$ 7,461,800

Defined Contribution Plan

Employees hired after January 1, 2010 are enrolled in a Defined Contribution Plan, 401(a). The DCP is administered by the Hospital.

Benefit terms, including contribution requirements, for the DCP are established by the Hospital. The Hospital is required to match employee contribution percentages. Employees enrolled in this plan contributed 6% of their gross payroll in fiscal year 2023 and the Hospital matched 6%. Employees are immediately vested upon entering the DCP.

The Medical Center's contributions to this plan were \$1,706,149 and \$1,620,805 for the fiscal years ended June 30, 2023 and 2022, respectively.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 17 – NET POSITION

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is divided into three captions under GASB Statement No. 63. These captions apply only to net position as determined at the government-wide level and are described below:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. These principally include debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

Unrestricted describes the portion of net position that does not meet the definition of invested in capital assets or restricted net position.

The government-wide statement of net position reports \$108,314,307 of restricted net position for governmental activities and \$15,679,656 for business-type activities.

None of the restricted net position in the government-wide statement of net position is restricted by enabling legislation.

NOTE 18 – FUND BALANCES

GASB Statement No. 54 requires governmental funds to report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific Purposes for which amounts in the funds can be spent. As of June 30, 2023, fund balances for governmental funds are made up of the following:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board in the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the City Manager may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 18 – FUND BALANCES

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board (or City Manager for assignments) has provided otherwise in its commitment or assignment actions.

The governing board adopted a minimum fund balance policy for the General Fund in order to establish, dedicate, and maintain reserves annually to meet known and estimated future obligations. The General Fund policy is to have not less than 10% of total expenditures in the unassigned fund balance for economic uncertainties. The General Fund is the only fund that reports a positive unassigned fund balance. Other governmental funds may report unassigned fund balance only when liabilities exceed assets resulting in a negative unassigned fund balance.

A detailed schedule of fund balances as of June 30, 2023 is presented below.

	General	Capital Project Fund Library Project	Debt Service Fund Police Project 2023	Other Governmental Funds	Total Governmental Funds
Restricted for:					
Housing	\$ -	\$ -	\$ -	\$ 5,347,475	\$ 5,347,475
Special projects				2,794,814	2,794,814
Debt service				2,924,048	2,924,048
Community development				31,482,415	31,482,415
Asset forfeiture				745,254	745,254
Public safety			41,644,544	1,369,510	43,014,054
Streets and roads				11,684,088	11,684,088
Landscaping & community facilities district	141,224			144,494	285,718
Pension plan	4,114,184				4,114,184
Capital projects		1,847,969		1,503,712	3,351,681
Total restricted fund balances	4,255,408	1,847,969	41,644,544	57,995,810	105,743,731
Committed to:					
Parks and recreation				131,031	131,031
Streets and roads				1,239,704	1,239,704
Capital projects				1,116,311	1,116,311
Total committed fund balances				2,487,046	2,487,046
Assigned to:					
Other post employment benefits	85,872				85,872
Total assigned fund balances	85,872				85,872
Unassigned	46,786,646			(1,122,109)	45,664,537
Total unassigned fund balances	46,786,646			(1,122,109)	45,664,537
Total fund balances	\$ 51,127,926	\$ 1,847,969	\$ 41,644,544	\$ 59,360,747	\$ 153,981,186

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 19 – MEDICARE ADVANCE PAYMENT

As a result of the COVID-19 pandemic, CMS offered an accelerated and advance payment program which gave healthcare providers the opportunity to receive an advance on future Medicare payments. The Hospital received a Medicare Advance Payment of \$22,948,343 in April 2020. Repayment of the Medicare Advance Payment is expected to begin 12 months after receipt of the advance, with a portion of Medicare payments being withheld until the advance is paid-in-full. Medicare will withhold 25% of net Medicare payments during the 12th through 23rd months after the original advance, and 50% of net Medicare payments during the 24th through 29th month after the original advance. Interest will be charged on any remaining balance after the 29th month at an annual rate of 4.0%. The Medical Center paid these advances off during the fiscal year ended June 30, 2023.

NOTE 20 – COVID-19 RELIEF FUNDS AND GRANT REVENUE

The Medical Center received \$1,287,553 and \$0 in grant funding from the HHS Provider Relief Fund, which was established as a result of the CARES Act for the fiscal year ended June 30, 2022 and 2023. Based on the terms and conditions of the grant, the Medical Center earns the grant by incurring healthcare-related expenses attributable to COVID-19 that another source has not reimbursed and is not obligated to reimburse, or by incurring lost revenues, defined as a negative change in year-over-year net patient care operating income, net of healthcare-related expenses attributable to COVID-19. During 2022 and 2023, the Medical Center recognized \$14 million and \$0, respectively, in grant revenue related to this program, which reflects management's estimate of the amount of the grant earned, including consideration for uncertainties related to reporting guidance still developing as of the date the financial statements were available to be issued.

NOTE 21 – RELATED PARTY TRANSACTIONS

On February 23, 2011, the City entered into a Reimbursement Agreement with the former Redevelopment Agency (RDA). The former RDA desired to provide funds to finance the cost of the acquisition, installation, construction and/or reimbursement of public infrastructure improvements within or outside the Project Area owned by the City and located in the City. The former RDA entered into a Reimbursement Agreement in which the former RDA agreed to reimburse the City for all costs of the Project Improvements that have been or will be paid or provided for initially by the City either directly or through reimbursement in an amount not to exceed \$4.2 million (amended to \$162 million in an amendment to the agreement). The reimbursement agreement stated that the reimbursement obligation shall constitute an indebtedness of the former RDA to the City which would be payable out of taxes levied in the Project Area and out of any other available funds. The former RDA pledged and granted the City a security interest in and lien on the Tax Revenues, except such pledge is subordinate to any existing bonds, notes, or other forms of indebtedness incurred by the former RDA or as otherwise agreed between the City and the former RDA.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 21 – RELATED PARTY TRANSACTIONS (Continued)

On March 8, 2011, the former RDA issued the El Centro Redevelopment Project Tax Allocation Bonds Series 2011A to the City in the amount of \$5,110,000 to partially satisfy the Reimbursement Agreement between the City and RDA.

On April 7, 2011, the former RDA issued the El Centro Redevelopment Project Tax Allocation Bonds Series 2011B in the amount of \$20,000,000 and the El Centro Redevelopment Project Tax Allocation Bonds Series 2011C in the amount of \$11,095,000 to the City to partially satisfy the Reimbursement Agreement between the City and RDA.

The Tax Allocation Bonds Series 2011A are junior and subordinate to the payment of the Tax Allocation Bonds 2007A&B and the Tax Allocation Bonds Series 2011C.

The Tax Allocation Bonds Series 2011B are secured on a basis subordinate to the Tax Allocation Bonds 2007A&B, the Tax Allocation Bonds Series 2011A, and the Tax Allocation Bonds Series 2011C. Under the Indenture of Trust, there will be no event of default if the former RDA does not pay principal or interest on the Tax Allocation Bonds Series 2011B while the City is the sole holder of the bonds unless the City declares such event of default in a written notice to the Trustee.

The Tax Allocation Bonds Series 2011C are subordinate to the Tax Allocation Bonds 2007 A&B.

The City entered into a commitment agreement and purchase contract with the El Centro Financing Authority (Authority) for the purchase and sale of the Tax Allocation Bonds Series 2011C to the Authority. For the purpose of acquiring the bonds, the Authority issued the El Centro Financing Authority Revenue Bonds Series 2011. A portion of the proceeds of the Authority Bonds were used by the Authority to purchase the Tax Allocation Bonds Series 2011C in the amount of \$11,095,000 from the City. The El Centro Financing Authority issued the Revenue Bonds Series 2011 on May 3, 2011. The remaining proceeds were used to fund the Reserve Fund, and pay costs of issuing the Bonds and the Local Obligations.

The former RDA delivered the Tax Allocation Bonds Series 2011C to the City and the City transferred the Tax Allocation Bonds Series 2011C to the Authority. The Tax Allocation Bonds Series 2011A and 2011B were shown as investments in the City's capital projects fund and the Tax Allocation Bonds Series 2011C is shown as an investment in the Financing Authority fund. As no money was transferred between the former RDA and City for the Tax Allocation Bonds (2011A, 2011B, and 2011C), advances receivable and payable have been set up in the financial statements for the amounts of the Tax Allocation Bonds.

However, in accordance with the Department of Finance letter dated April 1, 2014, the Tax Allocation Bonds Series 2011A and 2011B were disallowed as enforceable obligations since they were created between the City and former RDA and not with an outside entity. Due to this reason, prior period adjustments were made to eliminate the bonds which had been recorded as assets totaling \$25,110,000 in the City's capital projects fund, an advance totaling \$25,110,000 between the City and Successor Agency, and as long term debt totaling \$25,055,000 in the Successor Agency private purpose trust fund.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of El Centro that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 12.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

Capital asset activities for the fiscal year ended June 30, 2023 was as follows:

Fiduciary Activities:	Balance at			Balance at
	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets, not being depreciated:				
Land and land improvements	\$ 5,763,861	\$ -	\$ -	\$ 5,763,861
Construction in progress	1,694,868			1,694,868
Total capital assets, not being depreciated	<u>7,458,729</u>			<u>7,458,729</u>
Capital assets, being depreciated:				
Structures and improvements	21,720,364			21,720,364
Vehicles	79,772			79,772
Equipment	425,128			425,128
Total capital assets, being depreciated	<u>22,225,264</u>			<u>22,225,264</u>
Less accumulated depreciation for:				
Structures and improvements	(10,609,200)	(92,972)		(10,702,172)
Vehicles	(79,772)			(79,772)
Equipment	(363,994)			(363,994)
Total accumulated depreciation	<u>(11,052,966)</u>	<u>(92,972)</u>		<u>(11,145,938)</u>
Total capital assets, being depreciated net	<u>11,172,298</u>	<u>(92,972)</u>		<u>11,079,326</u>
Fiduciary activities capital assets, net	<u>\$ 18,631,027</u>	<u>\$ (92,972)</u>	<u>\$ -</u>	<u>\$ 18,538,055</u>

The following is a schedule of long-term liabilities for the fiscal year ended June 30, 2023:

	Balance at			Balance at	Due Within
	June 30, 2022	Additions	Reductions	June 30, 2023	One Year
Tax allocation bonds payable (2007B)	\$ 4,020,000	\$ -	\$ (205,000)	\$ 3,815,000	\$ 275,000
Unamortized discount	(20,986)		1,464	(19,522)	(1,464)
Tax allocation bonds payable (2011)	2,690,000		(675,000)	2,015,000	675,000
Tax allocation refunding bonds payable (2018)	14,835,000		(815,000)	14,020,000	1,070,000
Unamortized premium	1,700,820		(113,388)	1,587,432	113,388
Total	<u>\$ 23,224,834</u>	<u>\$ -</u>	<u>\$ (1,806,924)</u>	<u>\$ 21,417,910</u>	<u>\$ 2,131,924</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

Tax Allocation Bonds Payable

Tax Allocation Bonds (2007). On May 16, 2007, the former Redevelopment Agency of the City of El Centro issued its \$25,790,000 Tax Allocation Bonds, Series 2007A and \$5,405,000 Tax Allocation Bonds, Series 2007B. A portion of these Series 2007A and Series B Bonds was used to redeem all of the \$7,810,000 1996 bonds outstanding at June 30, 2007. The balance of the bond funds were used to finance public improvements, which constitute redevelopment activity within the Project Area, and finance low and moderate income housing projects of the Agency within the Project Area. The bonds have a stated interest rate from 4.00% to 5.75% and are payable over a period of thirty years maturing in 2036. The Series 2007A bonds were refunded by the 2018 Tax Allocation Refunding Bonds. The principal balance outstanding of the Series 2007B Bonds at June 30, 2023 is \$ 3,795,478, which is net of the \$19,522 of unamortized original bond discount. In the event of a default, the full outstanding balance of the bonds immediately becomes due and payable.

