



Staff Liaison
Public Works Department
Yvetteh Ortiz | (510) 215-4382
yortiz@ci.el-cerrito.ca.us

AGENDA

This information can be interpreted for you free of charge. Visit City Hall at 10890 San Pablo Ave., El Cerrito, CA 94530 or learn more at www.el-cerrito.org/LanguageAccess

Esta información se puede interpretar gratuitamente. Visite el Ayuntamiento en 10890 San Pablo Ave., El Cerrito, CA 94530 o obtenga más información en www.el-cerrito.org/LanguageAccess

这些信息可免费为您解释。请访问位于 10890 San Pablo Ave., El Cerrito, CA 94530 的市政厅，或访问 www.el-cerrito.org/LanguageAccess 了解更多信息

AGENDA

REGULAR MEETING OF THE CITIZENS STREET OVERSIGHT COMMITTEE

Monday, December 15, 2025, 7:00 p.m.

Hillside Conference Room, El Cerrito City Hall
10890 San Pablo Ave, El Cerrito, CA 94530

This Meeting Place is Wheelchair Accessible

7:00PM CONVENE REGULAR MEETING

1. **ROLL CALL** – Chair Kathy Fleming; Vice-Chair Vanessa Hill, and Committee Members Jia Ma
2. **ORAL COMMUNICATIONS FROM THE PUBLIC**
Remarks are typically limited to three minutes per person, and may be on anything within the subject matter jurisdiction of the body. Remarks on non-agenda items will be heard first, as well as introduction by individuals interested in serving on the advisory body. Remarks on agenda items will be heard at the time the item is discussed.
3. **APPROVAL OF MINUTES**
Action Proposed: Review and pass a motion to approve minutes for the meeting of December 9, 2024 (Attachment)
4. **FISCAL YEAR 2023-24 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND 2008 SALES TAX AGREED UPON PROCEDURES REPORT (AUPR)**
 - a) **Action Proposed:** Review the Fiscal Year 2023-24 ACFR and AUPR as it pertains to Measure A Street Improvement Fund and the AUPR from the City's auditor (Attachments)

b) **Action Proposed:** Pass a motion to approve the Fiscal Year 2023-24 Annual Report Memorandum to City Council (Attachment)

5. STAFF LIASON REPORT

Action Proposed: Receive and file Fiscal Year 2024-25 Expenditure Plan Status Report (Attachment)

6. COMMITTEE STANDING RULES

Action Requested: Review and discuss Standing Rules as adopted on September 28, 2020 (Attachment)

7. ELECTION OF COMMITTEE OFFICERS

Action Requested: Nominate and elect Committee Chair and Vice Chair (No Attachment)

8. COMMITTEE MEMBER ANNOUNCEMENTS, FUTURE AGENDA ITEMS AND MEETING SCHEDULE

Action Proposed: Hear announcements from committee members and suggestions for future agenda items; and pass a motion to set agenda and date for next meeting (No Attachment)

9. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Staff Liaison, (510) 215-4382. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).

Any writings or documents provided to a majority of the members regarding any item on this agenda will be made available for public inspection at City Hall, Public Works Department during normal business hours.



Draft Minutes

SPECIAL MEETING OF THE CITIZENS STREET OVERSIGHT COMMITTEE

Monday, December 9, 2024, 7:00 p.m.

El Cerrito City Hall - Hillside Conference Room
10890 San Pablo Ave, El Cerrito, CA 94530

Staff Liaison
Public Works Department
Yvetteh Ortiz | (510) 215-4382
yortiz@ci.el-cerrito.ca.us

This Meeting Place is Wheelchair Accessible

CONVENE REGULAR MEETING

Chair Kathy Fleming called the meeting to order at 7:21 p.m.

1. **ROLL CALL** – Chair Kathy Fleming; Vice-Chair Vanessa Hill; and Committee Member Jia Ma

Present: Chair Kathy Fleming; Vice-Chair Vanessa Hill; and Committee Member Jia Ma **Absent:** None

2. **ORAL COMMUNICATIONS FROM THE PUBLIC**

Remarks are typically limited to three minutes per person, and may be on anything within the subject matter jurisdiction of the body. Remarks on non-agenda items will be heard first, as well as introduction by individuals interested in serving on the advisory body. Remarks on agenda items will be heard at the time the item is discussed.

None. No members of the public attended the meeting.

3. **APPROVAL OF MINUTES**

Action Proposed: Review and pass a motion to approve minutes for the meeting of September 23, 2024

Moved/Second: Vice-Chair Hill/Chair Fleming

Action: Passed a motion to approve the minutes for the Committee meeting of September 23, 2024.

Ayes: Chair Fleming; Vice-Chair Hill; and Committee Member Ma **Noes:** None
Abstain: None **Absent:** None

4. **FISCAL YEAR 2023-24 REVENUES & EXPENDITURES**

Action Proposed: Review and discuss list of preliminary/unaudited financial activity for Fiscal Year 2023-24

Staff Liaison Ortiz presented a summary and detailed listing of unaudited revenues and expenditures shown in attachment for the Agenda item. She indicated that the fiscal year has not been fully closed out, so adjustments could be anticipated.

She indicated revenues were higher than budgeted, expenses were lower as City focused on developing a five-year paving plan, and a miscoding of expense that needed to be corrected.

Staff Liaison Ortiz also responded to comments and questions from members of the Committee regarding use of revenues generated by the restoration fee, interest allocation estimate, fund balance, encumbrances across fiscal years, and workers compensation expenses.

5. STAFF LIASON REPORT

Action Proposed: Receive Fiscal Year 2024-25 Expenditure Plan adopted by City Council in June 2024

Staff Liaison Ortiz summarized the Fiscal Year 2024-25 Expenditure Plan as contained in the City’s Adopted Fiscal Year 2024-25 and Fiscal Year 2025-26 Biennial Budget and available as a Digital Budget Book on the City’s website. She described estimated revenues and expenditures in all categories. She also answered questions from the Committee about the status of Richmond Street Complete Streets, the EBMUD Wildcat Pipeline project, fund balances, and funding for projects across multiple funds.

6. YOUTH MEMBERSHIP DISCUSSION

Action Proposed: Discuss and consider the option to request that the City advertise interest in a youth member appointment to the Citizens Street Oversight Committee.

The Committee discussed youth participation including age range and opportunity to engage local youth in government. They reach general consensus that Staff Liaison Ortiz should request that the City Clerk advertise the opportunity for a youth membership appointment for the Committee.

7. COMMITTEE MEMBER ANNOUNCEMENTS, FUTURE AGENDA ITEMS AND MEETING SCHEDULE

Action Proposed: Hear announcements from committee members and suggestions for future agenda items; and pass a motion to set agenda and date for next meeting

Staff Liaison Ortiz indicated that the next regular meeting is the 2nd Monday in May, which would be May 12, 2025, and the typical agenda items include review of the audit reports and status report on the current year expenditure plan.

Moved/Second: Vice-Chair Hill/Committee Member Ma

Action: Passed a motion to set date of May 12, 2025 for the next meeting and agenda to review the audit report, receive expenditure plan status report, and review report to the City Council.

Ayes: Chair Hill; Vice-Chair Fleming; and Committee Member Ma **Noes:** None
Abstain: None **Absent:** None

8. **ADJOURNMENT** The meeting adjourned at 8:22 p.m.

Kathy Fleming, Chair

This is to certify that the foregoing is a true and correct copy of the minutes of the Regular Meeting of the Citizens Street Oversight Committee meeting of December 9, 2024 approved by the Citizens Street Oversight Committee

Yvetteh Ortiz, Staff Liaison



These are excerpts from the Annual Comprehensive Financial Report. The full report is available for review on the City's website at: <https://www.elcerrito.gov/ArchiveCenter/ViewFile/Item/7857>



Annual Comprehensive Financial Report

as of Fiscal Year Ended June 30, 2024

This page is intentionally blank.



El Cerrito, California

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2024

City Council

Tessa Rudnick. Mayor
 Carolyn Wysinger Mayor Pro Tem
 Paul Fadelli. Council Member
 Gabe Quinto Council Member
 Lisa Motoyama. Council Member

Presented by:
 Karen Pinkos, City Manager
 Crystal Reams, Finance Director/City
 Treasurer

This page is intentionally blank.



INTRODUCTORY SECTION

This page is intentionally blank.

INTRODUCTORY SECTION

Transmittal Letter 1
 List of Elected and Appointed Officials 8
 Organizational Chart 9
 GFOA Certificate 10

FINANCIAL SECTION

Independent Auditor’s Report..... 12
 Management’s Discussion and Analysis (Required Supplementary Information) 16

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 32
 Statement of Activities 33

Fund Financial Statements

Governmental Funds:

Balance Sheet 36
 Reconciliation of the Government Funds Balance Sheet
 to the Government-Wide Financial Statement of Net Position 37
 Statement of Revenues, Expenditures and Changes in Fund Balances 38
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Government-Wide
 Statement of Activities 39

Proprietary Funds:

Statement of Net Position 42
 Statement of Revenues, Expenses, and Changes in Fund Net Position 43
 Statement of Cash Flows..... 44

Fiduciary Fund Financial Statements:

Statement of Fiduciary Net Position 46
 Statement of Changes in Fiduciary Net Position 47

Notes to the Basic Financial Statements 50

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (GAAP Basis):

General Fund 84
 Low/Mod Income Housing Asset Special Revenue Fund..... 85

Schedule of Pension Contributions..... 86

Schedule of Proportionate Share of Net Pension Liability..... 87

SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (GAAP Basis):

Street Improvement Fund.....	90
Capital Improvement Fund	91

Nonmajor Governmental Funds:

Combining Balance Sheet.....	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	99
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual (GAAP Basis):	
Gas Tax Fund	103
National Pollution Discharge Elimination System Fund	104
Landscape and Lighting Assessment Fund.....	105
Measure A Parcel Tax Fund	106
Measure H Parcel Tax Parks and Recreation Facilities Fund.....	107
Asset Seizure Fund	108
Vehicle Abatement Fund	109
SB1 - Road Repair and Accountability Fund	110
Public Art Fund	111
Measure J Paratransit Fund.....	112
Municipal Services Corporation Special Revenue Fund	113
City Housing Fund.....	114
Federal, State and Local Grants Fund.....	115
Public Financing Authority Fund	116
Measure J Fund.....	117
Storm Drain Fund	118

STATISTICAL SECTION

Net Position by Component.....	123
Changes in Net Position	124
Fund Balances of Governmental Funds	126
Changes in Fund Balances of Governmental Funds	127
Net Assessed Value of Property	128
Property Tax Levies and Collections.....	129
Direct and Overlapping Property Tax Rates.....	130
Principal Property Taxpayers	131
Revenue Bond Coverage – Lease Revenue Bonds.....	132
Revenue Bond Coverage – Sales Tax Revenue Bonds.....	133
Bonded Debt Pledged Revenue Coverage – Tax Allocation Bonds	134
Ratios of Outstanding Debt by Type	135
Composition of Legal Bonded Debt Margin	136
Direct and Overlapping Governmental Activities Debt.....	137
Demographic and Economic Statistics	138
Principal Employers	139
Government Employees by Function	140
Operating Indicators by Function/Program.....	141



TRANSMITTAL LETTER

This page is intentionally blank



January 16, 2025

Honorable Mayor, Council Members and Residents of El Cerrito:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of El Cerrito for the fiscal year ended June 30, 2024. This report has been prepared in accordance with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). We are also pleased to report that the City has received an unmodified opinion from the independent auditor, indicating the financial statements are presented, in all material respects, in accordance with the applicable financial reporting framework.

The City's financial policies require an external independent audit be performed annually, and that the auditor's opinions be included in the ACFR. Further, it states that the results be submitted to the City Council.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All material statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

City management is responsible for establishing and maintaining fiscal internal controls designed to safeguard the assets of the government from loss, theft, or misuse, and to ensure that accounting data is accurately compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived, and the valuation of costs and benefits require estimates and judgments by management.

The City's financial statements have been audited by Chavan & Associates, LLC. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based on the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion and that the City of El Cerrito's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the Financial and Supplementary Sections of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management Discussion and Analysis. This Letter of Transmittal is designed to complement the Management Discussion and Analysis (MD&A) and should be read in conjunction.

CITY PROFILE

The City of El Cerrito was incorporated in 1917 under the general laws of the State of California and became a charter city in 2018. The City is located in Contra Costa County in the San Francisco Bay Area. The City encompasses approximately 3.9 square miles and the current population¹ is 25,700. The City has a variety of green spaces for public enjoyment including 32 acres of developed park grounds, over 100 acres of open space in the Hillside Natural Area, and a 2.7 mile multi-use trail known as the Ohlone Greenway. It is a community of highly educated residents, in part due to the proximity to UC Berkeley and the Bay Area high-tech economy. It is known for its temperate climate and breathtaking views of the San Francisco Bay and the Golden Gate Bridge from the hillside areas.