Tax Allocation Bonds (2011). During the fiscal year 2010/2011, the former Redevelopment Agency of the City of El Centro (RDA) issued three tax allocation bonds: El Centro Redevelopment Project Tax Allocation Bonds Series 2011A in the amount of \$5,110,000 on March 8, 2011, the El Centro Redevelopment Project Tax Allocation Bonds Series 2011B in the amount of \$20,000,000 on April 7, 2011, and the El Centro Redevelopment Project Tax Allocation Bonds Series 2011C in the amount of \$11,095,000 on April 7, 2011. Each of the three tax allocation bonds was issued to partially satisfy a Reimbursement Agreement between the City and the former RDA. The Reimbursement Agreement was entered into by the City and RDA to provide funds to the City from the former RDA to finance the cost of the acquisition, installation, construction and/or reimbursement of public infrastructure improvements within or outside of the Project Area owned by the City and located within the City. The Reimbursement Agreement originally stated an amount not to exceed \$4,200,000, but was amended to \$162,000,000 subsequent to the original Reimbursement Agreement.

However, in accordance with the Department of Finance letter dated April 1, 2014, the Tax Allocation Bonds Series 2011A and 2011B were disallowed as enforceable obligations since they were created between the City and former RDA and not with an outside entity.

The Series 2011C Tax Allocation Bonds are subordinate to the 2007 A/B Tax Allocation Bonds. The Series 2011C Tax Allocation Bonds have a stated interest rate from 6.000% to 6.625% and have a maturity date of November 1, 2025. The principal balance outstanding at June 30, 2023 is \$2,015,000. In the event of a default, the full outstanding balance of the leases immediately becomes due and payable.

Tax Allocation Refunding Bonds (2018). On August 1, 2018, the Successor Agency to the former Redevelopment Agency of the City of El Centro issued its \$17,695,000 Tax Allocation Refunding Bonds, Series 2018. The proceeds and additional funds provided by the Successor Agency were used to redeem all of the \$20,940,000 2007A bonds outstanding at time of issuance and resulted in a deferred loss of \$572,559. The outstanding balance of the defeased bond is \$20,185,000 as of June 30, 2020. The bonds have a stated interest rate from 3.00% to 5.00% and are payable over a period of nineteen years maturing in 2036. The principal balance outstanding of the Series 2018 Refunding Bonds at June 30, 2023 is \$15,607,432, which includes the \$1,587,432 of unamortized original bond premium. In the event of a default, the full outstanding balance of the leases immediately becomes due and payable.

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

Tax Allocation Bonds Payable (Continued)

The annual requirements to amortize long-term debt outstanding at June 30, 2023 are as follows:

Fiscal Year Ended June 30,	2007 Series B Tax Allocation Bonds		
	Principal	Interest	Total
2024	\$ 275,000	\$ 211,456	\$ 486,456
2025	305,000	194,781	499,781
2026	335,000	176,381	511,381
2027	365,000	156,256	521,256
2028	395,000	134,406	529,406
2029-2033	1,350,000	372,600	1,722,600
2034-2037	790,000	95,163	885,163
	<u>3,815,000</u>	<u>1,341,043</u>	<u>5,156,043</u>
Less bond discount	(19,522)		(19,522)
	<u>\$ 3,795,478</u>	<u>\$ 1,341,043</u>	<u>\$ 5,136,521</u>

Fiscal Year Ended June 30,	Series 2011C Tax Allocation Bonds		
	Principal	Interest	Total
2024	\$ 675,000	\$ 111,135	\$ 786,135
2025	670,000	66,582	736,582
2026	670,000	22,194	692,194
	<u>\$ 2,015,000</u>	<u>\$ 199,911</u>	<u>\$ 2,214,911</u>

Fiscal Year Ended June 30,	2018 Tax Allocation Refunding Bonds		
	Principal	Interest	Total
2024	\$ 1,070,000	\$ 603,425	\$ 1,673,425
2025	1,160,000	547,675	1,707,675
2026	1,260,000	487,175	1,747,175
2027	1,360,000	421,675	1,781,675
2028	1,470,000	350,925	1,820,925
2029-2033	4,960,000	817,325	5,777,325
2034-2037	2,740,000	186,444	2,926,444
	<u>14,020,000</u>	<u>3,414,644</u>	<u>17,434,644</u>
Plus bond premium	1,587,432		1,587,432
	<u>\$ 15,607,432</u>	<u>\$ 3,414,644</u>	<u>\$ 19,022,076</u>

CITY OF EL CENTRO
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 22 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

Tax Allocation Bonds Payable (Continued)

The annual requirements to amortize long-term debt outstanding at June 30, 2023 are as follows:
(Continued)

Fiscal Year Ended June 30,	Total Tax Allocation Bonds		
	Principal	Interest	Total
2024	\$ 2,020,000	\$ 926,016	\$ 2,946,016
2025	2,135,000	809,038	2,944,038
2026	2,265,000	685,750	2,950,750
2027	1,725,000	577,931	2,302,931
2028	1,865,000	485,331	2,350,331
2029-2033	6,310,000	1,189,925	7,499,925
2034-2037	3,530,000	281,607	3,811,607
	<u>19,850,000</u>	<u>4,955,598</u>	<u>24,805,598</u>
Less bond discount	<u>1,567,910</u>		<u>1,567,910</u>
	<u>\$ 21,417,910</u>	<u>\$ 4,955,598</u>	<u>\$ 26,373,508</u>

NOTE 23 – GOING CONCERN CONTINGENCY

As indicated in the accompanying financial statements, the Medical Center showed a decrease in net assets of \$33,307,922 during the year ended June 30, 2023. As of that date, the Medical Center's current liabilities exceeded its current assets by \$123,735,153, and its total liabilities exceeded its total assets by \$24,420,988. Those factors, as well as the uncertain conditions that the Medical Center faces regarding its Series 2018 bond agreement (as discussed in Note 7), create an uncertainty about the Medical Center's ability to continue as a going concern. Management of the Medical Center has developed a plan to reduce its liabilities and improve operating income, which includes reimbursement improvement and expense reduction initiatives to improve cash flows. The ability of the Medical Center to continue as a going concern is dependent on the success of the plan. The financial statements do not include any adjustments that might be necessary if the Medical Center is unable to continue as a going concern.

NOTE 24 – SUBSEQUENT EVENTS

The Medical Center received a loan through the Distressed Hospital Loan Program via the California Health Facilities Financing Authority (CHFFA), dated October 2023 in the amount of \$28,000,000. Principal-only payments are due monthly starting May 1, 2025 in the amount of \$518,518 through September 2029. In the event of default, CHFFA will intercept 20% of the Medical Center's Medi-Cal payments until the loan amount has been satisfied.

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF EL CENTRO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

**Agent Multiple-Employer Defined Benefit Pension Plan – City Miscellaneous Plan
Last 10 Fiscal Years***

Schedule of Changes in the Net Pension Liability and Related Ratios

	Misc Plan 2023	Misc Plan 2022	Misc Plan 2021	Misc Plan 2020	Misc Plan 2019	Misc Plan 2018	Misc Plan 2017	Misc Plan 2016	Misc Plan 2015
Measurement Period	2021-22 ¹	2020-21 ¹	2019-20 ¹	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Total Pension Liability									
Service Costs	\$ 1,555,588	\$ 1,422,490	\$ 1,436,208	\$ 1,357,783	\$ 1,424,876	\$ 1,525,901	\$ 1,241,911	\$ 1,188,226	\$ 1,215,299
Interest on the TPL	6,186,282	6,145,839	5,890,131	5,618,863	5,409,618	5,218,413	4,987,901	4,768,690	4,607,233
Changes of Assumptions	2,654,723				(313,227)	4,405,259		(1,177,330)	
Differences between Expected and Actual Exp.	(2,354,840)	333,923	542,062	(337,697)	(359,679)	91,457	(178,197)	(856,424)	
Benefit Payments	(4,288,910)	(4,179,705)	(3,974,418)	(3,553,479)	(3,520,063)	(3,173,320)	(2,996,761)	(2,883,347)	(2,855,061)
Net Change in TPL	3,752,843	3,722,547	3,893,983	3,085,470	2,641,525	8,067,710	3,054,854	1,039,815	2,967,471
TPL - Beginning	90,723,028	87,000,481	83,106,498	80,021,028	77,379,503	69,311,793	66,256,939	65,217,124	62,249,653
TPL - Ending (a)	\$94,475,871	\$90,723,028	\$87,000,481	\$83,106,498	\$80,021,028	\$77,379,503	\$69,311,793	\$66,256,939	\$65,217,124
Plan Fiduciary Net Position									
Contribution from the Employer	\$ 2,219,923	\$ 2,018,751	\$ 1,832,444	\$ 1,560,664	\$ 1,226,664	\$ 1,167,841	\$ 1,099,805	\$ 831,705	\$ 746,065
Contribution from the Employees	623,160	657,139	648,106	626,203	560,129	662,744	658,851	590,048	604,985
Net investment income ²	(6,209,704)	15,202,851	3,335,322	4,136,928	4,775,232	6,119,412	228,565	1,181,242	8,605,215
Benefit Payments	(4,288,910)	(4,179,705)	(4,068,116)	(3,599,075)	(3,520,063)	(3,173,320)	(2,996,761)	(2,883,347)	(2,855,061)
Net Change in Plan FNP	(7,655,531)	13,699,036	1,747,756	2,724,720	3,041,962	4,776,677	(1,009,540)	(280,352)	7,101,204
Plan FNP - Beginning	81,910,721	68,211,685	66,463,929	63,739,209	60,697,247	55,920,570	56,930,110	57,210,462	50,109,258
Plan FNP - Ending (b)	\$74,255,190	\$81,910,721	\$68,211,685	\$66,463,929	\$63,739,209	\$60,697,247	\$55,920,570	\$56,930,110	\$57,210,462
Net Pension Liability - Ending (a)-(b)	\$20,220,681	\$ 8,812,307	\$18,788,796	\$16,642,569	\$16,281,819	\$16,682,256	\$13,391,223	\$ 9,326,829	\$ 8,006,662
Plan FNP as a % of the TPL	78.60%	90.29%	78.40%	79.97%	79.65%	78.44%	80.68%	85.92%	87.72%
Covered Payroll	\$ 9,188,352	\$ 9,213,019	\$ 9,247,959	\$ 8,573,488	\$ 8,904,921	\$ 9,460,021	\$ 8,516,739	\$ 8,079,870	\$ 7,902,333
NPL as Percentage of Covered Payroll	220.07%	95.65%	203.17%	194.12%	182.84%	176.34%	157.23%	115.43%	101.32%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

Note to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

TPL - Total Pension Liability FNP - Fiduciary Net Position NPL - Net Pension Liability

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

In 2023, the accounting discount rate reduced from 7.15 percent to 6.90 percent.