REPORTING ENTITY

The City operates under the Council-Manager form of government. The City Council is comprised of five members elected at-large and serving four-year terms. The terms are staggered in alternating even years. There are no term limits. Annually, the City Council votes to appoint a Mayor and a Mayor Pro Tem from among its members.²

City Council determines the policies of the city government, appoints the City Manager and City Attorney, and has general responsibility for effective administrative actions through the City Manager. The Council is responsible for, among other things, passing ordinances, adopting the budget, and appointing advisory boards, committees, and commissions. The City Council members also serve as the separate Board of Directors for City of El Cerrito Employees' Pension Trust Plan, the Municipal Services Corporation, and the El Cerrito Public Financing Authority. The City serves as the reporting body for these entities and is financially accountable, as City staff have operational responsibility for the activities of each entity. These entities are included in the City's financial statements as part of the reporting entity.

In addition, City Council appoints residents to serve on City Boards, Commissions, and Committees (advisory bodies). Boards and Commissions are directly responsible to the City Council and fill advisory and/or quasi-judicial roles. Commissions are composed of lay residents while members for Boards are selected for their special expertise. Committees sponsored by the City are intended to be working groups and do not fill quasi-judicial roles. The advisory bodies include:

Arts & Culture Commission	Environmental Quality Committee
Citizens Street Oversight Committee	Financial Advisory Board
Civil Service Commission	Human Relations Commission
Committee on Aging	Park & Recreation Commission
Community Safety Committee	Planning Commission
Design Review Board	Urban Forest Committee
Economic Development Committee	

CITY SERVICES

The City is a full-service municipality and provides a full range of services, including police and fire protection, building permits and inspections, parks and recreation facilities and services, planning and environmental services, construction and maintenance of streets, public buildings, and infrastructure, and operation of a state-of-the-art Recycling Center.

¹ State of California, Department of Finance, E-1 Population Estimates for Cities. Sacramento, California, May 2024.

² City of El Cerrito Candidate Instructional Guide: Running for Elective Office, November 2024.

ECONOMIC CONDITIONS AND OUTLOOK

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City operates.

In Fiscal Year (FY) 2023-24, City management continued its focus on fiscal sustainability and rebuilding program services and activities impacted by the COVID-19 pandemic and the State's declaration of a state of emergency on March 5, 2020. The City Council declared a state of emergency that remained in effect during FY 2022-23, ending on December 31, 2022.

Local Economy

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. The City's allocated amount was \$6.1 million received in two installments, \$3 million in August 2021 and \$3 million in August 2022. These funds have been allocated to address revenue loss, and community infrastructure improvements.

Property Taxes and Assessments continues to remain steady; the City saw a slight increase over the previous fiscal year of \$690,207 (\$18.5 million in FY24 vs. \$17.8 million in FY23) an increase of 3.7%.

The City received \$11.5 million in Sales and Use Tax revenue, which is \$653,214 less than the previous fiscal year.

City staff continues to monitor the housing market and the impact the high interest rates are having on home sales. Interest rates went from an all-time low of 2.65% in January of 2021 before surging to 7.79% in October 2023, according to Freddie Mac (based on the average 30-year fixed rate). The increase in interest rates has directly affected the inventory of available properties and the number of home sales creating an impact on the amount of the City's Real Property Transfer Tax that is collected.

EXECUTIVE FINANCIAL OVERVIEW

This top-level overview is presented as a supplement to the more detailed and comprehensive analysis presented in the MD&A. As such, it serves to highlight key financial performance indicators for our major funds. We encourage readers to review the MD&A for a further analysis of the City's financial condition.

General Fund

The General Fund is the primary operating fund of the City of El Cerrito. General Fund property tax increased slightly while most other revenue categories decreased from the prior year, particularly the City's real property transfer tax due to current economic conditions and rising interest rates. El Cerrito's diversified and resilient revenue sources still outperformed budgeted estimates by \$3.4 million. In FY 2022-23 the City had a large surplus of over \$6.5 million; during FY 2023-24 the City Council approved the use of \$6.5 million in fund balance for various one-time expenditures. The approved budget amendments would have resulted in a General Fund projected deficit of \$6.3 million. Departments diligent efforts to minimize spending brought total General Fund expenditures under budget by \$2.7 million; that, coupled with the \$3.4 million in additional revenue reduced the projected deficit of \$6.3 million to \$250,147. The total General Fund balance is \$22.9 million and represents approximately 53% of total General Fund expenditures. The decrease is attributable to the one-time approved fund balance uses. Transfers-in totaled \$3,671 from Integrated Waste Management. Offsetting this fund balance

increase, transfers-out comprised of subsidies to other funds to support operations, totaling \$3,702,980.

General Fund expenditures totaled \$48.6 million in FY 2023-24, an increase of approximately \$5.1 million over the prior fiscal year. The increase was largely due to the \$6.5 million in one-time expenditures approved by City Council that were proposed to reduce fund balance.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

- Completed community engagement and planning process that culminated in the adoption of the El Cerrito Strategic Plan 2024-2029.
- Enhanced City's public information program, including on social media and by bringing back print Citywide newsletters, to increase engagement and improve transparency.
- Completed robust community engagement process and returned to preparing a biennial budget for FY 2024-25 & FY 2025-26.
- Began process for voter consideration of an extension of the City's 1% Transactions and Use Tax in order to maintain existing service levels.
- Processed 344 Public Records Requests.
- Successfully completed a multi-year city-wide Classification and Compensation Study.
- Implemented Artificial Intelligence powered security system and upgraded firewall to protect and enhance the security resiliency of the City's network and computers.
- Completed the City's 6th Cycle General Plan Housing Element which was certified by the State Department of Housing and Community Development and initiated development of General Plan Safety Element.
- Established Emergency Disaster Relief Fund and Section 115 Pension Funding Trust.
- Joined the Eastbay Hills Wildfire Coalition of Governments and hosted the first meeting.
- Deployed a Police Department Community Liaison Officer to increase communication with the public and provide support for investigations.
- Installed forty (40) license plate reading cameras in El Cerrito to assist with the investigation of criminal incidents.
- Began construction, including a Groundbreaking Ceremony, for the Del Norte Transit-Oriented Development Complete Streets Improvement Project, installed new EV Charging Stations at City Hall, and substantially completed construction of the Arlington Park Improvements, and Hillside Natural Area Trails Signage projects.
- Developed a Red Flag Parking Pilot Program for implementation from June through November.
- Began design efforts for Richmond Street Complete Streets Project and launched development of the Local Road Safety Plan including public outreach and analysis.
- Procured and contracted for Renewable Diesel for all City diesel fleet vehicles including curbside recycling and fire trucks and secured Technical Assistance Grant for Public Fleet Electrification Planning.
- Completed a citywide recycling and garbage cart swap to comply with State Senate Bill 1383 and to improve sorting of solid waste materials.
- Developed the City's Climate Action & Adaption Plan to provide a roadmap to reduce the

City's greenhouse gas emissions and better prepare for climate change impacts.

- Began development of the Hillside Natural Area Fire Resilience and Forest Conservation Management Plan to establish a comprehensive fire hazard reduction and vegetation management plan to guide the City's fire fuel reduction, native forest conservation, and maintenance activities.
- Completed the Potential Outsourcing of the City's Municipal Curbside Recycling Operations Study consistent with the City's Fiscal Response Plan and Fiscal Recovery and Sustainability Plan.
- Experienced significant increases in Recreation Activity Enrollments and Facility Reservations, including a 460% increase for senior specific activities in 2023, 31% for general classes for all ages, 11% in summer camps, 216% in room reservations, and 66% in clubhouse reservations.
- Hosted a Senior Resource Fair with over 200 seniors in attendance and 46 vendors.
- Continued work on development of Affordable Housing and the BART El Cerrito Plaza Transit-Oriented Development (TOD) project.
- Continued implementation of the Fiscal Sustainability Plan including controlling and reducing expenditures and ensuring achievable revenue projections aligned with the City's Comprehensive Financial Policies.

FINANCIAL INFORMATION

Budgeting Controls

The City of El Cerrito operates on a biennial budget schedule and maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Propriety Funds are included in the biennial appropriated budget. The level of budgetary control (level at which expenditures cannot legally exceed the appropriate amount) is at the fund level.

City Departments use the goals outlined in the Strategic Plan, as well as feedback gained from the community, to inform the development of their departmental budgets for the next fiscal year. In order to best determine the resources to allocate to the goals and strategies in the Strategic Plan, the departments review information tailored toward aligning programs and services to the Strategic Plan goals.

Each department evaluated their programs and services and analyzed related data to determine a baseline amount of resources to allocate to expenses that meet the goals of the Strategic Plan. The departments considered several data sets, including personnel necessary to provide the program or service, additional costs (i.e., consultants, contractors, supplies and equipment and other purchased services), and whether the program or service is required by law or City policy. Departments were realistic about the objectives that could be achieved in the fiscal year and set priorities to allocate resources accordingly.

The Finance Department, in coordination with the applicable operating departments, provides the City Manager with proposed revenue projections. These revenue estimates are reviewed with the department budget requests to determine available funding levels for the fiscal year. Supplemental budget requests (new personnel, services or equipment) are subject to City Manager review and approval for inclusion in the proposed operating budget. This process applies to all governmental and enterprise funds. The City Manager and Finance Director meet with the departments to review all operating expenditures and

budget change requests. After final review and approval by the City Manager, the proposed budget document is presented to the City Council in May. The budget is adopted by resolution prior to June 30.

Only the City Council has the authority to create or modify total appropriations of any fund subject to only the appropriations limits established by State law. The City Council approves various supplemental appropriations during the year as necessary to meet the City's needs. The statements and schedules included in the financial section of this report indicate that the City continued to meet its responsibility for sound financial management.

Accounting System

The City's accounting and budgeting records for general government operations are recorded on a modified accrual basis, with revenues being recognized when available and measurable, and expenditures being recorded when the service or goods are received, or liabilities are incurred. Accounting and budgeting for the City's proprietary funds are maintained on an accrual basis.

Non-exchange transactions in which the City gives or receives value without directly receiving or giving equal value in exchange include taxes, grants, entitlements, and donations. On an accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met.

The City maintains an internal control designed to provide reasonable assurance that the City's assets are protected from loss, theft, or misuse. Also, internal controls ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Financial Policies

In August 2023, City Council approved amendments to the City Comprehensive Financial Policy, dated September, 2022. The financial policies are designed to promote sound financial management and ensure that the City's fiscal integrity remains intact as staff and Council Members change. The City Comprehensive Financial Policy is reviewed by the Financial Advisory Board and recommended amendments are advanced through the City Manager and Finance Director to City Council for adoption.

Additionally, the City Comprehensive Financial Policy, in accordance with GASB pronouncements, includes a General Fund Reserve policy, Emergency and Disaster Recovery Fund policy, Long-Term Financial Planning and Budget policies, Debt policies and other operational policies to serve as guidelines for operational and strategic decision making related to financial matters.

OTHER INFORMATION

Independent Audit

The City of El Cerrito selects an independent certified public accounting firm to perform a required annual audit of the City's financial records and transactions. The annual audit is required through covenants related to the City's bonded indebtedness. The City has a contract with Chavan & Associates, LLC., an independent auditor, to perform the audit and prepare the financial section of this report.

Acknowledgments

The preparation of this Annual Comprehensive Financial Report was conducted through the efforts and teamwork of the dedicated Finance staff. Appreciation and acknowledgement are also extended to City Department representatives for their support and collaboration throughout the duration of the audit. In addition, we extend a special thank you to Chavan & Associates, LLP for their professionalism and diligence in assisting in the preparation of this financial report.



Karen Pinkos, City Manager



Crystal Reams, Finance Director
& City Treasurer

CITY OF EL CERRITO

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

as of June 30, 2024

ELECTED OFFICIALS - CITY COUNCIL

Mayor	Tessa Rudnick
Mayor Pro Tem	Carolyn Wysinger
Council Member	Paul Fadelli
Council Member	Gabe Qunito
Council Member	Lisa Motoyama

ADMINISTRATIVE PERSONNEL - CITY STAFF

City Manager	Karen Pinkos
Assistant City Manager	Alexandra Orologas
Chief of Police	Paul Keith
Fire Chief	Eric Saylor
Community Development Director	Melanie Mintz
Finance Director/City Treasurer	Crystal Reams
Public Works Director/City Engineer	Yvetteh Ortiz
Recreation Director	Chris Jones
City Clerk	Holly Charley

CITY ATTORNEY

Sky Woodruff

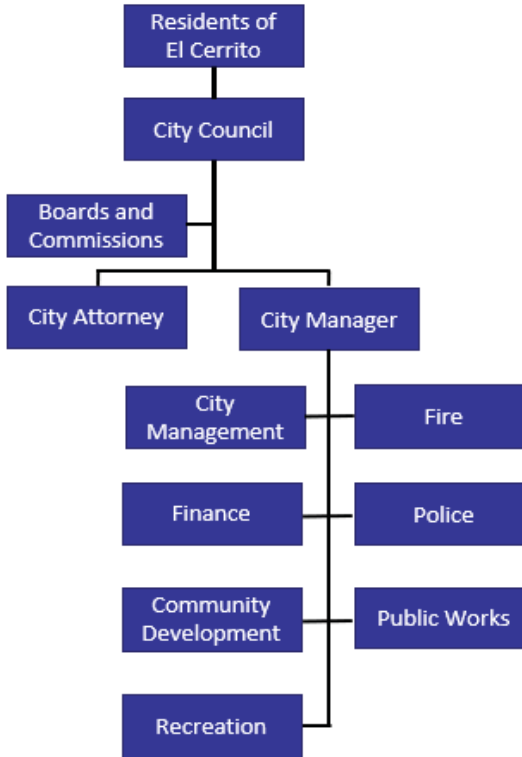
INDEPENDENT AUDITORS

Chavan & Associates, LLP Certified Public Accountants

ORGANIZATIONAL OVERVIEW

Chart 1-1 provides a graphical overview of the structure of City Government:

Chart 1-1
El Cerrito City Government Organization Chart



Overall Position Listing

Table 1-1 shows the adopted Citywide position listing for permanent full-time positions. The listing reflects the implementation of the Fiscal Response Plan, layoffs, and eliminated vacant positions through FY 2021-22. For FY 2022-23, the listing reflects positions added at midyear of FY 2021-22 and adopted positions for FY 2022-23. The listing does not include hourly or non-permanent part-time positions.

Table 1-1
Citywide Position Listing

Department	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
City Council	5	5	5	5	5
City Management	11.5	11.5	10	9	10
Finance Department	6	6	6	6	6
Community Development	14	14	15	14	15
Police Department	58	58	55	48	48
Fire Department	37	37	37	37	37
Public Works Department	25.2	25.2	25	24.2	25.2
Recreation Department	23	23	21	18	19
Total	179.7	179.7	174	161.2	165.2



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of El Cerrito
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cerrito (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cerrito, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

16450 Monterey Road, Suite #5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com



Chavan and Associates, llp
Certified Public Accountants

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain



Chavan and Associates, llp
Certified Public Accountants

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 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.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
January 16, 2025
Morgan Hill, California

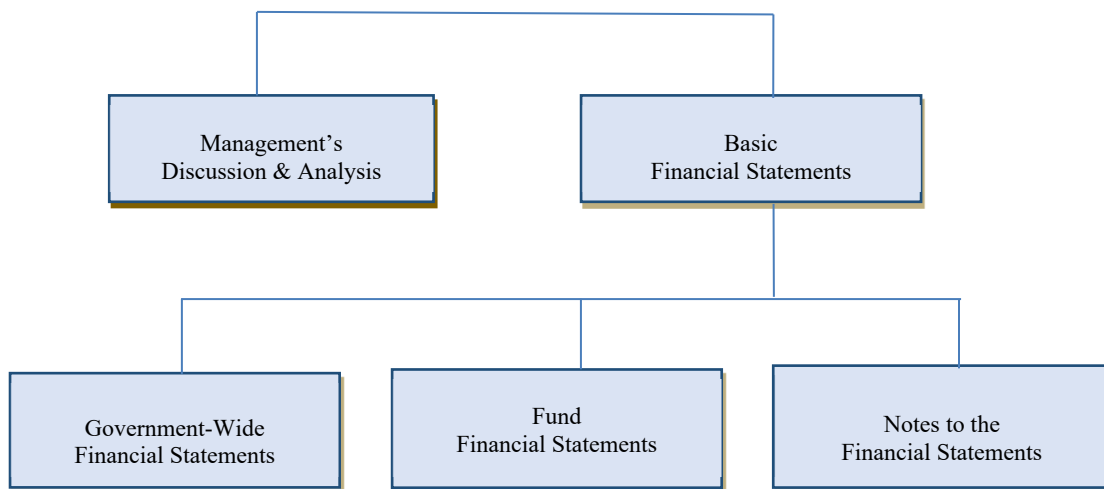


MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of the City of El Cerrito, we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City of El Cerrito, for the fiscal year that ended on June 30, 2024. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal. This information can be found on pages 1-7 of this report. The required components of the report are listed below.

Required Components of the Annual Financial Report



FISCAL YEAR 2023/24 FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources for the City of El Cerrito exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$51.18 million (net position). Of the net position, \$60.30 million was classified as net investment in capital assets; \$21.67 million recorded as restricted funds; and \$30.79 million categorized as a deficit unrestricted net position (negative net position). The negative unrestricted net position is largely due to *GASB 68 – Accounting and Financial Reporting for Pensions*. This pronouncement requires local governments to record pension liabilities and related deferrals in the government-wide financial statements.
- The City's net position increased by \$6.67 million. This included a \$7.91 million increase in the net position of Governmental Activities and a \$1.24 million decrease in the net position of Business-Type Activities.
- City revenues increased by \$5.06 million, or 8%, when compared to the prior year. The Fiscal Year 23/24 amounts included \$4.84 million in grants for capital projects and \$1.55 million in operating grants.

- Deferred outflows of resources increased by \$1.46 million, while deferred inflows of resources increased by \$163,347. This was primarily related to pension liability adjustments identified in the City's actuarial report, which include differences between expected and actual earnings; expected and actual experiences; and changes in proportional allocations. The City's pension liability in accordance with GASB 68 as of June 30, 2024 was \$84.24 million as compared to \$79.53 million in the prior year.
- The City's long-term debt decreased by \$1.46 million as a result of scheduled debt service payments made during the year.
- The City's net capital assets increased by \$1.90 million, primarily from a \$1.91 million increase to construction in progress and a \$2.00 million increase to infrastructure, offset by an increase of \$3.41 million to accumulated depreciation and amortization.

Fund Highlights

- At the close of Fiscal Year 23/24 the City of El Cerrito's *Governmental Funds* reported a combined fund balance of \$41.69 million, which is an increase of \$2.46 from prior year. Approximately 51%, or \$21.39, million was classified as unassigned fund balance and was available for spending at the government's discretion.
- At the end of the current fiscal year, the *General Fund's* unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) was \$21.39 million, or 55% of total general fund expenditures, prior to transfers.
- The fund balance in the *General Fund* decreased by \$249,743 at the close of the fiscal year. This included an excess of operating revenues over expenditures of \$3.45 million, minus \$250,147 in net transfers and other financing sources and an adjustment to beginning fund balance of \$404.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of El Cerrito's financial statements. The City of El Cerrito's basic financial statements are comprised of (1) Government-Wide Financial Statements (2) Fund Financial Statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City of El Cerrito's finances, in a manner similar to a private-sector business. Government-Wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. Government-Wide Financial Statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents financial information on all of the City of El Cerrito's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of El Cerrito is improving or declining.

The *Statement of Activities* presents information showing how the City of El Cerrito's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is consistent with a full accrual concept, which may result in the reporting of revenues and expenses in the current fiscal year, with cash flows occurring in future fiscal periods (e.g. uncollected revenues; and earned but not used vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the City of El Cerrito that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). An overview of the City's functions associated with each classification is listed below.

Governmental Activities – All of the City's basic services are considered to be governmental activities. This includes general government, public works, recreation, community development, and public safety. These services are supported by general City revenues such as taxes, and by specific program revenues such as development and recreation program fees.

Business-Type Activities – This City's enterprise activities include integrated waste management. Unlike governmental activities, these services are fully supported by charges paid by users based on the amount of services they use.

The Government-Wide Financial Statements can be found on pages 32-33 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds are presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the fiscal year and may change from year to year as a result of changes in the pattern of the City's activities. The City's funds are segregated into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This represents a modified accrual basis of accounting, with capital assets, long-lived assets, and long-term liabilities excluded from the financial statements. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the

governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and other major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of El Cerrito adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary Funds

The City of El Cerrito has one *Enterprise Fund* which is a proprietary fund: Integrated Waste Management. *Enterprise funds* provide the same type of information as business-type activities in the government-wide statements. *Internal service funds* are an accounting mechanism used to accumulate and allocate costs internally among the City of El Cerrito's various functions. The City uses one internal service fund to account for the management of its vehicle and equipment replacement. Because these internal services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for the waste management operations, which is considered major fund for the City of El Cerrito. The basic proprietary fund financial statements can be found on pages 42-44 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the Government-Wide Financial Statements because the resources of these funds are not available to support the City of El Cerrito's own programs. The accounting for fiduciary funds is much like that used for business-type activities. The City had two fiduciary funds during Fiscal Year, the Pension Trust Fund and the El Cerrito Redevelopment Agency Successor Agency Private-Purpose Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes can be found immediately following the Fund Financial Statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of El Cerrito's funding progress for its employee pension obligations. The required supplementary information can be found on pages 84-87 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the *required supplementary information*. Combining and individual fund statements and schedules can be found on pages 90-118 of this report.

A statistical section provides historical and current data on financial trends, revenue and debt capacity, demographic and economic information, and operating information. This information can be found on pages 123-141 of this document.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as an indicator of a government's financial position. In the case of the City of El Cerrito, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51.18 million at the close of Fiscal Year 23/24. This represents an increase of \$6.67 million over the prior year.

The following table summarizes the City's ending net position:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 53,902,573	\$ 50,109,108	\$ 3,298,270	\$ 2,607,396	\$ 57,200,843	\$ 52,716,504
Capital assets	69,435,665	67,351,870	3,346,955	3,526,447	72,782,620	70,878,317
Total Assets	\$ 123,338,238	\$ 117,460,978	\$ 6,645,225	\$ 6,133,843	\$ 129,983,463	\$ 123,594,821
Deferred Outflows of Resources	\$ 32,454,029	\$ 33,185,249	\$ 1,463,287	\$ -	\$ 33,917,316	\$ 33,185,249
Liabilities						
Current and other liabilities	\$ 9,889,542	\$ 10,410,732	\$ 615,171	\$ 611,886	\$ 10,504,713	\$ 11,022,618
Noncurrent liabilities	94,511,038	94,691,574	3,942,391	894,614	98,453,429	95,586,188
Total Liabilities	\$ 104,400,580	\$ 105,102,306	\$ 4,557,562	\$ 1,506,500	\$ 108,958,142	\$ 106,608,806
Deferred Inflows of Resources	\$ 3,599,218	\$ 5,658,874	\$ 163,347	\$ -	\$ 3,762,565	\$ 5,658,874
Net Position						
Net investment in capital assets	\$ 56,361,576	\$ 53,389,633	\$ 3,937,059	\$ 2,199,706	\$ 60,298,635	\$ 55,589,339
Restricted	21,667,676	17,767,175	-	-	21,667,676	17,767,175
Unrestricted	(30,236,783)	(31,271,761)	(549,456)	2,427,637	(30,786,239)	(28,844,124)
Total Net Position	\$ 47,792,469	\$ 39,885,047	\$ 3,387,603	\$ 4,627,343	\$ 51,180,072	\$ 44,512,390

A significant portion, or \$60.30 million, of the City's net position reflects its investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), less accumulated depreciation/amortization and any outstanding debt that was used to acquire or construct those assets. Capital assets represent infrastructure which provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

The \$21.67 million amount classified as Restricted Net Position represents resources that are subject to external restrictions on how they may be used. These funds are restricted for governmental activities.

The remaining deficit balance of \$30.79 million is classified as unrestricted. This negative unrestricted balance is largely due to *GASB 68 – Accounting and Financial Reporting for Pensions*. The City participates in the CalPERS Miscellaneous and Safety pension plans. This pronouncement requires that local governments report

City of El Cerrito

Management's Discussion and Analysis

a proportional share of their pension plan's net pension liabilities on financial statements. In Fiscal Year 23/24, the City's proportionate share of the CalPERS pension liability was \$84.24 million.

At the end of the current fiscal year, the City of El Cerrito reported a positive balance for the government as a whole.