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

**CITY OF EL CENTRO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

**Agent Multiple-Employer Defined Benefit Pension Plan – City Miscellaneous Plan
Last 10 Fiscal Years***

Schedule of Pension Contributions¹

	Misc. Plan 2023	Misc. Plan 2022	Misc. Plan 2021	Misc. Plan 2020	Misc. Plan 2019	Misc. Plan 2018	Misc. Plan 2017	Misc. Plan 2016	Misc. Plan 2015
Actuarially Determined Contribution ²	\$2,219,923	\$2,018,751	\$2,151,942	\$1,560,664	\$1,226,812	\$1,167,841	\$1,099,805	\$ 831,705	\$ 746,065
Contributions in Relation to the Actuarially Determined Contribution ²	(2,219,923)	(2,018,751)	(2,151,942)	(1,560,664)	(1,226,812)	(1,167,841)	(1,099,805)	(831,705)	(746,065)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ^{3,4}	\$9,188,352	\$9,213,019	\$9,855,721	\$8,573,488	\$9,172,069	\$8,904,921	\$9,460,021	\$8,516,739	\$8,079,870
Contributions as a Percentage of Covered Payroll ³	24.16%	21.91%	21.83%	18.20%	13.38%	13.11%	11.63%	9.77%	9.23%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions.

However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Includes one year's payroll growth using 3.00 percent payroll growth assumption.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2014 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 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 included 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

**CITY OF EL CENTRO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

**Cost Sharing Defined Benefit Pension Plan – City Safety Plan
As of June 30, 2023**

Schedule of the City’s Safety Plan Proportionate Share of the Net Pension Liability – Last 10 Years*

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of NPL	0.338440%	0.396570%	0.309164%	0.299215%	0.311235%	0.314642%	0.330739%	0.352026%	0.598620%
Proportionate share of NPL	\$ 39,092,285	\$ 21,447,736	\$ 33,638,387	\$ 30,660,642	\$ 29,991,463	\$ 31,203,847	\$28,619,175	\$24,162,776	\$22,454,033
Covered payroll	\$ 6,150,010	\$ 6,261,838	\$ 6,735,124	\$ 6,096,472	\$ 5,766,060	\$ 6,144,821	\$ 6,054,526	\$ 5,399,857	\$ 5,399,857
Proportionate share of NPL as a percentage of covered payroll	635.65%	342.52%	499.45%	502.92%	520.14%	507.81%	472.69%	447.47%	415.83%
Plan's fiduciary net position	\$ 90,265,431	\$100,128,964	\$ 84,351,064	\$ 83,043,721	\$ 80,720,327	\$ 76,695,958	\$68,739,383	\$67,893,569	\$67,281,195
Plan's total pension liability	\$129,357,716	\$121,576,700	\$117,989,451	\$113,704,363	\$110,711,790	\$107,899,805	\$97,358,558	\$92,056,345	\$89,735,228
Plan fiduciary net position as % of total pension liability	69.78%	82.36%	71.49%	73.03%	72.91%	71.08%	70.60%	73.75%	74.98%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

In 2023, the accounting discount rate was reduced from 7.15 percent to 6.90 percent.

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

**CITY OF EL CENTRO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

**Cost Sharing Defined Benefit Pension Plan – City Safety Plan
As of June 30, 2023**

Schedule of Pension Contributions – Last 10 Years*

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractual required contribution (actuarially determined)	\$ 4,148,844	\$ 3,737,433	\$ 3,446,636	\$ 3,179,824	\$ 2,655,234	\$ 3,930,416	\$ 3,702,904	\$ 3,444,430	\$ 2,825,594
Contributions in relation to the actuarially determined contributions	(4,148,844)	(3,737,433)	(3,446,636)	(3,179,824)	(2,655,234)	(3,930,416)	(3,702,904)	(3,444,430)	(2,825,594)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,666,177	\$ 6,150,010	\$ 6,261,838	\$ 6,735,124	\$ 5,939,042	\$ 5,766,060	\$ 6,144,821	\$ 6,054,526	\$ 5,399,857
Contributions as a percentage of covered payroll	62.24%	60.77%	55.04%	47.21%	44.71%	68.16%	60.26%	56.89%	52.33%

Notes to Schedule

Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.30%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	6.90%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

CITY OF EL CENTRO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Schedule of Changes in Net OPEB Liability and Related Ratios - Last 10 Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Period	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Changes in Total OPEB Liability						
Service Costs	\$ 301,139	\$ 323,344	\$ 317,618	\$ 301,952	\$ 293,157	\$ 284,618
Interest	305,881	417,645	399,043	416,686	394,384	374,437
Changes of benefit terms				295,354		
Changes of Assumptions	(349,656)	270,700	(102,413)	(31,405)		
Differences between Expected and Actual Exp.		(1,850,347)		(1,039,812)		
Benefit Payments	(305,643)	(280,525)	(282,984)	(275,478)	(306,183)	(303,682)
Net Change in Total OPEB Liability	(48,279)	(1,119,183)	331,264	(332,703)	381,358	355,373
Total OPEB Liability - Beginning	6,291,280	7,410,463	7,079,199	7,411,902	7,030,544	6,675,171
Total OPEB Liability - Ending (a)	\$ 6,243,001	\$ 6,291,280	\$ 7,410,463	\$ 7,079,199	\$ 7,411,902	\$ 7,030,544
Plan Fiduciary Net Position						
Contribution from the Employer	\$ 305,643	\$ 280,525	\$ 282,984	\$ 275,478	\$ 306,183	\$ 303,682
Net investment income ¹	(1,248,330)	1,382,149	608,748	645,689	387,498	527,213
Benefit Payments	(308,589)	(280,525)	(287,756)	(277,411)	(306,183)	(303,682)
Net Change in Plan Fiduciary Net Position	(1,251,276)	1,382,149	603,976	643,756	387,498	527,213
Plan Fiduciary Net Position - Beginning	11,605,527	10,223,378	9,619,402	8,975,646	8,588,148	8,060,935
Plan Fiduciary Net Position - Ending (b)	\$ 10,354,251	\$ 11,605,527	\$ 10,223,378	\$ 9,619,402	\$ 8,975,646	\$ 8,588,148
Net OPEB Liability (Asset) - Ending (a)-(b)	<u>\$ (4,111,250)</u>	<u>\$ (5,314,247)</u>	<u>\$ (2,812,915)</u>	<u>\$ (2,540,203)</u>	<u>\$ (1,563,744)</u>	<u>\$ (1,557,604)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	165.85%	184.47%	137.96%	135.88%	121.10%	122.15%
Covered Payroll	\$ 17,131,434	\$ 15,190,740	\$ 15,951,110	\$ 15,670,114	\$ 14,211,290	\$ 14,913,485
Net OPEB Liability as Percentage of Covered Payroll	-24.00%	-34.98%	-17.63%	-16.21%	-11.00%	-10.44%

¹ Net of administrative expenses.

*Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

**CITY OF EL CENTRO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

Schedule of OPEB Employer Contributions - Last 10 Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contributions (ADC)	\$ 48,000	\$ 208,000	\$ 201,000	\$ 234,000	\$ 227,000	\$ 154,000
Contributions in relation to ADC	295,523	305,643	280,525	282,984	275,478	306,183
Contribution deficiency/(excess)	(247,523)	(97,643)	(79,525)	(48,984)	(48,478)	(152,183)
Covered payroll	18,067,183	17,131,434	16,855,123	15,951,110	15,670,114	14,211,290
Contributions as a percentage of covered payroll	1.6%	1.8%	1.7%	1.8%	1.8%	2.2%

*Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

**CITY OF EL CENTRO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

**Single Employer Defined Benefit Pension Plan – Hospital Plan
Last 10 Fiscal Years***

Schedule of Changes in the Net Pension Liability and Related Ratios

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Period	2021-22 ¹	2020-21 ¹	2019-20 ¹	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Total Pension Liability									
Service Costs	\$ 727,200	\$ 853,900	\$ 882,300	\$ 958,700	\$ 1,012,200	\$ 1,179,700	\$ 1,241,300	\$ 1,460,700	\$ 1,586,900
Interest on the Total Pension Liability	8,943,000	8,311,300	7,988,000	7,872,800	7,327,500	6,889,400	6,525,700	6,129,100	5,589,400
Actuarial Liability Loss	4,317,300	6,475,400	1,729,400	(1,946,200)	4,954,000	4,980,600	1,576,800	1,346,000	3,839,500
Changes of Assumptions	(304,400)	(440,000)	(318,900)	(274,900)	(483,000)	577,200	115,800	109,000	(295,300)
Benefit Payments	(5,962,900)	(6,780,100)	(5,452,000)	(4,616,200)	(5,263,000)	(4,264,400)	(4,219,900)	(3,646,300)	(3,308,000)
Net Change in Total Pension Liability	<u>7,720,200</u>	<u>8,420,500</u>	<u>4,828,800</u>	<u>1,994,200</u>	<u>7,547,700</u>	<u>9,362,500</u>	<u>5,239,700</u>	<u>5,398,500</u>	<u>7,412,500</u>
Total Pension Liability - Beginning	<u>125,459,600</u>	<u>117,039,100</u>	<u>112,210,300</u>	<u>110,216,100</u>	<u>102,668,400</u>	<u>93,305,900</u>	<u>88,066,200</u>	<u>82,667,700</u>	<u>75,255,200</u>
Total Pension Liability - Ending (a)	<u>\$ 133,179,800</u>	<u>\$ 125,459,600</u>	<u>\$ 117,039,100</u>	<u>\$ 112,210,300</u>	<u>\$ 110,216,100</u>	<u>\$ 102,668,400</u>	<u>\$ 93,305,900</u>	<u>\$ 88,066,200</u>	<u>\$ 82,667,700</u>
Plan Fiduciary Net Position									
Contribution from the Employer	\$ 5,331,100	\$ 5,400,000	\$ 5,400,000	\$ 4,780,300	\$ 4,064,100	\$ 3,347,900	\$ 3,239,400	\$ 3,716,700	\$ 3,323,900
Contribution from the Employees	1,333,500	1,317,900	1,326,000	1,303,200	1,288,400	1,371,800	1,356,200	1,333,700	1,330,700
Net investment income ²	(7,987,900)	13,295,000	7,177,200	3,902,200	3,198,800	1,676,400	66,800	2,334,200	4,166,900
Benefit Payments	(6,012,100)	(7,098,300)	(5,505,300)	(4,658,500)	(5,303,300)	(4,302,900)	(4,256,500)	(3,679,000)	(3,337,300)
Net Change in Plan Fiduciary Net Position	<u>(7,335,400)</u>	<u>12,914,600</u>	<u>8,397,900</u>	<u>5,327,200</u>	<u>3,248,000</u>	<u>2,093,200</u>	<u>405,900</u>	<u>3,705,600</u>	<u>5,484,200</u>
Plan Fiduciary Net Position - Beginning	<u>86,340,600</u>	<u>73,426,000</u>	<u>65,028,100</u>	<u>59,700,900</u>	<u>56,452,900</u>	<u>54,359,700</u>	<u>53,953,800</u>	<u>50,248,200</u>	<u>44,764,000</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 79,005,200</u>	<u>\$ 86,340,600</u>	<u>\$ 73,426,000</u>	<u>\$ 65,028,100</u>	<u>\$ 59,700,900</u>	<u>\$ 56,452,900</u>	<u>\$ 54,359,700</u>	<u>\$ 53,953,800</u>	<u>\$ 50,248,200</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 54,174,600</u>	<u>\$ 39,119,000</u>	<u>\$ 43,613,100</u>	<u>\$ 47,182,200</u>	<u>\$ 50,515,200</u>	<u>\$ 46,215,500</u>	<u>\$ 38,946,200</u>	<u>\$ 34,112,400</u>	<u>\$ 32,419,500</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.32%	68.82%	62.74%	57.95%	54.17%	54.99%	58.26%	61.27%	60.78%
Covered Payroll	\$ 20,881,400	\$ 22,757,900	\$ 23,156,600	\$ 23,655,000	\$ 25,425,100	\$ 26,162,900	\$ 27,097,600	\$ 27,657,600	\$ 29,865,900
Net Pension Liability as Percentage of Covered Payroll	259.44%	171.89%	188.34%	199.46%	198.68%	176.65%	143.73%	123.34%	108.55%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