Governmental and Business-Type Activities

As shown in the *Statement of Changes in Net Position* schedule, the net position for Governmental Activities increased by \$7.91 million in the prior year mostly because of increases to expenses by function for all departments and programs, including public safety, as shown below. In the prior fiscal year, the City's expenses in the statement of activities were reduced by a pension credit of \$15.45 million related to changes in assumptions and deferrals of differences between estimated and actual plan earnings. During Fiscal Year 23/24, the City recognized to an increase to pension expense of \$2.03 million, an increase of \$17.48 million.

The net position for business-type activities decreased by \$1.24 million largely due to the change in application of GASB 68 when the City reallocated a portion of its net pension liabilities. An analysis of the changes in revenues and expenses by type of significant events follows:

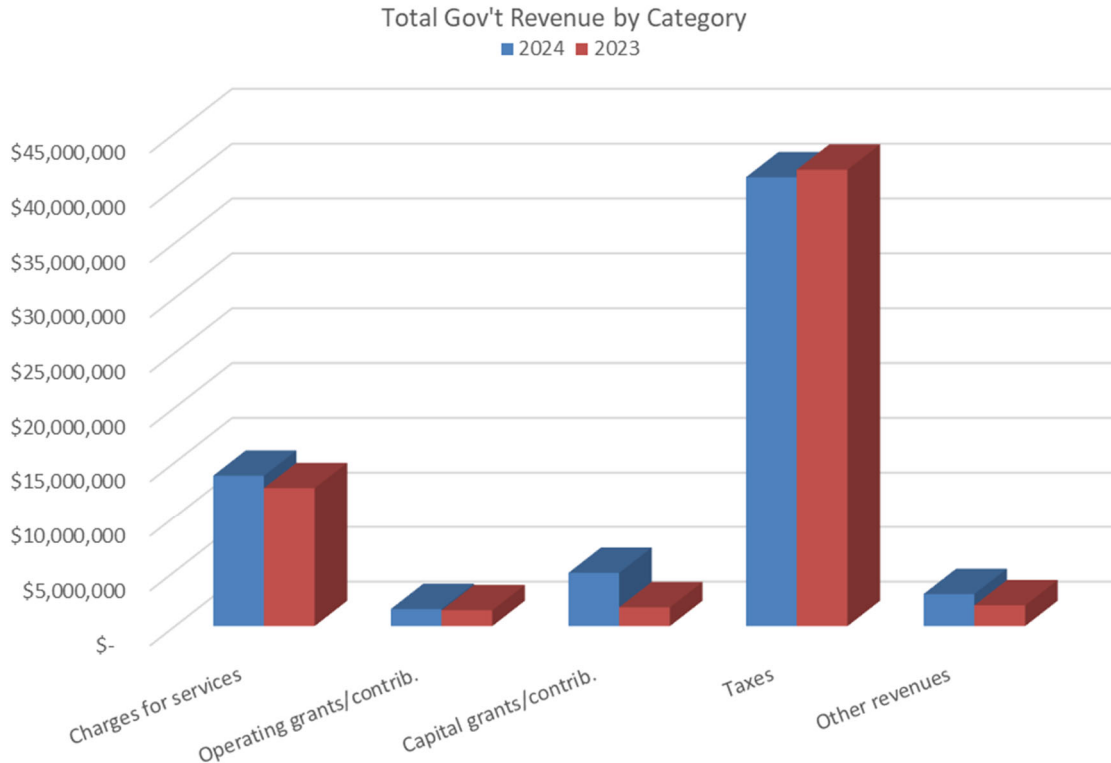
Table 2 - Statement of Changes in Net Position

Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2024	2023		2024	2023	
Program Revenues						
Charges for services	\$ 13,769,470	\$ 12,635,957	\$ 1,133,513	\$ 4,182,443	\$ 3,920,346	\$ 262,097
Operating grants and contributions	1,550,711	1,437,171	113,540	33,907	32,471	1,436
Capital grants and contributions	4,841,678	1,709,112	3,132,566	-	-	-
Total Program Revenues	20,161,859	15,782,240	4,379,619	4,216,350	3,952,817	263,533
General Revenues						
Taxes	40,984,093	41,670,459	(686,366)	-	-	-
Other revenues	2,920,338	1,887,516	1,032,822	116,999	43,203	73,796
Total General Revenues	43,904,431	43,557,975	346,456	116,999	43,203	73,796
Expenses						
General government	8,271,822	4,892,654	3,379,168	-	-	-
Public works	9,122,950	6,244,845	2,878,105	-	-	-
Recreation	6,999,666	3,896,266	3,103,400	-	-	-
Community development	4,530,222	2,376,676	2,153,546	-	-	-
Public safety	29,383,735	16,455,373	12,928,362	-	-	-
Interest on long-term debt	166,298	630,504	(464,206)	-	-	-
Integrated waste management	-	-	-	3,412,017	3,243,285	168,732
Total Expenses	58,474,693	34,496,318	23,978,375	3,412,017	3,243,285	168,732
Transfers	3,671	3,671	-	(3,671)	(3,671)	-
Increase / (Decrease) in Net Position	5,595,268	24,847,568	(19,252,300)	917,661	749,064	168,597
Prior Period Adjustments	2,312,154	(551,043)	2,863,197	(2,157,401)	-	(2,157,401)
Net Position, Beginning of Year	39,885,047	15,588,522	24,296,525	4,627,343	3,878,279	749,064
Net Position, End of Year	\$ 47,792,469	\$ 39,885,047	\$ 7,907,422	\$ 3,387,603	\$ 4,627,343	\$ (1,239,740)

Governmental Activities

Governmental Revenues

The following chart summarizes the changes in revenues by category during Fiscal Year 23/24:



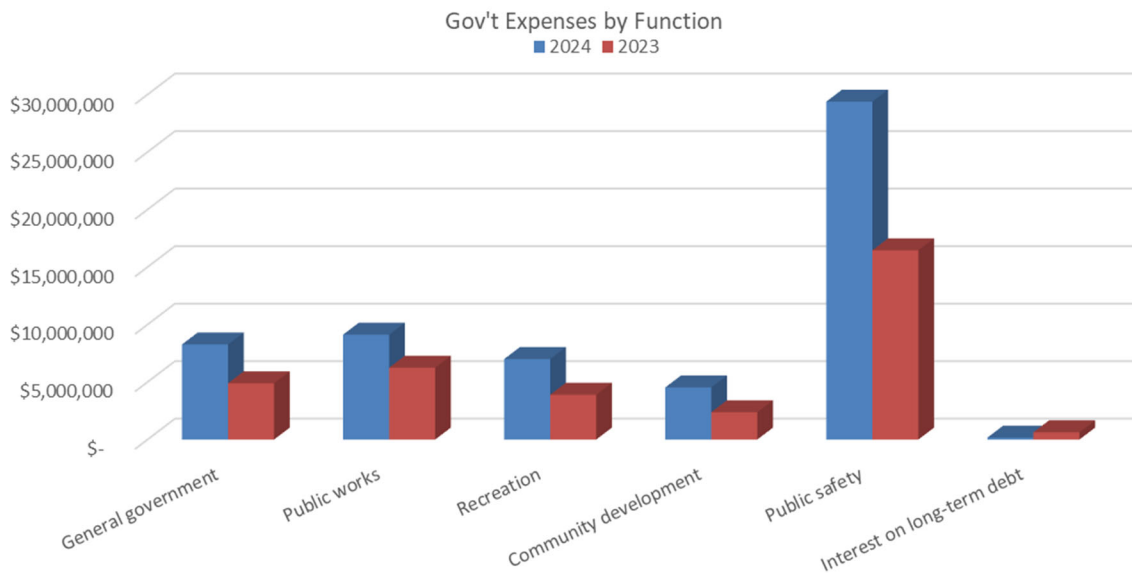
Significant changes in governmental revenues consisted of the following:

- Taxes decreased by \$686,366, with substantial net changes in the following categories:
 - Property taxes increased by \$690,207 or 3.7%, which reflects the continuing strength in property values.
 - Franchise taxes increased by \$250,720 or 13.5%, primarily due to rate increases across the industries.
 - Other taxes and assessments increased by \$98,742 or 12.3%.
 - Sales and use taxes decreased by \$653,214 or 5.7%, reflecting a statewide trend of decreased consumer spending.
 - Real property county transfer taxes decreased by \$1.0 million or 32.9%.
- Other revenues increased by \$1.03 million, mostly from local reimbursements and local donations that did not meet the definition of a charges for services, operating grants or capital grants.

- Charges for services increased by \$1.13 million mostly from increased program activities for recreation, community development and public safety as services continue to increase to pre-pandemic levels.
- Capital grants and contributions increased by \$3.13 million due to contributions from the General Fund for the purchase of land and buildings at 10936 San Pablo Avenue totaling \$1.6 million and \$1.1 million for park & facility deferred maintenance and repair projects.

Governmental Expenses

The Fiscal Year 23/24 expenses for Governmental Activities increased by \$23.98 million as illustrated in the chart below:



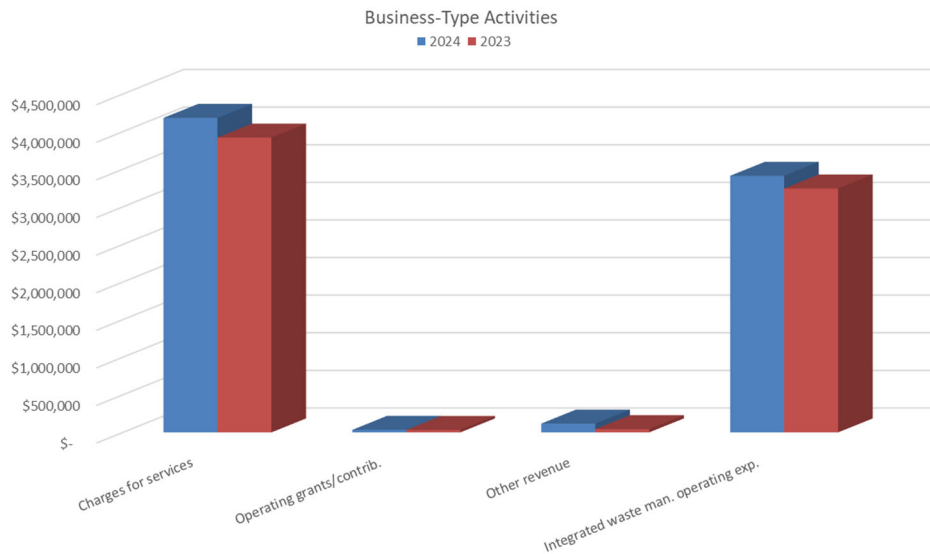
Significant changes in governmental expenses consisted of the following:

- The largest contributed factor to the increase in governmental activities expenses is an adjustment to pension expense as required by GASB 68 of \$2.02 million, which was \$17.48 million more than the prior year’s pension credit. In fiscal year 22/23, investment returns fell below estimated returns during the plan measurement period, attributing to the decrease in the pension plan expense.
- Interest expense decreased by \$464,206 due to obligations generally requiring less interest as debt matures and adjustments related to premiums.

Business-Type Activities

The City’s net position for business type activities decreased by \$1.24 million for the Integrated Waste Management enterprise fund. The decrease can be attributed the change in application of GASB 68 when the City reallocated a portion of its net pension liabilities to the enterprise fund.

The following chart is a summary of the changes in revenues and expenses for the City’s business-type activities from Fiscal Year 22/23 to 23/24:



Charges for services included fees of \$4.07 million and recycling sales of \$115,413. Expenses included personnel services, services, supplies and depreciation totaling \$3.38 million. Personnel costs increased by \$264,089 increased operating activities over the prior year.

FINANCIAL ANALYSIS OF THE CITY’S GOVERNMENTAL FUNDS

As noted earlier, the City of El Cerrito uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City of El Cerrito’s City Council.

City of El Cerrito

Management's Discussion and Analysis

A summary of the changes in fund balance of the Major Funds and Other Governmental Funds is presented below:

Table 3 - Summary of Changes in Fund Balance - Governmental Funds

	Major Funds					Total
	General Fund	Low/Mod Income Housing Asset Fund	Street Improvement Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
Total Revenues	\$ 52,119,903	\$ 39,928	\$ 2,347,173	\$ 1,297,691	\$ 5,865,724	\$ 61,670,419
Total Expenditures	48,670,741	18,240	564,599	4,001,919	5,879,461	59,134,960
Revenues Over (Under) Expenditures	3,449,162	21,688	1,782,574	(2,704,228)	(13,737)	2,535,459
Other financing sources	-	-	-	-	-	-
Transfers in	3,671	-	-	3,121,431	1,302,693	4,427,795
Transfers out	(3,702,980)	-	(707,100)	-	(94,000)	(4,504,080)
Net change in fund balances	(250,147)	21,688	1,075,474	417,203	1,194,956	2,459,174
Beginning of year	23,143,081	5,260,264	2,793,188	(312,572)	8,338,707	39,222,668
Prior Period Adjustment	404	-	-	-	-	404
End of year	\$ 22,893,338	\$ 5,281,952	\$ 3,868,662	\$ 104,631	\$ 9,533,663	\$ 41,682,246

The fund balance in the General Fund decreased by \$249,743. This included operating revenues exceeding operating expenses by \$3.45 million. The operating difference can be attributed to better than anticipated tax revenues, licenses and permits, and charges for services along with decreased expenditures due to a variety of factors, including staff vacancies and the delivery or completion of items to be purchased or projects to be completed.

Fund balance in Low and Moderate Income Housing Asset Fund increased by \$21,688 due to the timing of disbursements.

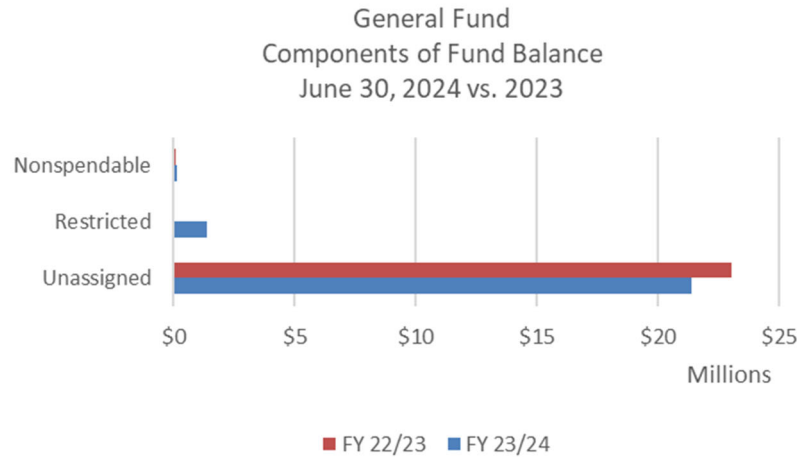
The fund balance in the Street Improvement Fund increased by \$1.075 million mainly due to the timing of when active projects expend funds, and when work is performed.

The fund balance in the Capital Improvement Fund increased by \$417,203 mainly from the increased work on capital improvement projects.

The fund balance in Nonmajor Funds increased by \$1.19 million mostly due to on-going capital improvement programs, debt service payments, road maintenance and other special revenue fund programs.

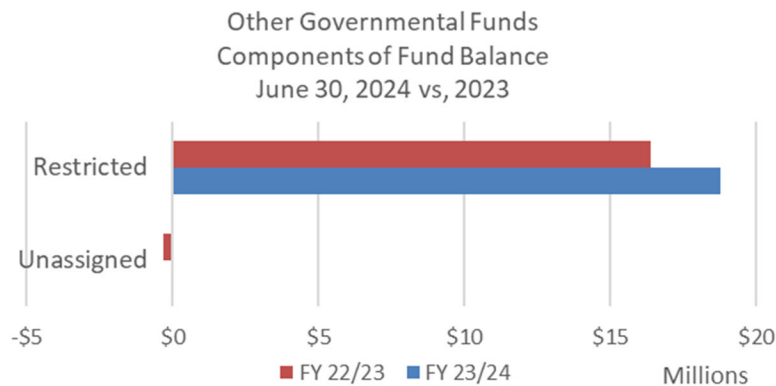
General Fund – Components of Fund Balance

In Fiscal Year 23/24, the General Fund’s total fund balance represented approximately 47% of total general fund expenditures. The following chart summarizes the ending fund balance in the General Fund over the last two fiscal years:



Other Governmental Fund - Components of Fund Balance

The following chart summarizes the ending fund balance of all other funds other than the General Fund over the last two fiscal years:



CAPITAL ASSETS



The City of El Cerrito’s investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounts to \$72.78 million (net of accumulated depreciation). The total increase in the City’s capital assets, net of depreciation, was \$1.90 million or 2.69%. In Governmental Activities, the net increase in capital assets was \$2.08 million, or 3.09%, while business-type Activities net capital assets decreased by \$179,492 or 5.09%.

City of El Cerrito

Management's Discussion and Analysis

The following table summarizes the City's capital assets at the end of the year:

Table 4 - Capital Assets at Year End - Net

	Governmental Activities		Business-type Activities		Total		% Change
	2024	2023	2024	2023	2024	2023	
Land	\$ 6,792,165	\$ 5,191,639	\$ -	\$ -	\$ 6,792,165	\$ 5,191,639	30.83%
Construction in progress	6,249,008	4,334,851	-	-	6,249,008	4,334,851	44.16%
Buildings and improvement	27,058,747	27,463,510	3,495,683	3,495,683	30,554,430	30,959,193	-1.31%
Machinery and equipment	6,609,698	6,404,496	2,145,995	2,145,995	8,755,693	8,550,491	2.40%
Infrastructure	90,120,903	88,122,931	-	-	90,120,903	88,122,931	2.27%
Accumulated deprec./amort.	(67,394,856)	(64,165,557)	(2,294,723)	(2,115,231)	(69,689,579)	(66,280,788)	103.40%
Total Capital Assets, Net	\$ 69,435,665	\$ 67,351,870	\$ 3,346,955	\$ 3,526,447	\$ 72,782,620	\$ 70,878,317	2.69%

Additional information on capital assets can be found in Note 5 in the notes to financial statements.

DEBT ADMINISTRATION

During the year, long-term debt from governmental activities decreased by \$1.46 million and long-term debt attributable to business type activities decreased by \$453,558, mostly from scheduled debt service payments.

The following table summarizes the City's debt at the end of the year:

Table 5 - Outstanding Long-Term Debt at Year End

	Governmental Activities		
	2024	2023	% Change
Revenue bonds and notes	\$ 12,590,248	\$ 13,745,837	-8.41%
Financed purchases	1,474,237	1,781,148	-17.23%
Total outstanding long-term debt	\$ 14,064,485	\$ 15,526,985	-9.42%
	Business-type Activities		
	2024	2023	% Change
Revenue bonds and notes	\$ 450,200	\$ 741,400	-39.28%
Financed purchases	422,983	585,341	-27.74%
Total outstanding long-term debt	\$ 873,183	\$ 1,326,741	-34.19%

Additional information on debt can be found in Note 6 in the notes to financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes from the City's General Fund original budget to the final budget are detailed in the *Required Supplementary Information* section along with a comparison to actual activity for the year ended.

Over the course of the year, the City may revise the expenditure budgets to reflect the changes in the various programs and unanticipated activities, but usually do not change budget assumptions in revenues other than for one-time events. For example, when the City awards a grant, it appropriates the revenues and expenditures necessary to spend those funds but does not necessarily adjust upward the property

City of El Cerrito

Management's Discussion and Analysis

tax estimates when the amounts come in higher than expected or reduce other balances that report declines unless the changes are material. Tax estimates are based on trend information where the base amount rolls forward for cumulative increases in long term planning and the trends are reevaluated each year during the budget period.

At the time of the FY 23/24 budget adoption, City revenues were projected to be \$48.52 million and expenditures were projected to be \$47.85 million. The final budgeted revenues were \$48.68 million and expenditures were \$51.37 million. Actual revenues exceed the final budget by \$3.44 million and actual expenditures were less than the final budget by \$2.70 million.

After transfers, the original adopted budget projected a surplus change in fund balance of \$93,178 and the final budget projected a deficit of \$6.31 million. The actual change in fund balance for the year was a deficit \$250,147, which was \$6.06 million less than the final budgeted deficit.

The following table summarizes the City's budget vs. actual amounts for FY 23/24:

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes and assessments	\$ 33,892,830	\$ 32,892,830	\$ 35,847,684	\$ 2,954,854
Licenses and permits	1,054,618	1,284,618	1,272,849	(11,769)
Fines and forfeitures	120,000	145,000	231,231	86,231
Intergovernmental	5,103,092	5,103,092	5,234,450	131,358
Use of money and property	277,242	278,742	667,457	388,715
Charges for Services	7,807,310	8,663,262	8,594,094	(69,168)
Other Revenue	270,000	311,748	272,138	(39,610)
Total Revenues	48,525,092	48,679,292	52,119,903	3,440,611
EXPENDITURES				
Current:				
General government	7,245,870	8,069,637	7,587,389	482,248
Public works	2,460,423	2,827,046	2,615,288	211,758
Recreation	6,005,416	6,524,937	6,120,140	404,797
Community development	3,799,601	4,892,425	4,267,261	625,164
Public Safety	27,956,083	28,537,232	27,693,105	844,127
Capital outlay	99,503	232,720	156,776	75,944
Debt service				
Principal retirement	131,766	131,766	205,276	(73,510)
Interest and fiscal charges	154,160	154,160	25,506	128,654
Total Expenditures	47,852,822	51,369,923	48,670,741	2,699,182
Excess (Deficiency) of Revenues over Expenditures	672,270	(2,690,631)	3,449,162	6,139,793

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's diversified and resilient revenue base remained strong and exceeded projections. At fiscal year ending June 30, 2024, operating revenues exceeded budget, primarily due to better than budgeted tax revenues, licenses and permits, and charges for services and operating expenditures below budget due to vacancies and timing of expenditure disbursements. During the fiscal year, the City Council voted to utilize unassigned fund balance for major urgent capital needs, resulting in a planned budget deficit of over \$6 million. Due to the higher than budgeted revenues and lower than budgeted expenditures, the year-end change in fund balance was \$0.25 million, even with the additional capital projects. The General Fund balance decreased by \$249,743 from the prior year, leaving a total General Fund balance of \$22.89 million. This General Fund balance represents approximately 47% of total General Fund expenditures.

Despite the City's positive economic position, management remains cognizant of the economic trends facing the State of California. While healthy stock market gains contributed to a modest budgetary surplus, the proposed state budget provides insufficient funding to cover the costs for state mandates impacting local governments. The state is also facing persistent challenges from the high cost of living, a housing shortage exacerbated by climate disasters and volatile property markets, and a homelessness and mental health crisis.

In addition, City management is mindful of the uncertainty facing the U.S. including a complex political environment, persistent inflation, impacts from major natural disasters, slow real estate markets, interest rate changes, the threat of an international trade war and tariffs, and an economy that is showing overall signs of slowing down including a decrease in consumer demand and spending.

Also, the City's employee costs continue to trend upwards as a result of new agreements with the City's labor unions, and as retirement contributions and lower than projected fluctuations in the CalPERS pension plan investments drives pension costs higher. General Fund Employee costs are projected at nearly 73% of Total General Fund Expenditures for Fiscal Year 2024. This proportion may increase with new contracts and with projected increases in pension related costs in FY 2025 and beyond.

Despite these economic trends, the Greater Bay Area and El Cerrito are somewhat better positioned to withstand economic down trends due to their diversified revenue sources and the City's prudent and conservative financial management strategies and approach of avoiding overly optimistic revenue estimates or a presumption of an imminent recession.

El Cerrito's FY 2025 General Fund Budget was balanced, with estimated revenues projected to be \$33,952 greater than expenditures during the budget process. The projected FY 2025 ending General Fund balance was estimated to be \$16.87 million. Taking into consideration that the General Fund ended in a more favorable position for FY 2024 at \$22.89 million, this would increase the projected FY25 ending fund balance to \$22.93 million exceeding the City's fiscal year General Fund balance goal of 17% of the City's General Fund expenditures. After budget adoption, the City finalized multi-year contracts with three of its labor unions, resulting in an increase in the expenditure budget of \$444,420 for FY 2025 and additional future ongoing costs for future budget years.

The City remains focused on financial stability and opportunities to strengthen our financial position. The City is proud of having sufficient reserves at the start of FY 2024 and commits to maintaining a healthy

General Fund balance in compliance with the City's financial policies. The City's priority is to continue to provide the quality of services residents have come to expect.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of El Cerrito's finances for El Cerrito's residents, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance at (510) 215-4323, by mail at 10890 San Pablo Avenue, El Cerrito, CA 94530 or by email finance@ci.el-cerrito.ca.us.