Change in assumptions: The mortality assumptions was changed from the Society of Actuaries' RP2014 Table with MP2019 for males or females to the Society of Actuaries' RP 2014 Table with MP2020 for males or females.

*Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

**CITY OF EL CENTRO
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

**Single Employer Defined Benefit Pension Plan – Hospital Plan
Last 10 Fiscal Years***

Schedule of Pension Contributions

	Misc. Plan 2023	Misc. Plan 2022	Misc. Plan 2021	Misc. Plan 2020	Misc. Plan 2019	Misc. Plan 2018	Misc. Plan 2017	Misc. Plan 2016	Misc. Plan 2015
Actuarially Determined Contribution	\$ 4,000,000	\$ 5,400,000	\$ 5,400,000	\$ 5,400,000	\$ 4,780,300	\$ 4,064,100	\$ 3,347,900	\$ 3,239,400	\$ 3,323,900
Contributions in Relation to the Actuarially Determined Contribution	(4,321,670)	(5,400,000)	(5,400,000)	(5,400,000)	(4,780,300)	(4,064,100)	(3,347,900)	(3,239,400)	(3,323,900)
Contribution Deficiency (Excess)	\$ (321,670)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
 Covered Payroll ^{3,4}	Not Available	\$ 20,881,400	\$ 22,757,900	\$ 23,156,600	\$ 23,655,000	\$ 25,425,100	\$ 26,162,900	\$ 27,097,600	\$ 27,657,600
 Contributions as a Percentage of Covered Payroll	Not Available	25.86%	23.73%	23.32%	20.21%	15.98%	12.80%	11.95%	12.02%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of the July 1st prior to the end of the fiscal year in which the contributions are reported

Actuarial Cost Method	Entry age
Amortization Method/Period	Level percentage of payroll, closed
Remaining amortization period	11.5 years
Asset valuation method	5 year smoothed market
Inflation	2.00%
Salary Increases	2
Investment Rate of Return	7.25%
Discount Rate	7.25%
Retirement Age	65 years
Mortality	Mortality rates were based on the Society of Actuaries RP 2014 Table with the MP 2020 for males or females, as appropriate.

* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

*Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

CITY OF EL CENTRO
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgetary Data

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-Type Activities

The Governmental Funds include the General Fund, Special Revenue, Debt Service and Capital Projects funds. All funding sources are kept separate for both reporting and the use of money. The General Fund is where most City services are funded that are not required to be segregated.

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30 of each fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the City Hall to obtain citizen input.
3. Prior to July 1, the budget is adopted through passage of a resolution and is not included herein but is published separately.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revision that increases the total appropriations of any fund must be approved by the City Council. The appropriated budget is prepared by fund, function, and department.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

There were no budgets prepared for the CDBG Special Revenue Fund, Integrated Waste Management Special Revenue Fund, 7th and State Bus Terminal Special Revenue Fund, CDBG COVID-19 Special Revenue Fund, Library Project Special Revenue Fund and EDA Grant Capital Projects Fund.

OTHER SUPPLEMENTARY INFORMATION

CITY OF EL CENTRO
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 36,160,760	\$ 36,160,760	\$ 32,399,705	\$ (3,761,055)
Licenses and Permits	346,300	346,300	441,224	94,924
Intergovernmental	1,323,000	1,520,239	7,348,126	5,827,887
Charges for Services	934,540	1,054,540	1,022,282	(32,258)
Fines and Forfeitures	35,300	35,300	57,644	22,344
Interest	207,000	205,000	1,020,352	815,352
Other	823,000	1,318,000	2,077,881	759,881
Total Revenues	<u>39,829,900</u>	<u>40,640,139</u>	<u>44,367,214</u>	<u>3,727,075</u>
Expenditures				
Current				
General Government	4,882,376	5,101,456	4,076,774	1,024,682
Public Safety	19,242,853	18,495,031	15,718,185	2,776,846
Public Works	1,872,764	2,033,907	1,728,152	305,755
Parks and Recreation	5,716,133	3,879,050	8,909,665	(5,030,615)
Community Development	2,183,694	2,764,945	2,383,213	381,732
Capital Outlay	3,532,100	3,537,884	3,572,483	(34,599)
Total Expenditures	<u>37,429,920</u>	<u>35,812,273</u>	<u>36,388,472</u>	<u>(576,199)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,399,980</u>	<u>4,827,866</u>	<u>7,978,742</u>	<u>3,150,876</u>
Other Financing Sources (Uses):				
Proceeds from Issuance of Debt				
Transfers In	1,337,550	1,337,550	1,189,017	(148,533)
Transfers Out	(901,469)	(956,469)	(951,661)	4,808
Total Other Financing Sources (Uses)	<u>436,081</u>	<u>381,081</u>	<u>237,356</u>	<u>(143,725)</u>
Net Change in Fund Balance	2,836,061	5,208,947	8,216,098	3,007,151
Fund Balance - July 1, 2022	<u>42,911,828</u>	<u>42,911,828</u>	<u>42,911,828</u>	
Fund Balance - June 30, 2023	<u>\$ 45,747,889</u>	<u>\$ 48,120,775</u>	<u>\$ 51,127,926</u>	<u>\$ 3,007,151</u>

See Note to Required Supplementary Information

COMBINING STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Gas Tax - This fund is used to account for the City's share of California State gas tax revenue expended for street improvements and maintenance.

Community Development Block Grant (CDBG) - This fund is used to account for revenues and expenditures under the State of California CDBG program.

Transportation Article 8A - This fund is used to account for State of California Transportation Development Act Funds.

Bus Shelter - This fund is used to account for revenues and expenditures that will be utilized in the maintenance of the Bus Shelters within the City.

Transportation Article 3 - This fund is used to account for State of California Transportation Development Act Funds expended for bicycle and pedestrian projects.

Home Program - This fund is used to account for the expenditure of grant funds received under the California Department of Housing and Community Development Investment Partnership Program.

Rental Rehab HUD - This fund is used to account for revenues and expenditures associated with the California Department of Housing and Urban Development rental rehabilitation program.

Traffic Congestion Relief - This fund is used to account for TCRF funds

Home Program Income Admin - This fund is used to account for the administrative expenditures of the HOME program.

Recreation Projects - This fund is used to account for grants and contributions received by the City and used for recreational projects.

Wake Ave Extension - This fund is used for the collection and disbursement of mitigation fees for the construction of Wake Ave.

Special Events - This fund is used to account for activity (revenues and expenditures) related to events held by the City.

Asset Forfeiture - This fund is used to account for revenues distributed by the Department of Justice from drug related seizures.

Local Transportation Authority - This fund is used to account for the revenues and expenditures of funds generated by a one-half cent voter approved sales tax earmarked for street improvements.

Home Grants - This fund is used to account for revenues and expenditures associated with the Home program.

OTS Grant - This fund is used to account for the expenditures of grant funds received from the State of California, Office of Traffic Safety.

State COPS SLESF - This fund is used to account for the revenue and expenditure of funds from the Supplemental Law Enforcement Services Fund (SLESF) pursuant to Section 30061 of the California Government Code (AB 3229).

Annexation Fees - This fund is used to account for the collection and expenditures of annexation fees earmarked for public improvements.

HUD Entitlement Program- This fund is used to account for all revenues and expenditures authorized using the Entitlement guidelines.

CDBG Program Income - This fund is used to account for the collection of Community Development Block Grant loans made from program income.

CDBG COVID-19 - This fund is used to account for the collection of Community Development Block Grant loans related to the COVID-19 pandemic.

Housing Enabled by Local Partnership – This program was set up to provide for a source of funds from which to make mortgage loans to first time home buyers.

CALHOME Program - This program provides mortgage assistance loans to first time home-buyers.

Development Impact Fees - This fund is used to account for the collection and expenditure of development impact fees earmarked for public infrastructure improvements made necessary because of growth.

FHWA Grants - This fund is used to account for the expenditures of grant funds from the FHWA received through the California Department of Transportation.

Integrated Waste Management – This fund was set up for the purpose of solid waste management and source reduction recycling.

Town Center Lighting and Landscaping District - This fund is used to account for the Town Center Lighting and Landscaping District.

I-8 Imperial Ave. Overpass - This fund is used to account for fees charged on new developments for the overpass project.

EDA Revolving - This fund is used to hold excess EDA Loan funds collected and is not currently used for loans.

Police and Fire Mitigation - This fund was set up to collect fees to mitigate impact to police and fire services from new developments.

7th and State Bus Terminal - This fund is used to account for the activity of the development of the new bus terminal.

Legacy Ranch L&LD - This fund is used to account for the activity related to the landscape & lighting district.

Per Capita Parks Grant – This fund is used track funding provided by the State as part of the Per Capital Program to provide funding for local parks.

IV Commons - This fund is used to account for the activity related to the deposits received for the IV Commons.

Fire Mitigation - This fund is used to account for funds used for fire mitigation.

COVID-19 – This fund is used to account for various activity related to the COVID-19 pandemic and American Rescue Plan Act funding.

IID Project – This fund is account for grant from IID to help business affected by following and assist them in getting into the business incubator.

Police Grant – This fund is used to account for various police grants from Imperial County.

Successor Agency Housing – This fund set up to account for administrator of the Low Mod program previously administered by the Redevelopment Agency Low Mod fund.

Cooperative Agreement - This fund is used to account for the revenues generated from the coop-agreement related to the construction of Fire Station No. 3.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Orange Ave Regional Lift Station - This fund is used to account for revenues and expenditures charged for the development of the lift station.