BASIC FINANCIAL STATEMENTS

City of El Cerrito
Statement of Net Position
June 30, 2024

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 37,196,758	\$ 2,523,234	\$ 39,719,992
Accounts receivable	2,900,412	758,949	3,659,361
Interest receivable	1,597,270	-	1,597,270
Due from other governments	3,850,690	-	3,850,690
Prepaid items and other assets	316,356	16,087	332,443
Total Current Assets	45,861,486	3,298,270	49,159,756
Noncurrent Assets:			
Loans receivable	8,041,087	-	8,041,087
Capital Assets:			
Nondepreciable	13,041,173	-	13,041,173
Depreciable, net of accumulated depreciation	56,394,492	3,346,955	59,741,447
Total Capital Assets, Net	69,435,665	3,346,955	72,782,620
Total Noncurrent Assets	77,476,752	3,346,955	80,823,707
Total Assets	\$ 123,338,238	\$ 6,645,225	\$ 129,983,463
DEFERRED OUTFLOWS OF RESOURCES			
Pension Adjustments	\$ 32,242,338	\$ 1,463,287	\$ 33,705,625
Deferred Loss on Refunding	211,691	-	211,691
Total Deferred Outflows of Resources	\$ 32,454,029	\$ 1,463,287	\$ 33,917,316
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,821,144	\$ 47,813	\$ 1,868,957
Accrued liabilities	1,444,283	60,716	1,504,999
Interest payable	154,000	-	154,000
Deposits payable	2,937,584	-	2,937,584
Unearned revenue	1,346,089	-	1,346,089
Compensated absences, due within one year	1,218,427	48,659	1,267,086
Long-term debt, due within one year	968,015	457,983	1,425,998
Total Current Liabilities	9,889,542	615,171	10,504,713
Noncurrent Liabilities:			
Net pension liability	80,740,039	3,500,990	84,241,029
Claims payable, due in more than one year	18,453	-	18,453
Compensated absences, due in more than one year	656,076	26,201	682,277
Long-term debt - due in more than one year	13,096,470	415,200	13,511,670
Total Noncurrent Liabilities	94,511,038	3,942,391	98,453,429
Total Liabilities	\$ 104,400,580	\$ 4,557,562	\$ 108,958,142
DEFERRED INFLOWS OF RESOURCES			
Pension Adjustments	\$ 3,599,218	\$ 163,347	\$ 3,762,565
Total Deferred Inflows of Resources	\$ 3,599,218	\$ 163,347	\$ 3,762,565
NET POSITION			
Net investment in capital assets	\$ 56,361,576	\$ 3,937,059	\$ 60,298,635
Restricted for:			
Capital projects	10,105,585	-	10,105,585
Debt service	24,528	-	24,528
Pensions	1,372,890	-	1,372,890
Community development	10,164,673	-	10,164,673
Total Restricted	21,667,676	-	21,667,676
Unrestricted	(30,236,783)	(549,456)	(30,786,239)
Total Net Position	\$ 47,792,469	\$ 3,387,603	\$ 51,180,072

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

City of El Cerrito
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Total	Governmental Activities	Business-Type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
Primary Government:								
Governmental Activities:								
General government	\$ 8,271,822	\$ 468,692	\$ -	\$ -	\$ 468,692	\$ (7,803,130)		\$ (7,803,130)
Public works	9,122,950	735,339	300,469	4,841,678	5,877,486	(3,245,464)		(3,245,464)
Recreation	6,999,666	4,958,617	-	-	4,958,617	(2,041,049)		(2,041,049)
Community development	4,530,222	2,896,914	396,686	-	3,293,600	(1,236,622)		(1,236,622)
Public safety	29,383,735	4,709,908	853,556	-	5,563,464	(23,820,271)		(23,820,271)
Interest and fiscal charges	166,298	-	-	-	-	(166,298)		(166,298)
Total Governmental Activities	\$ 58,474,693	\$ 13,769,470	\$ 1,550,711	\$ 4,841,678	\$ 20,161,859	(38,312,834)		(38,312,834)
Business-Type Activities:								
Integrated waste management	\$ 3,412,017	\$ 4,182,443	\$ 33,907	\$ -	\$ 4,216,350		\$ 804,333	804,333
Total Business-Type Activities	\$ 3,412,017	\$ 4,182,443	\$ 33,907	\$ -	\$ 4,216,350		804,333	804,333
General Revenues:								
Taxes:								
Property taxes and assessments						18,503,332	-	18,503,332
Sales and use taxes						11,457,300	-	11,457,300
Transient occupancy taxes						89,451	-	89,451
Franchise taxes						1,854,938	-	1,854,938
Business license taxes						1,128,561	-	1,128,561
Utility user taxes						4,015,551	-	4,015,551
Real property County transfer tax						3,129,523	-	3,129,523
Other taxes						805,437	-	805,437
Total taxes						40,984,093	-	40,984,093
Investment earnings (loss)						1,302,071	116,999	1,419,070
Other revenues						1,618,267	-	1,618,267
Total General Revenues						43,904,431	116,999	44,021,430
Transfers						3,671	(3,671)	-
Total General Revenues and Transfers						43,908,102	113,328	44,021,430
Change in Net Position								
						5,595,268	917,661	6,512,929
Net Position - Beginning of Year								
						39,885,047	4,627,343	44,512,390
Prior Period Adjustments								
						2,312,154	(2,157,401)	154,753
Net Position - Beginning of Year, As Adjusted								
						42,197,201	2,469,942	44,667,143
Net Position - End of Year								
						\$ 47,792,469	\$ 3,387,603	\$ 51,180,072

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

This page is intentionally blank

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds, and the related expenditures. The major revenue sources for this Fund are property taxes, sales taxes, utility users tax, franchise fees, business licenses, unrestricted revenues from the State, fines and forfeitures, and interest income. Expenditures are made for public safety, recreation, and the other services described above.

Low and Moderate Income Housing Asset Special Revenue Fund

This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency and the collection of revenues from those restricted assets. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

Street Improvement Fund

This fund accounts for the street maintenance and improvement projects funded by the 2008 Sales Tax Revenue Bonds.

Capital Improvements Capital Projects Fund

This fund accounts for funds expended on various City capital projects.

**City of El Cerrito
Balance Sheet
Governmental Funds
June 30, 2024**

	Major Funds					Total Governmental Funds
	General Fund	Low/Mod Income Housing Asset Fund	Street Improvement Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and investments	\$ 25,339,004	\$ 446,172	\$ 3,880,801	\$ 346,685	\$ 6,405,391	\$ 36,418,053
Accounts receivable	1,078	-	-	2,027,904	867,122	2,896,104
Interest receivable	272,482	1,324,788	-	-	-	1,597,270
Due from other governments	3,291,852	-	380,989	-	177,849	3,850,690
Loans receivable	-	5,031,087	-	-	3,010,000	8,041,087
Prepaid items and other assets	138,615	-	-	-	21,741	160,356
Total assets	\$ 29,043,031	\$ 6,802,047	\$ 4,261,790	\$ 2,374,589	\$ 10,482,103	\$ 52,963,560
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 745,552	\$ 2,537	\$ 390,287	\$ 451,104	\$ 231,664	\$ 1,821,144
Accrued liabilities	1,390,950	11,680	2,841	-	38,812	1,444,283
Deposits payable	2,465,295	-	-	-	472,289	2,937,584
Unearned revenue	1,251,292	-	-	74	94,723	1,346,089
Total liabilities	5,853,089	14,217	393,128	451,178	837,488	7,549,100
Deferred Inflows of Resources:						
Unavailable revenues	296,604	1,505,878	-	1,818,780	110,952	3,732,214
Total deferred inflows of resources	296,604	1,505,878	-	1,818,780	110,952	3,732,214
Fund Balances:						
Nonspendable:						
Prepaid items	94,669	-	-	-	-	94,669
Inventory	32,082	-	-	-	-	32,082
Restricted:						
Redevelopment	-	-	-	-	518,615	518,615
Debt service	-	-	-	-	24,528	24,528
Street improvements	-	-	3,868,662	-	1,955,130	5,823,792
Transportation	-	-	-	-	1,269,375	1,269,375
Public safety - police	-	-	-	-	322,298	322,298
Public safety - vehicle abatement	-	-	-	-	395,030	395,030
Parks and recreation	-	-	-	-	457,856	457,856
Storm drains	-	-	-	-	1,463,502	1,463,502
Public art	-	-	-	-	142,329	142,329
Housing	-	5,281,952	-	-	2,985,000	8,266,952
Pensions	1,372,890	-	-	-	-	1,372,890
Capital projects	-	-	-	104,631	-	104,631
Unassigned:						
Emergency Disaster Relief	9,000,000	-	-	-	-	9,000,000
Remaining unassigned	12,393,697	-	-	-	-	12,393,697
Total fund balances	22,893,338	5,281,952	3,868,662	104,631	9,533,663	41,682,246
Total liabilities, deferred inflows of resources and fund balances	\$ 29,043,031	\$ 6,802,047	\$ 4,261,790	\$ 2,374,589	\$ 10,482,103	\$ 52,963,560

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

City of El Cerrito
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024

Total Fund Balances - Total Governmental Funds \$ 41,682,246

Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets	133,716,891
Less: accumulated depreciation	(64,868,793)
Total Capital Assets	<u>68,848,098</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (154,000)

Internal service funds are used by management to charge the costs of vehicles and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities. 581,323

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position. 28,643,120

The difference between the carrying value of refunded debt and the reacquisition price is deferred and amortized over the shorter of the remaining life of the refunded debt or the refunding debt. 211,691

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as unearned in the fund statements. 3,732,214

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(13,119,228)
Claims payable	(18,453)
Compensated absences	(1,874,503)
Net pension liability	<u>(80,740,039)</u>
Total Long-Term Obligations	<u>(95,752,223)</u>

Net Position of Governmental Activities \$ 47,792,469

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

City of El Cerrito
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds					Total Governmental Funds
	General Fund	Low/Mod Income Housing Asset Fund	Street Improvement Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
REVENUES						
Taxes and assessments	\$ 35,847,684	\$ -	\$ 2,154,278	\$ 204,243	\$ 2,952,131	\$ 41,158,336
Licenses and permits	1,272,849	-	-	-	-	1,272,849
Fines and penalties	231,231	-	-	-	-	231,231
Intergovernmental	5,234,450	-	-	1,093,448	1,661,968	7,989,866
Use of money and property	667,457	39,928	180,003	-	862,909	1,750,297
Charges for Services	8,594,094	-	-	-	5,405	8,599,499
Other Revenue	272,138	-	12,892	-	383,311	668,341
Total Revenues	52,119,903	39,928	2,347,173	1,297,691	5,865,724	61,670,419
EXPENDITURES						
Current:						
General government	7,587,389	-	6,105	-	7,366	7,600,860
Public works	2,615,288	-	121,101	-	3,305,727	6,042,116
Recreation	6,120,140	-	-	-	256,744	6,376,884
Community development	4,267,261	18,240	-	-	51,630	4,337,131
Public Safety	27,693,105	-	-	-	331,942	28,025,047
Capital outlay	156,776	-	437,393	4,001,919	642,989	5,239,077
Debt service						
Principal	205,276	-	-	-	700,000	905,276
Interest and fiscal charges	25,506	-	-	-	583,063	608,569
Total Expenditures	48,670,741	18,240	564,599	4,001,919	5,879,461	59,134,960
Excess (Deficiency) of Revenues over Expenditures	3,449,162	21,688	1,782,574	(2,704,228)	(13,737)	2,535,459
OTHER FINANCING SOURCES (USES)						
Transfers in	3,671	-	-	3,121,431	1,302,693	4,427,795
Transfers out	(3,702,980)	-	(707,100)	-	(94,000)	(4,504,080)
Total Other Financing Sources (Uses)	(3,699,309)	-	(707,100)	3,121,431	1,208,693	(76,285)
Net Change in Fund Balances	(250,147)	21,688	1,075,474	417,203	1,194,956	2,459,174
Fund Balances Beginning	23,143,081	5,260,264	2,793,188	(312,572)	8,338,707	39,222,668
Prior Period Corrections	404	-	-	-	-	404
Fund Balances Beginning, as Adjusted	23,143,485	5,260,264	2,793,188	(312,572)	8,338,707	39,223,072
Fund Balances Ending	\$ 22,893,338	\$ 5,281,952	\$ 3,868,662	\$ 104,631	\$ 9,533,663	\$ 41,682,246

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

City of El Cerrito
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Government-Wide
Statement of Activities
For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 2,459,174
Amounts reported for governmental activities in the Statement of Activities and Changes in net position were different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.	
Capital outlay	4,499,403
Depreciation expense	(2,895,793)
Compensated absences not required to be paid with current financial resources are not reported in the governmental funds, but are accrued as noncurrent liabilities in the Government Wide Statement Net Position. The change from prior year accrued compensated absences is reported in the applicable program expense.	
	(158,479)
Certain revenues were not recorded or recorded as unearned revenue in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis.	
	2,357,198
The difference between the carrying value of refunded debt and the reacquisition price is deferred and amortized over the shorter of the remaining life of the refunded debt or the refunding debt.	
	(17,672)
In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	
	(2,028,138)
Repayment of long-term debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
	905,276
Premiums from the issuance of long-term debt are amortized over the life of the bonds in the Statement of Activities and reported as proceeds when issued in governmental funds.	
	455,589
Internal service funds are used by management to charge the costs of vehicles and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities.	
	(26,115)
Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the fund statements as follows:	
Insurance claims	5,515
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in net position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in accrued interest from from prior year.	
	39,310
Change in Net Position of Governmental Activities	\$ 5,595,268

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

City of El Cerrito
Notes to the Basic Financial Statements
June 30, 2024

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, etc.), licenses, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

The City reports the following funds as major funds:

General Fund

The General Fund is the general operating fund of the City. It is used for all financial resources except those required to be accounted for in another fund.