Park Development - This fund is used to account for fees charged on new development for the development and maintenance of parks.

Drainage Facility - This fund is used to account for the fees charged on new development for drainage facilities.

EDA Grant - This grant will be used to help construct infrastructure improvements to serve the commercial development of the El Centro Town Center II, the El Centro Town Village industrial site, and the 8th Street industrial site.

Lotus Parallel - This fund is used to account for revenues and expenditures incurred in the development of the future water and sewer trunk from water and wastewater plants to I-8.

IID Facility Crossing - This fund is used to collect monies from developers for the installation of siphon pipes to allow for the Orange and Hamilton Avenue crossing.

8th Street Overpass Bridge - This fund is used to collect monies from developers for the lighting of the bridge.

Bridge/Road Improvements - This fund is used to collect monies from developers for the bridge and road improvements on Dogwood Rd and related areas.

Federal Highway Administration - This fund is used to account for expenditures of grant funds from the FHWA received through the California Department of Transportation used on miscellaneous projects.

La Brucherie Green Belt - This fund is used to account for the construction of a non-motorized pathway along La Brucherie Road.

Colonia-El Dorado Street - This fund is used to account for grant funds received under the State Community Development grant program for street improvements in the El Dorado Colonia.

LTA Lease Revenue Bonds – This fund is used to account for the funds received from the bond issuance and use of the funds which will be used for the acquisition, construction, and installation of certain transportation-related improvements within the City.

Buena Vista Landscaping & Lighting District - This fund is used to account for the activity related to the new district.

Road Improvement – This fund is used to collect monies from developers for the improvement of various roads through-out the City.

The 2011C Bonds City – This fund is used to account for capital projects based on the debt issuances of the 2011C Tax Allocation Bonds.

The 2011 A & B Projects – This fund is used to account for revenues and expenditures related to the redevelopment capital projects based on the debt issuances of the former Redevelopment Agency and the agreements between the City and the former Redevelopment Agency that occurred in the 2010/2011 fiscal year.

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources and repayment of debt from governmental resources.

Financing Authority – This fund is used to account for the debt service related activity which includes the issuance of the Revenue Bonds Series 2011 and purchase of the Tax Allocation Bonds Series 2011C.

LTA Lease Revenue Bonds - This fund is used to account for debt service payments for the outstanding lease revenue bonds.

CITY OF EL CENTRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue Funds								
	Gas Tax	CDBG	Transportation Article 8A	Bus Shelter	Transportation Article 3	Home Program	Rental Rehab-HUD	Traffic Congestion Relief	Home Program Income Admin
Assets									
Cash and investments	\$ -	\$ -	\$ 2,692,076	\$ 63,214	\$ 264,047	\$ 223,183	\$ 328,884	\$ -	\$ 41,388
Receivables:									
Taxes									
Interest			12,964	350	1,294	1,094	1,611		202
Grants									
Notes		1,394,853				3,942,467			
Other	99,680		89,774	89,029	37,654				
Due from other funds									
Restricted cash and investments with fiscal agent									
Land held for resale									
Total Assets	<u>\$ 99,680</u>	<u>\$ 1,394,853</u>	<u>\$ 2,794,814</u>	<u>\$ 152,593</u>	<u>\$ 302,995</u>	<u>\$ 4,166,744</u>	<u>\$ 330,495</u>	<u>\$ -</u>	<u>\$ 41,590</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ 55,561	\$ -	\$ 312	\$ -	\$ -	\$ -
Salaries/benefits payable									
Deposits									
Due to other funds	99,680								
Total Liabilities	<u>99,680</u>			<u>55,561</u>		<u>312</u>			
Fund Balances									
Restricted		1,394,853	2,794,814	97,032	302,995	4,166,432	330,495		41,590
Committed									
Unassigned									
Total Fund Balances (Deficits)		<u>1,394,853</u>	<u>2,794,814</u>	<u>97,032</u>	<u>302,995</u>	<u>4,166,432</u>	<u>330,495</u>		<u>41,590</u>
Total Liabilities and Fund Balances	<u>\$ 99,680</u>	<u>\$ 1,394,853</u>	<u>\$ 2,794,814</u>	<u>\$ 152,593</u>	<u>\$ 302,995</u>	<u>\$ 4,166,744</u>	<u>\$ 330,495</u>	<u>\$ -</u>	<u>\$ 41,590</u>

(Continued)

CITY OF EL CENTRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023
(Continued)

	Special Revenue Funds								
	Recreation Projects	Wake Ave Extension	Special Events	Asset Forfeiture	Local Transportation Authority	Home Grants	OTS Grant	State COPS SLESF	Annexation Fees
Assets									
Cash and investments	\$ -	\$ 332,613	\$ 2,992	\$ 741,826	\$ 6,890,348	\$ -	\$ 69,031	\$ 552,295	\$ 115,862
Receivables:									
Taxes									
Interest		1,629	2	3,428	31,600		321	2,729	568
Grants	18,940					515,000			
Notes						9,273,441			
Other					294,849				
Due from other funds									
Restricted cash and investments with fiscal agent									
Land held for resale									
Total Assets	<u>\$ 18,940</u>	<u>\$ 334,242</u>	<u>\$ 2,994</u>	<u>\$ 745,254</u>	<u>\$ 7,216,797</u>	<u>\$ 9,788,441</u>	<u>\$ 69,352</u>	<u>\$ 555,024</u>	<u>\$ 116,430</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 42,778	\$ -	\$ 24	\$ -	\$ 168,514	\$ -	\$ -	\$ -	\$ -
Salaries/benefits payable			2,939				860		
Deposits	230								
Due to other funds	<u>200,258</u>					<u>448,064</u>			
Total Liabilities	<u>243,266</u>		<u>2,963</u>		<u>168,514</u>	<u>448,064</u>		<u>860</u>	
Fund Balances									
Restricted			31	745,254	7,048,283	9,340,377	69,352	554,164	
Committed		334,242							116,430
Unassigned	<u>(224,326)</u>								
Total Fund Balances (Deficits)	<u>(224,326)</u>	<u>334,242</u>	<u>31</u>	<u>745,254</u>	<u>7,048,283</u>	<u>9,340,377</u>	<u>69,352</u>	<u>554,164</u>	<u>116,430</u>
Total Liabilities and Fund Balances	<u>\$ 18,940</u>	<u>\$ 334,242</u>	<u>\$ 2,994</u>	<u>\$ 745,254</u>	<u>\$ 7,216,797</u>	<u>\$ 9,788,441</u>	<u>\$ 69,352</u>	<u>\$ 555,024</u>	<u>\$ 116,430</u>

(Continued)

CITY OF EL CENTRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023
(Continued)

	Special Revenue Funds									SF
	HUD Entitlement Program	CDBG Program Income	CDBG COVID-19	Housing Enabled By Local Partnership	CALHOME Program	Development Impact Fee	FHWA Grants	Integrated Waste Management	Used Oil Grant	
Assets										
Cash and investments	\$ 678,664	\$ 199,940	\$ 3,189	\$ 519,011	\$ 329,697	\$ 4,414,653	\$ 66,600	\$ -	\$ -	
Receivables:										
Taxes										
Interest	3,385	798		2,543	1,617	19,056	326			
Grants										
Notes	818,986	589,276		5,801	673,486					
Other	45,329	7,952			413					
Due from other funds						11,755				
Restricted cash and investments with fiscal agent										
Land held for resale										
Total Assets	<u>\$ 1,546,364</u>	<u>\$ 797,966</u>	<u>\$ 3,189</u>	<u>\$ 527,355</u>	<u>\$ 1,005,213</u>	<u>\$ 4,445,464</u>	<u>\$ 66,926</u>	<u>\$ -</u>	<u>\$ -</u>	
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ 34,451	\$ -	\$ 27,089	\$ -	\$ -	\$ 737,401	\$ -	\$ -	\$ -	
Salaries/benefits payable	876									
Deposits										
Due to other funds			27,677							
Total Liabilities	<u>35,327</u>		<u>54,766</u>			<u>737,401</u>				
Fund Balances										
Restricted	1,511,037	797,966		527,355	1,005,213	3,708,063	66,926			
Committed										
Unassigned			(51,577)							
Total Fund Balances (Deficits)	<u>1,511,037</u>	<u>797,966</u>	<u>(51,577)</u>	<u>527,355</u>	<u>1,005,213</u>	<u>3,708,063</u>	<u>66,926</u>			
Total Liabilities and Fund Balances	<u>\$ 1,546,364</u>	<u>\$ 797,966</u>	<u>\$ 3,189</u>	<u>\$ 527,355</u>	<u>\$ 1,005,213</u>	<u>\$ 4,445,464</u>	<u>\$ 66,926</u>	<u>\$ -</u>	<u>\$ -</u>	

(Continued)

CITY OF EL CENTRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023
(Continued)

	Special Revenue F			Special Revenue Funds						
	Department of Conservation	Town Center Lighting and Landscape District	Household Hazardous Waste	I-8 Imperial Ave Overpass	EDA Revolving	Police & Fire Mitigation	7th and State Bus Terminal	Legacy Ranch Lighting and Landscape District	Per Capita Parks Grant	IV Commons
Assets										
Cash and investments	\$ -	\$ 25,383	\$ -	\$ 640,149	\$ 22,171	\$ 478,907	\$ -	\$ 11,832	\$ -	\$ 73,985
Receivables:										
Taxes								260		
Interest		91		3,135	109	2,346		29		362
Grants									172,824	
Notes										
Other										
Due from other funds										
Restricted cash and investments with fiscal agent										
Land held for resale										
Total Assets	<u>\$ -</u>	<u>\$ 25,474</u>	<u>\$ -</u>	<u>\$ 643,284</u>	<u>\$ 22,280</u>	<u>\$ 481,253</u>	<u>\$ -</u>	<u>\$ 12,121</u>	<u>\$ 172,824</u>	<u>\$ 74,347</u>
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 613	\$ -	\$ -
Salaries/benefits payable										
Deposits		275		487,200						61,840
Due to other funds			846,206						178,827	
Total Liabilities		<u>278</u>	<u>846,206</u>	<u>487,200</u>				<u>613</u>	<u>178,827</u>	<u>61,840</u>
Fund Balances										
Restricted		25,196			22,280	481,253		11,508	(6,003)	12,507
Committed				156,084						
Unassigned			(846,206)							
Total Fund Balances (Deficits)		<u>25,196</u>	<u>(846,206)</u>	<u>156,084</u>	<u>22,280</u>	<u>481,253</u>		<u>11,508</u>	<u>(6,003)</u>	<u>12,507</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 25,474</u>	<u>\$ -</u>	<u>\$ 643,284</u>	<u>\$ 22,280</u>	<u>\$ 481,253</u>	<u>\$ -</u>	<u>\$ 12,121</u>	<u>\$ 172,824</u>	<u>\$ 74,347</u>

(Continued)

CITY OF EL CENTRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023
(Continued)