Low and Moderate Income Housing Asset Special Revenue Fund

This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency and the collection of revenues from those restricted assets. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes. The major revenue sources are the loan repayments in the fiscal year. Prior to dissolution of the Redevelopment Agency in 2012 it received property tax revenues but has not received any since.

Street Improvement Fund

This fund accounts for the street maintenance and improvement projects funded by the 2008 Sales Tax Revenue Bonds.

Capital Improvements Capital Projects Fund

This fund accounts for funds expended on various City capital projects.

Additionally, the City reports the following nonmajor fund types of governmental funds:

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

Debt Service Funds

Debt service funds are used to accumulate resources for repayment of the rbonds and lease arrangements.

Capital Project Funds

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets in governmental funds.

City of El Cerrito
Notes to the Basic Financial Statements
June 30, 2024

is repayable as defined in the agreement.

El Cerrito Plaza: Parcel A-South, 515 Richmond Street

On March 6, 2024, the City entered a Loan Agreement with ECP Parcel A South Housing Partners, LP, for \$350,000 to assist with the construction of 70 affordable residential housing units on certain real property located at 515 Richmond Street. The loan bears simple interest at the rate of 3% per year beginning with the date of first disbursement and is repayable 55 years from the date of issuance of the certificate of occupancy from residual receipts, as defined in the agreement.

Mayfair Affordable: 11690 San Pablo Avenue

On June 1, 2024, the City entered a Loan Agreement with Mayfair Affordable LLC, for \$500,000 to assist with the construction of 69 affordable residential housing units on certain real property located at 11690 San Pablo Avenue. El Cerrito Project Area. The funding source for this loan originated from the HUD HOPE VI Main Street Grant Program, awarded to the City in 2021. The loan bears simple interest at the rate of 3% per year beginning with the date of first disbursement and is repayable 55 years from the date of issuance of the certificate of occupancy from residual receipts, as defined in the agreement..

NOTE 4 - INTERFUND TRANSACTIONS

Inter-fund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years. As of June 30, 2024, there were no inter-fund receivables and payables to report.

Transfers In/Out

With Council approval resources may be transferred from one fund to another. Transfers from the General Fund to the Debt Service Fund were to regular debt service activity of the City. Transfers from the General Fund to other governmental funds were to provide funding to repair and replacement funds and to provide funding for City programs. Transfers made from the Wastewater Enterprise Fund to the Debt Service Funds were to provide for debt service requirements.

The following summarizes transfers between funds during the fiscal year ended June 30, 2024:

Fund	Transfer in	Transfer out
General Fund	\$ 3,671	\$ 3,702,980
Street Improvement Fund	-	707,100
Capital Improvement Fund	3,121,431	-
Nonmajor Funds	1,302,693	94,000
Integrated Waste Management Enterprise Fund	-	3,671
Vehicle/Equip Replacement Internal Service Fund	79,956	-
Total Transfers	\$ 4,507,751	\$ 4,507,751

City of El Cerrito
Notes to the Basic Financial Statements
June 30, 2024

NOTE 6 - NONCURRENT LIABILITIES

The City's noncurrent liabilities consisted of the following as of June 30, 2024:

	Balance	Adjustments/		Balance	Due
Governmental Activities	June 30, 2023	Additions	Deletions	June 30, 2024	Within One Year
2017 Lease Revenue Bonds	\$ 5,570,000	\$ -	\$ 320,000	\$ 5,250,000	\$ 330,000
2017 Sales Tax Revenue Refunding	6,630,000	-	380,000	6,250,000	360,000
Financed Purchases:					
2023 Chevy Tahoe Lease	146,255	-	49,815	96,440	53,594
2022 Fire Engine	1,046,892	-	101,635	945,257	105,028
Solar Photovoltaic	548,716	-	116,176	432,540	119,393
2019 Vehicles - Dell Financial	39,285	-	39,285	-	-
Total Debt	13,981,148	-	1,006,911	12,974,237	968,015
2017 Lease Revenue Bonds Premium	484,195	-	108,374	375,821	-
2017 Sales Tax Revenue Refunding Premium	1,061,642	-	347,215	714,427	-
Total Premiums	1,545,837	-	455,589	1,090,248	-
Total Long-Term Debt	15,526,985	-	1,462,500	14,064,485	968,015
Net Pension Liabilities	79,526,924	39,710,652	38,497,537	80,740,039	-
Compensated Absences	1,716,023	2,315,716	2,157,236	1,874,503	1,218,427
Total Long-Term Liabilities	\$ 96,769,932	\$ 42,026,368	\$ 42,117,273	\$ 96,679,027	\$ 2,186,442

	Balance	Adjustments/		Balance	Due
Business-Type Activities	June 30, 2023	Additions	Deletions	June 30, 2024	Within One Year
2012 Recycling Facility Revenue Ref. Bonds	\$ 741,400	\$ -	\$ 291,200	\$ 450,200	\$ 298,300
Financed Purchase - Side Loader Trucks	161,352	-	83,457	77,895	77,895
Financed Purchase - Rear Loader	423,989	-	78,901	345,088	81,788
Total Financed Purchases	1,326,741	-	453,558	873,183	457,983
Net Pension Liabilities	-	5,068,100	1,567,110	3,500,990	-
Compensated Absences	61,662	46,623	32,310	75,975	48,659
Total Long-Term Liabilities	\$ 1,388,403	\$ 5,114,723	\$ 2,052,978	\$ 4,450,148	\$ 506,642

A. Governmental Activities

2017 Lease Revenue Refunding Bonds

On May 26, 2017, the City of El Cerrito issued Lease Revenue Refunding Bonds, Series 2017, in the original principal amount of \$7,040,000 at 2%-5% interest to provide for the refunding of the City's outstanding 2006 City Hall Lease Revenue Bonds. Principal payments are due annually on September 1, with interest payments payable semi-annually on January 15 and July 15 through January 15, 2036. The economic gain on refunding was \$435,000, and the refunding resulting in the recognition of an accounting deferred gain on refunding of \$178,732.

2017 Sales Tax Revenue Bonds

On January 25, 2017, the City of El Cerrito issued \$8,650,000 original principal amount of 2017 Sales Tax Revenue Bonds at 2%-5% interest to provide for the refunding of the City's outstanding 2008 Sales Tax Revenue Bonds. Principal payments are due annually on May 1, with interest payments payable semi-annually on May 1 and November 1 through May 1, 2036. Street improvement sales tax revenues are pledged for the repayment of these Bonds, until the Bonds mature. If sales tax revenues are insufficient to pay the annual principal and interest payments on the bonds the City has covenanted to use General Fund revenues. For fiscal year 2024, pledged sales tax revenues amounted to 2,154,278 which represented coverage of 256% over the debt service of \$707,700. The economic gain on refunding was

City of El Cerrito
Notes to the Basic Financial Statements
June 30, 2024

\$525,000, and the refunding resulting in the recognition of an accounting deferred loss on refunding of \$514,127.

Financed Purchase - 2023 Chevy Tahoe Lease

On May 23, 2023, the City entered into a purchase agreement in the amount of \$150,000 at less than 1% interest with LeaseExperts to finance the purchase of a 2023 Chevy Tahoe. Principal and interest payments of \$4,907 are due each month until March 2026.

Financed Purchase - 2022 Fire Engine Purchase

On April 19, 2022, the City entered into a purchase agreement in the amount of \$1,145,241 at 3.34% interest with First Capital Leasing Corp. to finance the purchase of a fire engine. Annual principal and interest payments of \$136,590 are due each May.

Financed Purchase - Solar Photovoltaic

On December 5, 2012, the City entered into a purchase agreement in the amount of \$1,595,300 at 2.75% interest with Green Campus Partners, LLC, to finance the purchase and installation of six solar photovoltaic electricity generation systems at six different sites in the City. Semiannual principal and interest payments of \$65,236 are due each December 1 and June 1 through December 1, 2027.

Financed Purchase - 2019 Vehicles - Dell Financial

On August 1, 2019, the City entered into an equipment purchase agreement in the amount of \$187,346 at 4.70% interest with Dell Financial services to finance the purchase of a New 2018 Braun Paratransit Van. Annual principal and interest payments of \$22,551.53 are due starting August 1, 2019 through August 1, 2023.

B. Business-Type Activities

2012 Recycling Facility Revenue Refunding Bonds

On September 19, 2012, the El Cerrito Public Financing Authority issued Recycling Facility Revenue Refunding Bonds in the original principal amount of \$3,405,600 at 2.36% interest to provide for the refunding and retirement of the City's outstanding Recycling Center Lease Purchase Agreement and related Site Lease. Principal and interest payments are due quarterly on July 1, October 1, January 1, and April 1, through October 1, 2025. Repayment of these bonds is from charges for services received by the Integrated Waste Management Enterprise Fund.

Financed Purchase - Side Loader Trucks

On January 19, 2018, the City entered into an equipment purchase agreement in the amount of \$551,498 at 2.887% interest with Capital One Public Funding, LLC, to finance the purchase of two trash trucks. Semiannual principal and interest payments of \$43,790 are due each July and January 19, through January 19, 2025.

Financed Purchase - Rear Loader Trucks

During the 2021-22 fiscal year, the City entered into an equipment purchase agreement in the amount of \$500,216 at 3% interest with Capital One Public Funding, LLC, to finance the purchase of two rear loading trucks. Annual principal and interest payments of \$94,006 are due each March through fiscal year 2026.

City of El Cerrito
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Street Improvement Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 1,800,000	\$ 1,800,000	\$ 2,154,278	\$ 354,278
Other Revenue	5,000	5,000	12,892	7,892
Total Revenues	1,805,000	1,805,000	2,347,173	542,173
EXPENDITURES				
Current:				
General government	6,570	6,570	6,105	465
Public works	143,345	143,345	121,101	22,244
Capital outlay	2,000,000	2,007,776	437,393	1,570,383
Total Expenditures	2,149,915	2,157,691	564,599	1,593,092
Excess (Deficiency) of Revenues over Expenditures	(344,915)	(352,691)	1,782,574	2,135,265
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(707,100)	(707,100)	(707,100)	-
Total Other Financing Sources (Uses)	(707,100)	(707,100)	(707,100)	-
Net Change in Fund Balance	(1,052,015)	(1,059,791)	1,075,474	2,135,265
Fund Balance Beginning	2,793,188	2,793,188	2,793,188	-
Fund Balance Ending	\$ 1,741,173	\$ 1,733,397	\$ 3,868,662	\$ 2,135,265

City of El Cerrito

Table 9

Revenue Bond Coverage
Sales Tax Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Taxes and Assessments ⁽¹⁾	Debt Service Requirements			Coverage
		Principal (3)	Interest (3)	Total	
2015	1,399,734	270,000	466,408	736,408	1.90
2016	1,800,599	280,000	457,228	737,228	2.44
2017	1,428,094	290,000	447,078	737,078	1.94
2018	\$1,590,085	\$315,000	\$385,700 (2)	\$700,700	2.27
2019	\$1,630,826	\$325,000	\$379,400	\$704,400	2.32
2020	\$1,631,894	\$330,000	\$372,900	\$702,900	2.32
2021	\$1,881,749	\$340,000	\$366,300	\$706,300	2.66
2022	\$1,809,481	\$350,000	\$356,099	\$706,099	2.56
2023	\$2,316,365	\$360,000	\$342,100	\$702,100	3.30
2024	\$2,154,278	\$380,000	\$327,700	\$707,700	3.04

Notes:

- (1) Includes all taxes and assessments from the Street Improvement Fund 211.
- (2) The 2008 Sales tax revenue bonds were refinanced in FY17. Interest in FY18 is for the 2017 Refinanced Sales tax bonds.
- (3) Include debt payments from Fund 836.

**CITY OF EL CERRITO
CALIFORNIA**

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES FOR THE
CITY OF EL CERRITO MASTER INSTALLMENT SALE
AGREEMENT COMPLIANCE WITH BOND
COVENANTS FOR THE 2008 SALES
TAX REVENUE BONDS

FOR THE FISCAL YEAR
ENDED JUNE 30, 2024



Chavan & Associates, LLP
Certified Public Accountants
16450 Monterey Road, Suite 5
Morgan Hill, CA 95037

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES FOR THE
CITY OF EL CERRITO MASTER INSTALLMENT SALE
AGREEMENT COMPLIANCE WITH BOND
COVENANTS FOR THE 2008 SALES
TAX REVENUE BONDS**

JUNE 30, 2024

TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE CITY OF EL CERRITO MASTER INSTALLMENT SALE AGREEMENT COMPLIANCE WITH BOND COVENANTS FOR THE 2008 SALES TAX REVENUE BONDS	1
SCHEDULE A – AGREED-UPON PROCEDURES AND RESULTS	2 - 4



Chavan and Associates, llp
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON
PROCEDURES FOR THE CITY OF EL CERRITO MASTER INSTALLMENT SALE
AGREEMENT COMPLIANCE WITH BOND COVENANTS FOR THE 2008 SALES
TAX REVENUE BONDS**

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

We have performed the procedures described in Schedule A, which were agreed to by the City of El Cerrito (City) on the Master Installment Sale Agreement for the 2008 Sales Tax Revenue Bonds between the City and the Financing Authority for the year ended June 30, 2024. The City's management is responsible for the Master Installment Sale Agreement for the 2008 Sales Tax Revenue Bonds. The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the City with respect to the Master Installment Sale Agreement for the year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in Schedule A.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Schedule A. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

C & A LLP

January 16, 2025
Morgan Hill, California

**CITY OF EL CERRITO
 MASTER INSTALLMENT SALE AGREEMENT
 COMPLIANCE WITH BOND COVENANTS FOR THE
 2008 SALES TAX REVENUE BONDS**

SCHEDULE A
 AGREED-UPON PROCEDURES AND RESULTS
 JUNE 30, 2024

The procedures and the associated findings are as follows:

1. We obtained the Master Installment Sale Agreement (Agreement) between the City and the Financing Authority dated May 1, 2008.

Finding: No exceptions were noted as a result of our procedures.

2. We obtained a copy of Chapter 4.60 for the City’s Municipal Code (Pothole Repair and Local Street Improvement and Maintenance and Use Transaction Tax).

Finding: No exceptions were noted as a result of our procedures.

3. We obtained the general ledger account activity summary for the fiscal year for Fund 211 (Street Improvement Fund).

Finding: No exceptions were noted as a result of our procedures.

4. We obtained documentation of compliance with provisions of Section 2.02 of the Agreement; Revenue Fund; Pledge of Revenues:
 - a. Principal and interest payments made from the Revenue Fund for all parity obligations.
 - b. Excess revenue funds (after payment of parity obligations) used for the payment of any supplemental or subordinate obligations.
 - c. Revenues cannot be used for termination payments unless specific conditions are met defined in 2.02(B)(1).

Finding: No exceptions were noted as a result of our procedures.

5. We selected expenditures and transfers out of Fund 211 and determined they were for street improvements, maintenance, associated debt services, or other eligible activities pursuant to Chapter 4.60 of the Municipal Code.

Finding: No exceptions were noted as a result of our procedures. Below is a summary of Fund 211 expenditures and transfers out.

Maintenance and Improvement (Including Project Management, Engineering costs, and Construction Services) - by project:	
C3027 - Street Resurfacing 2021 and 2022	\$ 72,074
C3080 - Richmond Street Improvements and Planning	365,319
Public Works personnel salaries and benefits - non project	121,101
Debt Service	707,100
Administrative costs:	
Other Administrative Costs	6,105
Total	<u><u>\$ 1,271,699</u></u>

CITY OF EL CERRITO
MASTER INSTALLMENT SALE AGREEMENT
COMPLIANCE WITH BOND COVENANTS FOR THE
2008 SALES TAX REVENUE BONDS

SCHEDULE A
AGREED-UPON PROCEDURES AND RESULTS
JUNE 30, 2024

6. With regard to Section 3.01 of the Agreement – Parity Obligations. We inquired as to whether the City issued any parity obligations during the fiscal year, and if yes, obtained documentation that the City complied with provisions of this Section.

Finding: No parity debts were issued during the fiscal year.

7. With regard to Section 3.02 of the Agreement – Subordinate Obligations. We inquired as to whether the City issued any subordinate obligations during the fiscal year, and if yes, obtained documentation that the City complied with provisions of this Section.

Finding: No subordinate debts were issued during the fiscal year.

8. With regard to Section 3.03 of the Agreement – Execution of Supplemental Installment Sales Agreements (other than the First Supplement). We inquired as to whether the City executed any supplemental installment sales agreements during the fiscal year, and if yes, obtained documentation that the City complied with the provisions of this Section.

Finding: No supplemental installment sales agreements executed during the fiscal year.

9. With regard to Section 4 of the Agreement – Covenants of the City. We inquired as to whether the City suspended working on any projects or if there were any other violations with regard to timely use of project funds, and we scanned through Fund 211 expenditure report and accounts payable ledger for suspended payments.

Finding: No exceptions were noted as a result of our procedures.

10. With regard to Section 5 of the Agreement – Events of Default and Remedies. We inquired as to whether any of the Events of Default, as defined in the Section, occurred during the fiscal year. If yes, we obtained documentation that the revenues were applied in the manner set forth in this Section.

Finding: No exceptions were noted as a result of our procedures.

11. With regard to Section 6 of the Agreement – Discharge of Obligations. We obtained documentation of compliance with this section for the defeasance of the 2008 Sales Tax Revenue Bonds.

Finding: No exceptions were noted as a result of our procedures.

12. With regard to Section 7.01 of the Agreement – Liability Limited to Revenues. We inquired as to whether the City advanced funds for the payment of the Obligations other than from the Revenues. Revenues, as defined in the agreement include the sales Tax Add-On Revenues and interest earned

**CITY OF EL CERRITO
MASTER INSTALLMENT SALE AGREEMENT
COMPLIANCE WITH BOND COVENANTS FOR THE
2008 SALES TAX REVENUE BONDS**

SCHEDULE A
AGREED-UPON PROCEDURES AND RESULTS
JUNE 30, 2024

from the investment of those funds. If yes, we would obtain documentation that the City was reimbursed from the Revenues as defined in the Agreement.

Finding: No exceptions were noted as a result of our procedures.

13. We reconciled Sales Tax Add-On Revenues reported per the State of California Board of Equalization Quarterly Reports to the revenues recorded in the general ledger in the Street Improvement Capital Projects Fund (Fund 211).

Finding: No exceptions were noted as a result of our procedures.



DRAFT FOR COMMITTEE REVIEW

Date: January __, 2026 (Tentative)
To: El Cerrito City Council
From: Citizens Street Oversight Committee
Subject: Fiscal Year 2023-24 Annual Report to City Council and Citizens of El Cerrito

On December 15, 2025, the Citizens Street Oversight Committee met to review expenditures of revenue collected pursuant to Chapter 4.60 of the El Cerrito Municipal Code to determine whether such funds were expended for the purposes specified in the Fiscal Year 2023-24 Expenditure Plan as approved by the City Council of the City of El Cerrito. The expenditures reviewed were reported for Fiscal Year 2023-24 and were summarized in the City's Annual Financial Comprehensive Report. Further, the Committee reviewed the Agreed Upon Procedures Report issued by the City's independent auditors, Chavan & Associates, LLP, which indicated that no exceptions were noted related to the City's compliance with the terms, covenants and conditions of the Master Installment Sale Agreement related to the bond issuance. The Committee also previously reviewed a detailed list of preliminary/unaudited revenues and expenditures and vendors to whom the expenditures were made at their meeting of December 9, 2024.

By a vote of _____ as indicated below, the Committee found that the expenditures were an appropriate use of the Pothole and Local Street Improvement and Maintenance Transactions and Use Tax as approved by the City of El Cerrito City Council. The Committee is hereby reporting their findings to the City Council and the citizens of the City of El Cerrito pursuant to Section 2.04.320 C of the El Cerrito Municipal Code.

Additionally, the Committee acknowledges and fully supports that the City Council, in their resolutions authorizing expenditures of these funds as budget amendments, are confirming that the expenditures are an appropriate use of the Pothole Repair and Local Street Improvement and Maintenance Transactions and Use Tax.

AYES:
 NOES:
 ABSTAIN:
 ABSENT:

**Review of Fiscal Year 2024-25
Measure A Street Improvement Expenditure Plan Status Report
May 2025**

Line#	Revenue Items	Approved Budget Amount	Source Document	Resolution	Date
1	Taxes	\$ 2,229,000	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
2	Moratoria Restoration Fee	\$ 45,831	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
3	Interest Allocation	\$ 5,000	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
Total Revenues		\$ 2,279,831			

Line#	Expense Items	Amount	Source Document	Resolution	Date
1	Debt Service	\$ 702,500	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
2					
3	Non-Personnel	\$ 6,900	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
4					
5	Personnel (Non-Capital)	\$ 128,542	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
6					
7	Capital Outlay				
8	Annual Street Improvement Program	C3027 \$ 1,925,000	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
9	Del Norte TOD Infrastructure Imp	C4014 \$ 600,000	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
10	Traffic Safety & Management Program	C3070 \$ 100,000	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
11	Richmond Street Improvements	C3080 \$ 500,000	FY 2024-25 & FY 2025-26 Biennial Budget	2024-46	6/18/2024
12	Capital Sub-Total	\$ 3,125,000			
Total Expenses		\$ 3,962,942			

Citizen Street Oversight Committee

Standing Rules

2020 – 4

Adopted September 28, 2020

1. Regular meetings shall be held on the following dates:
 - a. 2nd Monday in May [Revised 9/28/20]
 - b. 4th Monday in September
 - c. 2nd Monday in November
2. Regular and special meetings shall be held in the El Cerrito City Hall at 7:00 pm in a room designated on the agenda.
3. Regular meetings may be canceled by a majority vote of the Committee at a previous meeting or by the Chair, at anytime that a quorum cannot be attained.
4. Special meetings may be scheduled by the Chairperson or by a majority vote of the Committee at a previous meeting.
5. A quorum is 3 committee members.
6. Summary minutes shall be kept by the staff liaison or delegate. In the event the staff liaison is not present another person shall be designated as acting secretary by majority vote. Minutes shall reflect all key discussion points, indicate all motions made and by whom, including seconders, and the results of any votes.
7. The Committee may utilize source documents in its review of Street Fund revenues and expenditures (e.g. report from the State Board of Equalization, expense reports, contractor invoices) [Revised 9/28/20].
8. The Committee may request that the auditor provide any underlying documents examined for the audit.
9. Administrative services to implement the provisions herein shall be provided by city staff as per ordinance 2.04.320, paragraph F.
10. In the event that the City liaison fails to appear at any properly called meeting the Chair shall report to the City Manager that the Committee is unable to perform its designated function and the reason for that failure seeking corrective action. If no corrective action is taken, the Chair shall notify the City Council.
11. All aspects of the conduct of the Committee shall be in compliance with the Brown Act or any other governing authority. In the event that any member has a question as to the legality of a procedure, that member shall pose that question to the chair who shall then seek a clarification from the staff liaison.
12. Should any portion of these rules be deemed to be illegal, that portion shall be deleted from these rules; the remainder remaining full force and effect. In such an event the intent of the deleted rule shall be reinstated in legal form, with

minimum alterations, and such modified provision shall be incorporated in these rules. It shall be the duty of the Chair to implement this rule subject to a majority vote to approve said implementation at the next regular or special meeting.

13. The election of the chairperson and vice chairperson shall be done at the first regular meeting of each calendar year. The term of office shall be for the next period terminating at the anniversary of the current meeting. Only the members of the Committee shall have a vote.
14. No individual shall hold any one elective office for more than two successive terms. When one intervening term shall have elapsed any member may again hold any office from which service was denied by the limitations imposed by this rule. In the event that new officers cannot be selected, the incumbents may serve for an additional term.
15. These rules shall be reviewed and possibly modified at the September meeting. Members may propose revisions any time, preferably in writing. Any such proposal shall be voted upon at the following meeting. Versions shall be numbered and bear the date of the meeting at which they were adopted. Only Members shall have a vote as to the matter covered in this rule.
16. The proposed Agenda for any upcoming Committee Meeting shall be transmitted to the Committee Chair so as to arrive not less than ten (10) calendar days prior to the scheduled date of the meeting. Any changes made by the Chair shall be transmitted to staff liaison not less than seven (7) calendar days before the scheduled date of the meeting. [Added 9/30/14]