	Special Revenue Funds					Capital Projects Funds			
	Fire Mitigation	COVID-19	IID Projects	Police Grant	Successor Agency Housing	Cooperative Agreement	Orange Ave. Regional Lift	Park Development	Drainage Facility
Assets									
Cash and investments	\$ 225,690	\$ 12,803,839	\$ 7,038	\$ 58,172	\$ 850,968	\$ -	\$ 252,693	\$ 130,562	\$ 834,832
Receivables:									
Taxes									
Interest	1,104	62,762	25	174	4,168		1,237	469	4,090
Grants				5,146					
Notes		17,876			4,433,250				
Other		132,501							
Due from other funds									
Restricted cash and investments with fiscal agent									
Land held for resale					59,089				
Total Assets	<u>\$ 226,794</u>	<u>\$ 13,016,978</u>	<u>\$ 7,063</u>	<u>\$ 63,492</u>	<u>\$ 5,347,475</u>	<u>\$ -</u>	<u>\$ 253,930</u>	<u>\$ 131,031</u>	<u>\$ 838,922</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ 588,232	\$ 25	\$ 25,545	\$ -	\$ -	\$ -	\$ -	\$ 550,000
Salaries/benefits payable									
Deposits									
Due to other funds									
Total Liabilities		<u>588,232</u>	<u>25</u>	<u>25,545</u>					<u>550,000</u>
Fund Balances									
Restricted	226,794	12,428,746	7,038	37,947	5,347,475				
Committed						253,930	131,031		288,922
Unassigned									
Total Fund Balances (Deficits)	<u>226,794</u>	<u>12,428,746</u>	<u>7,038</u>	<u>37,947</u>	<u>5,347,475</u>	<u>253,930</u>	<u>131,031</u>		<u>288,922</u>
Total Liabilities and Fund Balances	<u>\$ 226,794</u>	<u>\$ 13,016,978</u>	<u>\$ 7,063</u>	<u>\$ 63,492</u>	<u>\$ 5,347,475</u>	<u>\$ -</u>	<u>\$ 253,930</u>	<u>\$ 131,031</u>	<u>\$ 838,922</u>

(Continued)

CITY OF EL CENTRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023
(Continued)

	Capital Projects Funds							
	EDA Grant	Lotus Parallel	IID Facility Crossing	8th St. Overpass Bridge	Bridge/Road Improvement	Federal Highway Administration	La Brucherie Green Belt	Colonia-El Dorado Street
Assets								
Cash and investments	\$ 184,029	\$ 398,650	\$ 172,220	\$ 19,965	\$ 4,558,053	\$ -	\$ 9,412	\$ 21,045
Receivables:								
Taxes								
Interest	901	1,433	844	97	22,326		46	103
Grants						10,418		
Notes								
Other								
Due from other funds						126,274		
Restricted cash and investments with fiscal agent								
Land held for resale								
Total Assets	<u>\$ 184,930</u>	<u>\$ 400,083</u>	<u>\$ 173,064</u>	<u>\$ 20,062</u>	<u>\$ 4,580,379</u>	<u>\$ 136,692</u>	<u>\$ 9,458</u>	<u>\$ 21,148</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 197,335	\$ 4,285	\$ -	\$ -
Salaries/benefits payable								
Deposits		317,400	132,960	15,000	3,304,486			
Due to other funds						1,274		
Total Liabilities		<u>317,400</u>	<u>132,960</u>	<u>15,000</u>	<u>3,501,821</u>	<u>5,559</u>		
Fund Balances								
Restricted	184,930					131,133	9,458	21,148
Committed		82,683	40,104	5,062	1,078,558			
Unassigned								
Total Fund Balances (Deficits)	<u>184,930</u>	<u>82,683</u>	<u>40,104</u>	<u>5,062</u>	<u>1,078,558</u>	<u>131,133</u>	<u>9,458</u>	<u>21,148</u>
Total Liabilities and Fund Balances	<u>\$ 184,930</u>	<u>\$ 400,083</u>	<u>\$ 173,064</u>	<u>\$ 20,062</u>	<u>\$ 4,580,379</u>	<u>\$ 136,692</u>	<u>\$ 9,458</u>	<u>\$ 21,148</u>

(Continued)

CITY OF EL CENTRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023
(Continued)

	<u>Capital Projects Funds</u>					<u>Debt Service Funds</u>		Total Nonmajor Governmental Funds
	LTA Lease Revenue Bonds	Buena Vista Landscaping	Road Improvement	2011C Bonds City	2011 A & B Projects	Financing Authority	LTA Lease Revenue Bonds	
Assets								
Cash and investments	\$ 812,492	\$ 119,863	\$ 294,889	\$ 3,915	\$ 621,082	\$ -	\$ 627,006	\$ 42,788,355
Receivables:								
Taxes		138						398
Interest	3,980	586	1,445	14	2,232		3,145	202,770
Grants								722,328
Notes								21,149,436
Other								797,181
Due from other funds								138,029
Restricted cash and investments with fiscal agent						2,293,897		2,293,897
Land held for resale								59,089
Total Assets	<u>\$ 816,472</u>	<u>\$ 120,587</u>	<u>\$ 296,334</u>	<u>\$ 3,929</u>	<u>\$ 623,314</u>	<u>\$ 2,293,897</u>	<u>\$ 630,151</u>	<u>\$ 68,151,483</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ 108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,432,276
Salaries/benefits payable								4,675
Deposits			232,408					4,551,799
Due to other funds								1,801,986
Total Liabilities		<u>108</u>	<u>232,408</u>					<u>8,790,736</u>
Fund Balances								
Restricted	816,472	120,479	63,926	3,929	623,314	2,293,897	630,151	57,995,810
Committed								2,487,046
Unassigned								(1,122,109)
Total Fund Balances (Deficits)	<u>816,472</u>	<u>120,479</u>	<u>63,926</u>	<u>3,929</u>	<u>623,314</u>	<u>2,293,897</u>	<u>630,151</u>	<u>59,360,747</u>
Total Liabilities and Fund Balances	<u>\$ 816,472</u>	<u>\$ 120,587</u>	<u>\$ 296,334</u>	<u>\$ 3,929</u>	<u>\$ 623,314</u>	<u>\$ 2,293,897</u>	<u>\$ 630,151</u>	<u>\$ 68,151,483</u>

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CITY OF EL CENTRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds								
	Gas Tax	CDBG	Transportation Article 8A	Bus Shelter	Transportation Article 3	Home Program	Rental Rehab-HUD	Traffic Congestion Relief	Home Program Income Admin
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,138,598		989,813	89,029	37,655				
Charges for services									
Fines and forfeitures									
Interest	1,883		53,640	2,132	5,522	4,842	6,921		909
Other									
Total Revenues	<u>1,140,481</u>		<u>1,043,453</u>	<u>91,161</u>	<u>43,177</u>	<u>4,842</u>	<u>6,921</u>		<u>909</u>
Expenditures:									
Current:									
Public safety									
Public works	2,566			114,494					
Parks and recreation									
Community development						1,375			911
Capital outlay				77,383					
Debt Service:									
Principal									
Interest and fiscal charges									
Total Expenditures	<u>2,566</u>			<u>191,877</u>		<u>1,375</u>			<u>911</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>1,137,915</u>		<u>1,043,453</u>	<u>(100,716)</u>	<u>43,177</u>	<u>3,467</u>	<u>6,921</u>		<u>(2)</u>
Other Financing Sources (Uses):									
Proceeds from debt issuance									
Transfers In									
Transfers Out	<u>(1,138,434)</u>								
Total Other Financing Sources (Uses)	<u>(1,138,434)</u>								
Net Change in Fund Balances	(519)		1,043,453	(100,716)	43,177	3,467	6,921		(2)
Fund Balances (Deficits) - July 1, 2022	<u>519</u>	<u>1,394,853</u>	<u>1,751,361</u>	<u>197,748</u>	<u>259,818</u>	<u>4,162,965</u>	<u>323,574</u>		<u>41,592</u>
Fund Balances (Deficits) - June 30, 2023	<u>\$ -</u>	<u>\$ 1,394,853</u>	<u>\$ 2,794,814</u>	<u>\$ 97,032</u>	<u>\$ 302,995</u>	<u>\$ 4,166,432</u>	<u>\$ 330,495</u>	<u>\$ -</u>	<u>\$ 41,590</u>

(Continued)

CITY OF EL CENTRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
(Continued)

	Special Revenue Funds								
	Recreation Projects	Wake Ave Extension	Special Events	Asset Forfeiture	Local Transportation Authority	Home Grants	OTS Grant	State COPS SLESF	Annexation Fees
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					3,882,895		26,387	169,305	
Charges for services									
Fines and forfeitures				309,640					
Interest	216	6,999	292	12,093	122,438	(76)	1,340	10,985	2,438
Other			200						
Total Revenues	<u>216</u>	<u>6,999</u>	<u>492</u>	<u>321,733</u>	<u>4,005,333</u>	<u>(76)</u>	<u>27,727</u>	<u>180,290</u>	<u>2,438</u>
Expenditures:									
Current:									
Public safety				43,000			19,570	63,433	
Public works					229,157				
Parks and recreation	204,907		65,712						
Community development									
Capital outlay	117,589				286,025				
Debt Service:									
Principal									
Interest and fiscal charges									
Total Expenditures	<u>322,496</u>		<u>65,712</u>	<u>43,000</u>	<u>515,182</u>		<u>19,570</u>	<u>63,433</u>	
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(322,280)</u>	<u>6,999</u>	<u>(65,220)</u>	<u>278,733</u>	<u>3,490,151</u>	<u>(76)</u>	<u>8,157</u>	<u>116,857</u>	<u>2,438</u>
Other Financing Sources (Uses):									
Proceeds from debt issuance									
Transfers In			65,226						
Transfers Out					(893,300)				
Total Other Financing Sources (Uses)			<u>65,226</u>		<u>(893,300)</u>				
Net Change in Fund Balances	(322,280)	6,999	6	278,733	2,596,851	(76)	8,157	116,857	2,438
Fund Balances (Deficits) - July 1, 2022	97,954	327,243	25	466,521	4,451,432	9,340,453	61,195	437,307	113,992
Fund Balances (Deficits) - June 30, 2023	<u>\$ (224,326)</u>	<u>\$ 334,242</u>	<u>\$ 31</u>	<u>\$ 745,254</u>	<u>\$ 7,048,283</u>	<u>\$ 9,340,377</u>	<u>\$ 69,352</u>	<u>\$ 554,164</u>	<u>\$ 116,430</u>

(Continued)

CITY OF EL CENTRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
(Continued)

	Special Revenue Funds							
	HUD Entitlement Program	CDBG Program Income	CDBG COVID-19	Housing Enabled by Local Partnership	CALHOME Program	Development Impact Fee	FHWA Grants	Integrated Waste Management
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	534,399		268,255					
Charges for services						524,489		
Fines and forfeitures								
Interest	15,016	2,662		10,922	7,230	89,336	1,401	
Other	3,378	109,821			1,570			
Total Revenues	<u>552,793</u>	<u>112,483</u>	<u>268,255</u>	<u>10,922</u>	<u>8,800</u>	<u>613,825</u>	<u>1,401</u>	
Expenditures:								
Current:								
Public safety								
Public works								
Parks and recreation								
Community development	226,801	46,035	352,198					
Capital outlay	442,424					510,177		
Debt Service:								
Principal								
Interest and fiscal charges								
Total Expenditures	<u>669,225</u>	<u>46,035</u>	<u>352,198</u>			<u>510,177</u>		
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(116,432)</u>	<u>66,448</u>	<u>(83,943)</u>	<u>10,922</u>	<u>8,800</u>	<u>103,648</u>	<u>1,401</u>	
Other Financing Sources (Uses):								
Proceeds from debt issuance								
Transfers In								
Transfers Out								
Total Other Financing Sources (Uses)								
Net Change in Fund Balances	(116,432)	66,448	(83,943)	10,922	8,800	103,648	1,401	
Fund Balances (Deficits) - July 1, 2022	<u>1,627,469</u>	<u>731,518</u>	<u>32,366</u>	<u>516,433</u>	<u>996,413</u>	<u>3,604,415</u>	<u>65,525</u>	
Fund Balances (Deficits) - June 30, 2023	<u>\$ 1,511,037</u>	<u>\$ 797,966</u>	<u>\$ (51,577)</u>	<u>\$ 527,355</u>	<u>\$ 1,005,213</u>	<u>\$ 3,708,063</u>	<u>\$ 66,926</u>	<u>\$ -</u>

(Continued)

CITY OF EL CENTRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
(Continued)

	Special Revenue Funds								
	Town Center Lighting and Landscape District	Household Hazardous Waste	I-8 Imperial Ave Overpass	EDA Revolving	Police & Fire Mitigation	7th and State Bus Terminal	Legacy Ranch Lighting and Landscape District	Per Capita Parks Grant	IV Commons
Revenues:									
Taxes	\$ 26,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,163	\$ -	\$ -
Intergovernmental									
Charges for services									
Fines and forfeitures									
Interest	394		13,471	333	10,078		(77)		1,557
Other									
Total Revenues	<u>26,572</u>		<u>13,471</u>	<u>333</u>	<u>10,078</u>		<u>37,086</u>		<u>1,557</u>
Expenditures:									
Current:									
Public safety									
Public works	16,603					1			
Parks and recreation									
Community development							39,421		
Capital outlay		846,206						6,003	
Debt Service:									
Principal									
Interest and fiscal charges									
Total Expenditures	<u>16,603</u>	<u>846,206</u>				<u>1</u>	<u>39,421</u>	<u>6,003</u>	
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>9,969</u>	<u>(846,206)</u>	<u>13,471</u>	<u>333</u>	<u>10,078</u>	<u>(1)</u>	<u>(2,335)</u>	<u>(6,003)</u>	<u>1,557</u>
Other Financing Sources (Uses):									
Proceeds from debt issuance									
Transfers In									
Transfers Out	(5,550)						(3,500)		
Total Other Financing Sources (Uses)	<u>(5,550)</u>						<u>(3,500)</u>		
Net Change in Fund Balances	4,419	(846,206)	13,471	333	10,078	(1)	(5,835)	(6,003)	1,557
Fund Balances (Deficits) - July 1, 2022	<u>20,777</u>		<u>142,613</u>	<u>21,947</u>	<u>471,175</u>	<u>1</u>	<u>17,343</u>		<u>10,950</u>
Fund Balances (Deficits) - June 30, 2023	<u>\$ 25,196</u>	<u>\$ (846,206)</u>	<u>\$ 156,084</u>	<u>\$ 22,280</u>	<u>\$ 481,253</u>	<u>\$ -</u>	<u>\$ 11,508</u>	<u>\$ (6,003)</u>	<u>\$ 12,507</u>

(Continued)

CITY OF EL CENTRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
(Continued)

	Special Revenue Funds					Capital Project Funds			
	Fire Mitigation	COVID-19	IID Project	Police Grant	Successor Agency Housing	Cooperative Agreement	Orange Ave. Regional Lift	Park Development	Drainage Facility
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental		380,000		74,631					
Charges for services									
Fines and forfeitures									
Interest	4,749	286,508	147	751	18,070		5,317	2,277	15,194
Other		50,496							
Total Revenues	<u>4,749</u>	<u>717,004</u>	<u>147</u>	<u>75,382</u>	<u>18,070</u>		<u>5,317</u>	<u>2,277</u>	<u>15,194</u>
Expenditures:									
Current:									
Public safety		51,851		131,847					
Public works									
Parks and recreation									
Community development		470,477				1			
Capital outlay		554,821		25,000					
Debt Service:									
Principal									
Interest and fiscal charges									
Total Expenditures		<u>1,077,149</u>		<u>156,847</u>		<u>1</u>			
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>4,749</u>	<u>(360,145)</u>	<u>147</u>	<u>(81,465)</u>	<u>18,070</u>	<u>(1)</u>	<u>5,317</u>	<u>2,277</u>	<u>15,194</u>
Other Financing Sources (Uses):									
Proceeds from debt issuance									
Transfers In									
Transfers Out									
Total Other Financing Sources (Uses)									
Net Change in Fund Balances	4,749	(360,145)	147	(81,465)	18,070	(1)	5,317	2,277	15,194
Fund Balances (Deficits) - July 1, 2022	<u>222,045</u>	<u>12,788,891</u>	<u>6,891</u>	<u>119,412</u>	<u>5,329,405</u>	<u>1</u>	<u>248,613</u>	<u>128,754</u>	<u>273,728</u>
Fund Balances (Deficits) - June 30, 2023	<u>\$ 226,794</u>	<u>\$ 12,428,746</u>	<u>\$ 7,038</u>	<u>\$ 37,947</u>	<u>\$ 5,347,475</u>	<u>\$ -</u>	<u>\$ 253,930</u>	<u>\$ 131,031</u>	<u>\$ 288,922</u>

(Continued)

CITY OF EL CENTRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
(Continued)

	Capital Project Funds							
	EDA Grant	Lotus Parallel	IID Facility Crossing	8th St. Overpass Bridge	Bridge/Road Improvement	Federal Highway Administration	La Brucherie Green Belt	Colonia-El Dorado Street
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental						237,622		
Charges for services								
Fines and forfeitures								
Interest	3,873	7,880	3,624	420	97,218		199	443
Other								
Total Revenues	<u>3,873</u>	<u>7,880</u>	<u>3,624</u>	<u>420</u>	<u>97,218</u>	<u>237,622</u>	<u>199</u>	<u>443</u>
Expenditures:								
Current:								
Public safety								
Public works								
Parks and recreation								
Community development								
Capital outlay					323,107	195,954		
Debt Service:								
Principal								
Interest and fiscal charges								
Total Expenditures					<u>323,107</u>	<u>195,954</u>		
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>3,873</u>	<u>7,880</u>	<u>3,624</u>	<u>420</u>	<u>(225,889)</u>	<u>41,668</u>	<u>199</u>	<u>443</u>
Other Financing Sources (Uses):								
Proceeds from debt issuance								
Transfers In								
Transfers Out								
Total Other Financing Sources (Uses)								
Net Change in Fund Balances	3,873	7,880	3,624	420	(225,889)	41,668	199	443
Fund Balances (Deficits) - July 1, 2022	<u>181,057</u>	<u>74,803</u>	<u>36,480</u>	<u>4,642</u>	<u>1,304,447</u>	<u>89,465</u>	<u>9,259</u>	<u>20,705</u>
Fund Balances (Deficits) - June 30, 2023	<u>\$ 184,930</u>	<u>\$ 82,683</u>	<u>\$ 40,104</u>	<u>\$ 5,062</u>	<u>\$ 1,078,558</u>	<u>\$ 131,133</u>	<u>\$ 9,458</u>	<u>\$ 21,148</u>

(Continued)

CITY OF EL CENTRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
(Continued)

	<u>Capital Project Funds</u>					<u>Debt Service Funds</u>		Total Nonmajor Governmental Funds
	LTA Lease Revenue Bonds	Buena Vista Landscaping	Road Improvement	2011C Bonds City	2011 A & B Projects	Financing Authority	LTA Lease Revenue Bonds	
Revenues:								
Taxes	\$ -	\$ 42,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,187
Intergovernmental				3,894				7,832,483
Charges for services								524,489
Fines and forfeitures								309,640
Interest	16,113	2,338	5,527	34	5,781	4,591	14,170	880,121
Other							57,565	223,030
Total Revenues	<u>16,113</u>	<u>45,184</u>	<u>5,527</u>	<u>3,928</u>	<u>5,781</u>	<u>4,591</u>	<u>71,735</u>	<u>9,875,950</u>
Expenditures:								
Current:								
Public safety								309,701
Public works	5,620							368,441
Parks and recreation								270,619
Community development		52,431						1,189,650
Capital outlay								3,384,689
Debt Service:								
Principal						675,000	995,000	1,670,000
Interest and fiscal charges						89,106	834,333	923,439
Total Expenditures	<u>5,620</u>	<u>52,431</u>				<u>764,106</u>	<u>1,829,333</u>	<u>8,116,539</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>10,493</u>	<u>(7,247)</u>	<u>5,527</u>	<u>3,928</u>	<u>5,781</u>	<u>(759,515)</u>	<u>(1,757,598)</u>	<u>1,759,411</u>
Other Financing Sources (Uses):								
Proceeds from debt issuance								
Transfers In							1,756,735	1,821,961
Transfers Out		(3,500)					(15,033)	(2,059,317)
Total Other Financing Sources (Uses)		<u>(3,500)</u>					<u>1,741,702</u>	<u>(237,356)</u>
Net Change in Fund Balances	10,493	(10,747)	5,527	3,928	5,781	(759,515)	(15,896)	1,522,055
Fund Balances (Deficits) - July 1, 2022	<u>805,979</u>	<u>131,226</u>	<u>58,399</u>	<u>1</u>	<u>617,533</u>	<u>3,053,412</u>	<u>646,047</u>	<u>57,838,692</u>
Fund Balances (Deficits) - June 30, 2023	<u>\$ 816,472</u>	<u>\$ 120,479</u>	<u>\$ 63,926</u>	<u>\$ 3,929</u>	<u>\$ 623,314</u>	<u>\$ 2,293,897</u>	<u>\$ 630,151</u>	<u>\$ 59,360,747</u>

COMBINING STATEMENTS NONMAJOR PROPRIETARY FUND

PROPRIETARY FUNDS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - for these funds, it is the intent of the City Council that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Solid Waste - This fund is used to account for revenue and expenditures associated with the collection and disposal of solid waste.

CITY OF EL CENTRO
NONMAJOR PROPRIETARY FUND
STATEMENT OF NET POSITION
June 30, 2023

	<u>Solid Waste</u>
Assets:	
Current Assets:	
Cash and Investments	\$ 169,833
Receivables	
Accounts Receivable (Net of Allowance for Uncollectibles)	368,479
Interest Receivable	<u>898</u>
Total Current Assets	<u>539,210</u>
Total Assets	<u>539,210</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	282,265
Due to Other Funds	<u>85,830</u>
Total Current Liabilities	<u>368,095</u>
Total Liabilities	<u>368,095</u>
Net Position:	
Unrestricted	171,115
Net Position	<u><u>\$ 171,115</u></u>

CITY OF EL CENTRO
NONMAJOR PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

	<u>Solid Waste</u>
Operating Revenues	
Charges for Services	\$ 2,442,053
Total Operating Revenues	<u>2,442,053</u>
Operating Expenses	
Supplies and Services	2,163,617
General and Administrative	240,069
Total Operating Expenses	<u>2,403,686</u>
Operating Income (Loss)	<u>38,367</u>
Non-Operating Revenues (Expenses)	
Interest Revenue	<u>4,042</u>
Total Non-Operating Revenues (Expenses)	<u>4,042</u>
Change in Net Position	42,409
Net Position - Beginning of Fiscal Year	<u>128,706</u>
Net Position - End of Fiscal Year	<u><u>\$ 171,115</u></u>

CITY OF EL CENTRO
NONMAJOR PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Users	\$ 2,401,346
Cash Payments to Suppliers and Contractors	(2,136,255)
Cash Payments for General and Administrative Expenses	(240,069)
Net Cash Provided (Used) By Operating Activities	25,022
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Received	3,489
Net Cash Provided (Used) by Investing Activities	3,489
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,511
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	141,322
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 169,833
Reconciliation to Statement of Net Position:	
Cash and Cash Equivalents	\$ 169,833
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ 38,367
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(40,707)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	27,362
Total Adjustments	(13,345)
Net Cash Provided (Used) By Operating Activities	\$ 25,022

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Workers' Compensation - This fund is used to account for the revenue and expenses associated with providing Workers' Compensation benefits.

Post Employment Benefits - This fund is used to account for the revenue and expenses associated with providing unemployment benefits.

Group Health Insurance - This fund is used to account for the revenue and expenses associated with providing group health benefits.

Motor Vehicle - This fund is used to account for costs of operating and maintaining automotive equipment used by City departments.

CITY OF EL CENTRO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Workers' Compensation	Post Employment Benefits	Group Health Insurance	Motor Vehicle	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Assets:					
Cash and Investments	\$ 3,807,418	\$ 656,091	\$ 3,990,397	\$ 363,663	\$ 8,817,569
Account Receivable			24,112		24,112
Other Receivable					
Interest Receivable	18,028	3,197	18,217	1,340	40,782
Total Assets	<u>3,825,446</u>	<u>659,288</u>	<u>4,032,726</u>	<u>365,003</u>	<u>8,882,463</u>
Deferred outflows of resources:					
Pension related				164,649	164,649
Total Deferred Outflows of Resources				<u>164,649</u>	<u>164,649</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Liabilities:					
Accounts Payable	2,555		738,808	75,395	816,758
Unearned revenue			24,112		24,112
Salaries/Benefits Payable				1,357	1,357
Net Pension Liability				412,780	412,780
Total Liabilities	<u>2,555</u>		<u>762,920</u>	<u>489,532</u>	<u>1,255,007</u>
Deferred inflows of resources:					
Pension related				33,933	33,933
Total Deferred Inflow of Resources				<u>33,933</u>	<u>33,933</u>
NET POSITION					
Unrestricted	<u>3,822,891</u>	<u>659,288</u>	<u>3,269,806</u>	<u>6,187</u>	<u>7,758,172</u>
Total Net Position	<u>\$ 3,822,891</u>	<u>\$ 659,288</u>	<u>\$ 3,269,806</u>	<u>\$ 6,187</u>	<u>\$ 7,758,172</u>

**CITY OF EL CENTRO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION**

For the Fiscal Year Ended June 30, 2023

	Workers' Compensation	Post Employment Benefits	Group Health Insurance	Motor Vehicle	Totals
Operating Revenues:					
Charges for Services	\$ 1,819,705	\$ 823,579	\$ 3,663,486	\$ 474,500	\$ 6,781,270
Other	144,338		271,935		416,273
Total Operating Revenues	<u>1,964,043</u>	<u>823,579</u>	<u>3,935,421</u>	<u>474,500</u>	<u>7,197,543</u>
Operating Expenses:					
Personnel Services		557,793		228,222	786,015
Supplies and Services	1,435,313	44,918	4,193,533	320,287	5,994,051
Total Operating Expenses	<u>1,435,313</u>	<u>602,711</u>	<u>4,193,533</u>	<u>548,509</u>	<u>6,780,066</u>
Operating Income (Loss)	<u>528,730</u>	<u>220,868</u>	<u>(258,112)</u>	<u>(74,009)</u>	<u>417,477</u>
Non-Operating Revenues:					
Interest Revenue	67,469	12,085	80,099	3,984	163,637
Total Non-Operating Revenues	<u>67,469</u>	<u>12,085</u>	<u>80,099</u>	<u>3,984</u>	<u>163,637</u>
Change in Net Position	596,199	232,953	(178,013)	(70,025)	581,114
Net Position - Beginning of Fiscal Year	<u>3,226,692</u>	<u>426,335</u>	<u>3,447,819</u>	<u>76,212</u>	<u>7,177,058</u>
Net Position - End of Fiscal Year	<u>\$ 3,822,891</u>	<u>\$ 659,288</u>	<u>\$ 3,269,806</u>	<u>\$ 6,187</u>	<u>\$ 7,758,172</u>

CITY OF EL CENTRO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

	Workers' Compensation	Post Employment Benefits	Group Health Insurance	Motor Vehicle	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Users	\$ 1,964,043	\$ 823,579	\$ 3,935,421	\$ 474,500	\$ 7,197,543
Cash Payments to Suppliers and Contractors	(1,497,454)	(50,431)	(4,042,146)	(244,892)	(5,834,923)
Cash Payments for Employees and Benefit Programs		(557,793)		(267,106)	(824,899)
Net Cash Provided (Used) By Operating Activities	<u>466,589</u>	<u>215,355</u>	<u>(106,725)</u>	<u>(37,498)</u>	<u>537,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received	<u>54,468</u>	<u>10,736</u>	<u>64,647</u>	<u>3,052</u>	<u>132,903</u>
Net Cash Provided (Used) In Investing Activities	<u>54,468</u>	<u>10,736</u>	<u>64,647</u>	<u>3,052</u>	<u>132,903</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	521,057	226,091	(42,078)	(34,446)	670,624
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	<u>3,286,361</u>	<u>430,000</u>	<u>4,032,475</u>	<u>398,109</u>	<u>8,146,945</u>
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u>\$ 3,807,418</u>	<u>\$ 656,091</u>	<u>\$ 3,990,397</u>	<u>\$ 363,663</u>	<u>\$ 8,817,569</u>
Reconciliation with Statement of Net Position					
Cash and Investments	<u>\$ 3,807,418</u>	<u>\$ 656,091</u>	<u>\$ 3,990,397</u>	<u>\$ 363,663</u>	<u>\$ 8,817,569</u>
CASH AND CASH EQUIVALENTS	<u>\$ 3,807,418</u>	<u>\$ 656,091</u>	<u>\$ 3,990,397</u>	<u>\$ 363,663</u>	<u>\$ 8,817,569</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	<u>\$ 528,730</u>	<u>\$ 220,868</u>	<u>\$ (258,112)</u>	<u>\$ (74,009)</u>	<u>\$ 417,477</u>
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables					
Increase (Decrease) Accounts Payable and Accrued Liabilities	(62,141)	(5,513)	151,387	34,245	117,978
Increase (decrease) in net pension liability				2,266	2,266
Total Adjustments	<u>(62,141)</u>	<u>(5,513)</u>	<u>151,387</u>	<u>36,511</u>	<u>120,244</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 466,589</u>	<u>\$ 215,355</u>	<u>\$ (106,725)</u>	<u>\$ (37,498)</u>	<u>\$ 537,721</u>

FIDUCIARY FUNDS

Fiduciary funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the City, acting in the capacity of an agent for distribution to other governmental units or other organizations.

Trust Funds

Successor Agency Administration – This fund set up to account for revenue and expenses incurred in the dissolution of the Redevelopment Agency.

Successor Agency Capital Project – This fund set up to administer the completion of projects previously administered by the Redevelopment Agency Capital Project Fund.

Successor Agency Debt Service – This fund set up to account for debt service payment previously paid the Redevelopment Agency Debt Service Fund.

Successor Agency Revolving Loan – This fund set up to account for revolving business loans previously administered by the Redevelopment Agency.

CITY OF EL CENTRO
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Successor Agency Administration	Successor Agency Capital Project	Successor Agency Debt Service	Successor Agency Revolving Loan	Totals
Assets:					
Cash and Investments	\$ 160,976	\$ -	\$ 1,756,116	\$ 65,585	\$ 1,982,677
Cash and Investments with Fiscal Agent, Restricted		1,928,421	1,978,326		3,906,747
Interest Receivable	701	500,000	7,534	314	508,549
Notes Receivable				129,259	129,259
Other Receivable				6,981	6,981
Advances to City of El Centro		9,413,455			9,413,455
Discount for advances to City of El Centro		386,958			386,958
Capital Assets, Not Being Depreciated		7,458,729			7,458,729
Capital Assets, Net of Accumulated Depreciation		11,079,326			11,079,326
Total Assets	<u>161,677</u>	<u>30,766,889</u>	<u>3,741,976</u>	<u>202,139</u>	<u>34,872,681</u>
Deferred outflows of resources:					
Deferred loss on refunding			477,132		477,132
Total Deferred outflows of resources			<u>477,132</u>		<u>477,132</u>
Liabilities:					
Accounts Payable	5,846				5,846
Interest Payable			172,454		172,454
Noncurrent Liabilities:					
Due within One Year			2,131,924		2,131,924
Due in More than One Year			19,282,059		19,282,059
Total Liabilities	<u>5,846</u>		<u>21,586,437</u>	<u>24,971</u>	<u>21,617,254</u>
Net Position:					
Unrestricted	155,831	30,766,889	(17,367,329)	177,168	13,732,559
Total Net Position (Deficit)	<u>\$ 155,831</u>	<u>\$ 30,766,889</u>	<u>\$ (17,367,329)</u>	<u>\$ 177,168</u>	<u>\$ 13,732,559</u>

CITY OF EL CENTRO
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

	Successor Agency Administration	Successor Agency Capital Project	Successor Agency Debt Service	Successor Agency Revolving Loan	Totals
Additions:					
Investment Revenue	\$ 2,873	\$ 95	\$ 26,806	\$ 1,280	\$ 31,054
Intergovernmental	35,876				35,876
Property Taxes			4,215,324		4,215,324
Total Additions	<u>38,749</u>	<u>95</u>	<u>4,242,130</u>	<u>1,280</u>	<u>4,282,254</u>
Deductions:					
Community Development	17,801			5	17,806
Depreciation		92,972			92,972
Interest Expense			880,409		880,409
Total Deductions	<u>17,801</u>	<u>92,972</u>	<u>880,409</u>	<u>5</u>	<u>991,187</u>
Change in Net Position	20,948	(92,877)	3,361,721	1,275	3,291,067
Net Position (Deficit), July 1	<u>134,883</u>	<u>30,859,766</u>	<u>(20,729,050)</u>	<u>175,893</u>	<u>10,441,492</u>
Net Position (Deficit), June 30	<u>\$ 155,831</u>	<u>\$ 30,766,889</u>	<u>\$ (17,367,329)</u>	<u>\$ 177,168</u>	<u>\$ 13,732,559</u>